



DCUSA Consultation

DCP 164 - Review of the Change Process for Use of System Methodology Changes

1 PURPOSE

- 1.1 This document is a consultation issued to all Distribution Connection and Use of System Agreement (DCUSA) Parties, Ofgem and other interested parties seeking industry views on DCP 164 'Review of the Change Process for Use of System Methodology Changes'.
- 1.2 Respondents are invited to consider the proposed drafting set out as Attachment A and submit comments using the form attached as Attachment B to DCUSA@electralink.co.uk by **12 April 2013**.

2 DCP 164 - REVIEW OF THE CHANGE PROCESS FOR USE OF SYSTEM METHODOLOGY CHANGES

- 2.1 DCP 164 has been raised by Northern Power Grid following discussions at the Distribution Charging Methodologies Forum (DCMF) Methodologies Issues Group (MIG).
- 2.2 The CP seeks to introduce a managed change process for charging methodology related DCUSA Change Proposals. This managed change process will make the implementation of charging related DCPs more effective by limiting the implementation of model changes (unless urgent) to one combined release each year and defining the timescales for the production of the models.
- 2.3 The Change Proposal form is provided as Attachment C to this document.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCP 164 Working Group is comprised of representatives from Suppliers, Distributors and Ofgem. Meetings are held in open session and the documents of each meeting are available on the DCUSA website – www.dcusa.co.uk.

3.1 DCUSA Models Impacted by DCP 164

- 3.1.1 The Working Group discussed DCP 164 and noted that the intent is to provide clear timescales for the incorporation of changes to:
- The Common Distribution Charging Methodology (CDCM) model; and
 - The EHV Distribution Charging Methodology (EDCM) model

3.1.2 It is intended the DCP 164 timescales would also apply to the following models, if they are approved for incorporation into DCUSA Governance:

- The common Hypothetical Incremental Distribution Asset Model (HIDAM), which is also known as the 500MW model. DCP 133¹ seeks to incorporate this model into DCUSA.
- The EDCM Price Control Disaggregation model (Extended Method M). DCP 128² seeks to incorporate this model into DCUSA.
- The CDCM Price Control Disaggregation model (Method M). DCP 129³ seeks to incorporate this model into DCUSA.

3.1.3 The Working Group agreed that the Annual Review Pack (ARP) would not sit within the framework introduced by DCP 164. Consequential changes required to the ARP are applied by DNOs rather than DCUSA and finalised versions of the CDCM and EDCM may be needed before the APR can be updated.

3.2 Timescales

3.2.1 The Working Group discussed the timescales proposed in the DCP 164 form. It was noted that the CP proposes that each year DCUSA should procure charging models to include all Ofgem approved charging DCPs as of the 30 September. With the exception of urgent CPs, any proposed changes which had not received Ofgem approval by 30 September would not be included in the charging models for the up and coming charging year.

3.2.2 The group discussed whether this date should be earlier to allow for the possibility of an appeal being raised following Ofgem approval. It was noted that only Part 2 Matters can be appealed to Ofgem. All CPs affecting the charging methodologies will, by their nature, be Part 1 Matters which can only be appealed by means of judicial review. The Working Group agreed that this would be a rare event and as such should not be built into the DCP 164 timescales.

3.2.3 Having discussed the timescales the Working Group members agreed that 30

¹ DCP 133 - 500MW Network Common Model for CDCM Input

² DCP 128 - Bringing the EDCM Price Control Disaggregation Under the DCUSA Open Governance Framework

³ DCP 129 - Bringing the CDCM Price Control Disaggregation (Method M) Under the DCUSA Open Governance Framework

September was a reasonable date. However, it was agreed that the DCP 134 legal text should reference the number of days in advance of the publication of final tariffs, rather than give a specific date. This will ensure that the legal text remains appropriate should there be a change to the publication date of final charges. The group agreed that the timescales included in the DCP 134 legal text should be as follows:

- **150 days before the publication of final charges:** Authority consent must be received by this date for the change proposal to be included in the model(s) for the up and coming charging year.
- **90 days before the publication of final charges:** the DCUSA must provide pre-release model(s) incorporating the relevant change proposals for the up and coming charging year.

3.2.4 The Working Group agreed that it is not necessary to include timescales for user acceptance testing of the models within the DCUSA, as the expectation is that this will be managed by DCUSA.

3.3 Pre-Release Models

3.3.1 The Working Group noted that the models provided by the DCUSA Panel 90 days before the publication of final charges would be pre-release models rather than the live versions. This is because any changes that impact the charging methodology models will take effect from 1 April, therefore, any model incorporating the changes does not become effective until 1 April. To make the models available for the calculation of indicative and final tariffs they will be published as pre-releases and then re-published with a version number on 1 April. This will ensure that there is no confusion between the current live model valid in the charging year and the new versions for the following year.

3.4 Impact Assessments for other DCPs

3.4.1 The Working Group agreed that once implemented DCP 164 will not affect the impact assessment of other charging methodology CPs. It was noted that where there are CPs that require impact assessment it is for the DCUSA Panel to direct which model should be used as the baseline for that CP.

3.5 Environmental Impact

- 3.5.1 The Working Group agreed that the environmental impact of DCP 164 is negligible and, therefore, no environmental impact analysis is required on the implementation of this CP.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group noted that the DCP 164 form states that the CP better facilitates DCUSA General Objective 4 (the promotion of efficiency in the implementation and administration of this Agreement). The Working Group discussed DCP 164 against this objective and agreed that it does not better facilitate General Objective 4.
- 4.2 The Working Group agreed that the following DCUSA General Objectives are better facilitated by DCP 164.

General Objective 2 - The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity

- 4.3 DCP 164 will give advance notice to Suppliers and Distributors of the methodology and charging models that will be used for charging. This will improve transparency and better meet DCUSA General Objective 2.

General Objective 3 - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

- 4.4 DCP 164 will facilitate DNO Parties in producing indicative charges in line with licence condition 14 which will better meet DCUSA General Objective 3.

5 LEGAL DRAFTING

5.1 The proposed legal drafting for DCP 164 is provided as Attachment A.

6 IMPLEMENTATION

6.1 The proposed implementation date for DCP 164 is the first release following Authority consent.

7 CONSULTATION

7.1 The Working Group is seeking views on the below questions:

1. Do you understand the intent of the CP?
2. Are you supportive of the principles established by this proposal?
3. Are there any unintended consequences of this proposal?
4. Do you agree with the Working Group's evaluation of the CP against the DCUSA objectives?
5. Do you consider that the proposal better facilitates the DCUSA Objectives? Please provide details.
6. Do you agree that all models impacted by Schedule 16, Schedule 17 and Schedule 18 should be included in this CP?
7. If the HIDAM (DCP 133) and LDNO price disaggregation models (DCP 128 and DCP 129) are incorporated into DCUSA then it is the view of the Working Group that these should be subject to the provisions of DCP 164. Do you agree with this approach?
8. Do you agree that it is appropriate to limit changes to the charging methodology models to once a year?
9. Do you have any comments on the proposed legal text?
10. Do you agree with the proposed timescales as defined in the legal text?
If not, please provide an alternative suggestion.
11. Are there any alternative solutions or matters that should be considered?
12. Are you supportive of the proposed implementation date of the first release after Authority consent?

13. Please state any other comments or views on the Change Proposal.
- 7.2 Responses should be submitted using Attachment B to DCUSA@electralink.co.uk no later than **12 April 2013**.
- 7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

8 NEXT STEPS

- 8.1 Following the end of the consultation period the responses will be reviewed by the Working Group. The Working Group will finalise the drafting of the CP and submit its final report to the Panel. Following Panel approval, the Change Proposal will be issued to all DCUSA Parties for voting and, following the vote, issued to Ofgem for final determination.
- 8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3011.

9 ATTACHMENTS

Attachment A – Proposed Legal Text

Attachment B – Response Form

Attachment C – DCP 164 Change Proposal Form