



DCUSA CHANGE REPORT

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

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 164 - Review of the Change Process for Use of System Methodology Changes. The voting process for the proposed variation and the timetable for the progression of the Change Proposal (CP) through the DCUSA Change Control Process are set out in this document.
- 1.2 Parties are invited to consider the proposed amendment (Appendix B) and submit their votes using the Voting form (Appendix C) to dcusa@electralink.co.uk by **8 August 2013**.

2 BACKGROUND

- 2.1 DCP 164 seeks to introduce a managed change process for charging methodology related DCUSA Change Proposals. The purpose of this managed change process is to 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.
- 2.2 The CP was raised by Northern Powergrid following discussions at the Distribution Charging Methodologies Forum (DCMF) Methodologies Issues Group (MIG).

3 WORKING GROUP ASSESSMENT OF DCP 164

- 3.1 The DCP 164 Working Group met on four occasions. The group 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.
- 3.2 **DCUSA Models Impacted by DCP 164**
- 3.2.1 The Working Group discussed DCP 164 and agreed that the intent is to provide clear timescales for the incorporation of changes to:
- The Common Distribution Charging Methodology (CDCM) model
 - The EHV Distribution Charging Methodology (EDCM) model

- The EDCM Price Control Disaggregation model (Extended Method M)
- The CDCM Price Control Disaggregation model (Method M)
- The Annual Review Pack (ARP)

3.2.2 It is the Working Group's view that the DCP 164 timescales should also apply to the common Hypothetical Incremental Distribution Asset Model (HIDAM), which is also known as the 500MW model, if it is approved for incorporation into DCUSA Governance. DCP 133 'Common 500MW Model for CDCM Input' seeks to incorporate this model into DCUSA. As DCP 133 has not yet been approved, reference to the HIDAM has not been included within the DCP 164 legal text.

3.2.3 The Working Group notes that currently consequential changes required to the ARP are applied by DNOs rather than DCUSA. It is the view of the Working Group that the ARP should be included in the DCP 164 legal text such that it is treated in the same manner as other DCUSA models going forward, i.e. with a requirement for ARP updates to be managed by the DCUSA Panel. The group notes that the ARP is referenced in the DCUSA with a version number in the same way as the CDCM and EDCM. It was also issued as a pre-release version for the 2013/14 tariff period, in the same manner as the CDCM and EDCM.

3.2.4 The Working Group discussed whether the DCP 164 timescales should apply to both the model inputs and the models, or only the models themselves. After consulting Parties, the group agreed that the DCP 164 legal text should be drafted in such a way as to apply to both the models and their inputs, i.e. all charging methodology CPs. This will remove the risk of a situation occurring where updated models are not available in time to calculate indicative tariffs; and where, DNOs do not have clarity over which inputs to use as a decision from Ofgem is outstanding.

3.3 Timescales

3.3.1 The Working Group discussed the timescales proposed in the DCP 164 CP form. It was noted that the CP proposes that each year DCUSA should procure charging models to include all charging DCPs approved by Ofgem, no later than the required period of 90 days plus the minimum period of notice required for amendments to Use of System Charges under standard condition 14 of the Distribution Licences (e.g. early October). With the exception of

urgent CPs, any proposed changes which had not received Ofgem approval by this date would not be included in the charging models for the up and coming charging year.

- 3.3.2 The group discussed whether this date should be earlier to allow for the possibility of an appeal being raised following Ofgem approval. The Working Group agreed that this would be a rare event and as such should not be built into the DCP 164 timescales.
- 3.3.3 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.
- 3.3.4 Having discussed the timescales the Working Group members agreed that late September/early October was a reasonable cut-off date. However, it was agreed that the legal text should not reference specific dates. 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:
- **90 days plus the minimum period of notice required for amendments to Use of System Charges under standard licence condition 14 of the Distribution Licences (i.e. 90 days before the publication of indicative tariffs):** CPs that receive Authority approval by this date that have an implementation date of the following April will be included in the methodologies and associated models to apply from that April. CPs that do not receive approval by this date will not be applied to the methodologies for that April, but will instead be applied to the methodologies the following April.
 - **50 days plus the minimum period of notice required for amendments to Use of System Charges under standard licence condition 14 of the Distribution Licences (i.e. 50 days before the publication of indicative tariffs):** the DCUSA Panel will issue pre-release models incorporating all methodology changes approved by the Authority within the above timescale.

3.3.5 The following table demonstrates the approximate timeline associated with DCP 164. Note should the publication date of indicative tariffs change then the dates in the table below would change accordingly.

September	October	November	December
All methodology changes approved by Ofgem by end of September	DCUSA procure a new model if required to include all approved DCPs. DNOs carry out UAT testing	Mid-November Pre-release model released by DCUSA.	DNOs use latest version of models to calculate charges.

3.4 Pre-Release Models

3.4.1 The Working Group noted that the models provided by the DCUSA Panel 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.

3.5 Impact Assessments for other DCPs

3.5.1 The Working Group agrees that once implemented, DCP 164 will not affect the impact assessment of other charging methodology CPs where an updated model is required to carry out the impact assessment. 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.

4 CONSULTATION RESPONSES

4.1 The Working Group carried out a consultation to give DCUSA Parties an opportunity to review and comment on DCP 164. Following the close of the consultation the Working Group amended the DCP 164 legal text in light of the consultation responses received and issued this updated legal text to the industry to seek additional feedback.

- 4.2 This section of the Change Report outlines the response received to the initial consultation. The additional feedback is outlined in section six below.
- 4.3 There were 11 responses received to the initial consultation. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Appendix D.
- 4.4 A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1 - Do you understand the intent of the CP?

- 4.5 The Working Group noted that the all respondents understood the intent of the CP.

Question 2 - Are you supportive of the principles established by this proposal?

- 4.6 The Working Group noted that the majority of respondents to the consultation were supportive of the principles of the CP. The following table provides a break down by respondent type.

Respondent Type	Are you supportive of the principles of the CP?		
	Yes	No	Total
DNO	6	0	6
Supplier	3	1	4
Other	0	1	1
Total	9	2	11

- 4.7 Of the two respondents that were not supportive of the principles, one highlighted that they had provided specific comments on why they do not support this proposal in later consultation questions.
- 4.8 The other respondent suggested that the DCP 164 timetable should be advisory only. The Working Group discussed this comment and noted that this would not be in line with the intent of the CP and would not help to improve the present situation.

Question 3 - Are there any unintended consequences of this proposal?

- 4.9 Seven of the eleven respondents noted that they were not aware of any

unintended consequences of this CP.

- 4.10 One respondent suggested that the CP raises a question on how an urgent CP is defined within DCUSA. The Working Group discussed this comment and agreed that the timescales of DCP 164 should apply to urgent changes too. The group agreed that it was not necessary to include explicit text relating to urgent changes in the DCP 164 legal text.
- 4.11 Another consultation respondent highlighted their concern that the DCP 164 timescales would become the defacto timescale for methodology changes. The Working Group noted the respondent's concern.
- 4.12 A Supplier respondent noted their concern that the DCP 164 timescales may slow down the smart meter project. The Working Group discussed this comment and noted that DCP 164 only relates to the charging methodology CPs and thus should not impact the smart meter roll out. The group contacted this respondent to discuss their concerns with them.
- 4.13 Another respondent highlighted that they had noted specific comments against questions 5, 9 and 10.

Question 4 - Do you agree with the Working Group's evaluation of the CP against the DCUSA objectives?

- 4.14 In the consultation document issued to the industry, the Working Group noted that it believes DCP 164 better facilitates DCUSA General Objective two¹ and General Objective three². Of the eleven respondents to the consultation, nine agreed with the Working Group's evaluation against the DCUSA objectives.
- 4.15 Of the two that disagreed, one suggested that the DCUSA objectives may be better facilitated on some occasions, but circumstances could arise where the CP does not provide an appropriate solution. The Working Group discussed this comment and noted that DCP 164 is not trying to hold up the Change Process,

¹General 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

²General Objective 3 - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

it is aiming to ensure that a model incorporating approved changes is available in time to calculate indicative tariffs. It is not trying to stifle change but make change manageable.

- 4.16 The other respondent to disagree with the Working Group's evaluation suggested that the change would affect charging methodologies by reducing the flexibility of their governance and suggested that perhaps the charging objectives should be taken into account. The Working Group agreed that the charging objectives should be considered.

Question 5 - Do you consider that the proposal better facilitates the DCUSA Objectives?

- 4.17 The following table outlines the respondents' views on which DCUSA Objectives are better facilitated by the CP:

DCUSA General Objectives	No. Of Respondents that agree it is better facilitated
Objective 1	1
Objective 2	9
Objective 3	7
Objective 4	3
Objective 5	1

- 4.18 The Working Group noted that nine respondents agree that the CP better facilitates the DCUSA objectives and two disagree. One of the respondents to disagree noted that Objectives 2, 3 and four might be better facilitated if there was not a clause in the DCP 164 legal text allowing Ofgem to over-ride the timescales. The Working Group subsequently removed this clause from the legal text.
- 4.19 The other respondent to disagree referred to their comments made against question four.

Question 6 - Do you agree that all models impacted by Schedule 16, Schedule 17 and Schedule 18 should be included in this CP?

- 4.20 The Working Group noted that ten of the eleven respondents agreed that DCP 164 should apply to all Schedule 16, Schedule 17 and Schedule 18 models.

- 4.21 The one respondent to disagree noted that they did so for the same reasons as specified against earlier consultation questions.

Question 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?

- 4.22 Ten of the eleven respondents agreed that the Hypothetical Incremental Distribution Asset Model (HIDAM) and LDNO price control disaggregation models should be subject to the DCP 164 timescales, should they be approved for incorporation into the DCUSA.
- 4.23 One respondent disagreed, suggesting that an advisory timetable would be preferable.
- 4.24 Following the close of the DCP 164 consultation, DCP 128 and DCP 129 received approval from Ofgem, with an implementation date of 27 June 2013.

Question 8 - Do you agree that it is appropriate to limit changes to the charging methodology models to once a year?

- 4.25 Nine of the respondents agreed that changes to the charging methodology models should be limited to 1 April each year, as detailed in the following table.

Respondent Type	Do you agree that it is appropriate to limit changes to the charging methodology models to once a year?		
	Yes	No	Total
DNO	6	0	6
Supplier	3	1	4
Other	0	1	1
Total	9	2	11

- 4.26 Several of the respondents that agreed with limiting changes to the 1 April each year highlighted that this is consistent with RIIO-ED1 requirements to reduce charging volatility.
- 4.27 One respondent noted that whilst they agree with limiting changes to once a year, they believe that Ofgem and the DCUSA Panel should have the discretion

to implement changes at other times of the year.

- 4.28 Another respondent suggested that the convenience benefit to Distributors and Suppliers of making all changes with effect from 1 April is outweighed by the risk of a major adverse effect on customers of continuing with a “defective” methodology for six months longer than necessary.
- 4.29 The Working Group discussed this comment and noted that, as picked up by other respondents, there will not be mid-year price changes relating to methodology changes or any other reason going forward under RIIO-ED1. The group also noted that the CDCM has been under open governance for three years and many significant issues have been considered under the DCUSA Change Process in order to address these concerns and work is under way to address others.

Question 9 - Do you have any comments on the proposed legal text?

- 4.30 Two respondents highlighted that the legal text only relates to the publication of final charges and suggested that reference should be made to indicative tariffs. The legal text was subsequently updated to refer to “the minimum notice period for the publication of charges”, i.e. indicative tariffs.
- 4.31 One respondent suggested that allowing Ofgem to override the timescales means that the CP introduces rigidities in the development of change proposals without providing any effective protection against short-notice changes. The group noted that they had previously discussed removing the paragraph in the legal text that would allow Ofgem to override the timescales.

Question 10 - Do you agree with the proposed timescales as defined in the legal text?

- 4.32 Of the eleven respondents to the consultation seven respondents agreed with the proposed timescales, as detailed in the following table.

Respondent Type	Do you agree that it is appropriate to limit changes to the charging methodology models to once a year?			
	Yes	No	No Response	Total
DNO	6	0	0	6
Supplier	1	2	1	4
Other	0	1	0	1
Total	7	3	1	11

- 4.33 Of the four respondents that did not agree with the proposed timescales, one responded with “n/a”. Another suggested shortening the timescales in the legal text by approximately two weeks. The group noted the importance of having a correct model and agreed that the more time afforded the better. The group therefore agreed that the timescales should not be shortened.
- 4.34 Another respondent suggested the following specific cut off dates be included in the legal text:
- 30 September - Authority consent has to be granted
 - 31 October - Model pre-release published
- 4.35 The Working Group noted that it had previously debated specifying the deadlines in terms of fixed dates when first drafting the legal text. However, the group had agreed that to write the timescales in a way that ensures that they will not need to be amended should the publication date of final tariffs change, rather than giving fixed dates.
- 4.36 The final respondent to disagree with the proposed timescales suggested that it would be better to set an expectation that good models (albeit not final ones because of interactions between DCPs) should be available before voting, and that final models should be prepared a short time after approval. The group noted that this would create the maximum number of models possible, as changes would not be batched and implemented in a single release of the model.

Question 11 - Are there any alternative solutions or matters that should be considered?

- 4.37 Eight of the eleven respondents did not suggest any alternative solutions or matters that should be considered.
- 4.38 One respondent suggested that the legal drafting should remove reference to the “publication date of final charges” and should instead refer to “notice period for the publication of charges (as defined in the Distribution Licence)”. This respondent provided alternative legal text for the Working Group’s consideration. The Working Group agreed that this alternative text should be progressed over the text that was issued for consultation.

- 4.39 Another respondent suggested that the CP does not address the confusion caused by multiple Change Proposals being processed simultaneously. The Working Group discussed this comment and noted that in its view DCP 164 does reduce confusion as it ensures that all changes approved by a certain date get incorporated in the final model. It was also noted that the intent of the CP did not cover the interactions between Working Groups.
- 4.40 Another respondent suggested that "A simpler and more effective way of meeting the intent would be to require that the implementation date of a charging methodology change be on the 1 April (or 1 October if the intent is modified to permit mid-year changes) that follows the expiry of a five-month period after publication of a set of modelling tools that implement that change." The Working Group discussed this suggestion and determined that the current approach was preferable to this alternative.

Question 12 - Are you supportive of the proposed implementation date of the first release after Authority consent?

- 4.41 All respondents to the consultation supported the proposed implementation date of the first release after Authority consent. Although one of the respondents stated that this was subject to the timescales introduced by the CP being advisory only, and another stated that it was subject to the defects discussed elsewhere in their response being addressed.
- 4.42 The Working Group notes that there is a DCUSA release due on 1 October 2013.

Question 13-Please state any other comments or views on the Change Proposal

- 4.43 Seven of the eleven respondents had no further comments or views on DCP 164.
- 4.44 In its response to this question the Party that proposed DCP 164 stated that the CP will improve the process and lessen the burden on all parties (including Ofgem) in working up DCUSA changes, assessing the impact, passing to

Ofgem for approval and having a model in time for charge setting in any one year.

- 4.45 Another respondent suggested that DCP 164 is trying to mandate project timescales by reference to the requirement of the DCUSA Parties, and does not allow for the possibility of conflicting requirements from other industry bodies such as Elexon, DECC, and Ofgem. It was the respondent's view that given that Ofgem has asked the industry to work together on Smart Meter issues, the DCP 164 timescales should take account of the requirement of the industry as a whole, rather than just the requirements of the DCUSA parties.
- 4.46 The Working Group discussed this comment and noted that very few smart metering related changes will impact distribution use of system changes. It was also noted that smart metering has been progressing for quite some time, thus the number of smart metering changes requiring implementation at short notice will be limited.
- 4.47 Another respondent suggested that the Working Group was incorrect in thinking that Ofgem decisions on Charging Methodology Change Proposals may only be appealed by judicial review. The Working Group sought legal advice on this point and was advised that Ofgem's approval of a Part 1 Matter can also be appealed pursuant to section 173 of the Energy Act 2004 (under the Electricity and Gas Appeals (Designation and Exclusion) Order 2009), but only if Ofgem's approval of the CP contradicted the vote of the Parties.
- 4.48 One respondent suggested that the Working Group should consider whether it is appropriate to extend the notice to include all changes that affect Schedules 16, 17 and 18 rather than just model changes. The group agreed that this would improve predictability and stability of DUoS tariffs, as under the current DCUSA drafting, DNOs could have a model, but not have certainty over which inputs to use.

5 AMENDMENTS TO DCP 164 LEGAL TEXT FOLLOWING INDUSTRY CONSULTATION

- 5.1 After reviewing the DCP 164 consultation responses, the Working Group agreed to make the following amendments to the DCP 164 legal text.
- 5.2 **Amendment 1** -The timescales were amended such that they were given relative to the publication of indicative tariffs³ rather than final tariffs. The purpose of this amendment was to future proof the legal text against any potential change to the timescales for the publication of indicative charges in the Distribution Licence.
- 5.3 **Amendment 2** - To address concerns raised by several consultation respondents that the timescales could be easily over ridden by Ofgem, the Working Group removed references in the legal text to the timescales being amended at the direction of Ofgem.
- 5.4 The DCUSA Legal consultant subsequently updated the legal text to state that the implementation date may be amended by Ofgem in accordance with DCUSA Clauses 14.7, 14.8 or 14.9 (this section of the DCUSA is titled "Subsequent Amendment to Implementation Date"). This amendment was made as to be compliant with the Distribution Licences the implementation date must be capable of being varied by Ofgem, or with Ofgem's consent.
- 5.5 **Amendment 3** – The group noted that there were concerns that a final model(s) could be available in line with the DCP 164 timescales; however, there may be an outstanding decision from Ofgem regarding one or more of the model inputs, which could impact on the publication timeline for setting tariffs. To address this the Working Group updated the legal text such that it would apply to both the models and methodologies.

³The Distribution Licence does not specifically reference "indicative charges", but this has become common terminology within the industry.

- 5.6 Following the update to the legal text, the Working Group issued an update to the consultation respondents and DCUSA Parties detailing the amendments that had been made and seeking feedback.

6 FEEDBACK ON UPDATED DCP 164 LEGAL TEXT

- 6.1 The Working Group received five responses when it sought feedback on the updated legal text. The group discussed each response and its comments are summarised alongside the collated responses in Appendix E.
- 6.2 A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1 - Do you have any comments on the updated DCP 164 legal text?

- 6.3 Four of the five respondents provided comments on the revised legal text.
- 6.4 One respondent stated that in their view the revised legal text better achieves the intent of DCP 164.
- 6.5 Another respondent suggested that the legal text could be clearer. The group agreed to review the legal text in light of this comment.
- 6.6 One respondent indicated that in their view the legal text does not place any obligations on anyone and suggested alternative wording. The group disagreed with the respondents suggested wording and noted that it did not fit in with the intent of the CP.
- 6.7 This respondent also suggested that the legal text may conflict with the distribution licence. The Working Group noted that they were unsure how there might be a conflict. The group subsequently received advice from the DCUSA legal consultant stating that to be compliant with the Distribution Licences the implementation date must be capable of being varied by Ofgem, or with Ofgem's consent. The legal text was subsequently updated to allow this.
- 6.8 The final respondent to this question suggested that the legal text is flawed, in that it refers to the model, and not the methodology. It was the respondent's view that under this legal text you could have an approved change to the methodology with a charging model which does not reflect the methodology and

is thus not in compliance with DCUSA. The Working Group agreed that the legal text should refer to both model and methodology changes.

Question 2 - Do you agree that an alternative change proposal should be raised which would differ from the DCP 164 solution by the inclusion of legal text paragraph 14.12 (i.e. the text shown in blue in Appendix B)?

6.9 This question related to the proposal that an additional paragraph be added to the legal text which would apply timescales to all charging methodology CPs, and not just those CPs that affect the models. The original version of the legal text applied only to CPs that required a model change.

6.10 One respondent agreed that an alternative should be raised. The other four respondents stated that an alternative was not necessary and suggested that the legal text should apply to both model and methodology changes.

Question 3 - If a DCP 164 alternative were to be raised to apply to the model inputs as well as the models would your preference be for the original CP or the alternative to be implemented?

6.11 All respondents indicated that their preference would be for the legal text to cover all charging methodology changes, not just those that affect the models.

6.12 The Working Group noted that this provided them with a very clear steer on this point.

Question 4 - Do you have any further comments?

6.13 Two respondents had no additional comments.

6.14 One respondent reiterated that their preferred solution would be for the CP to apply to all charging methodology CPs, and not just model changes; with the same timescales applied to changes that affect the models and changes that affect only the methodologies.

6.15 Another respondent suggested that the Working Group had not properly taken into account the responses to the first DCP 164 consultation, and cited a number of examples of where he believed this to be the case. The Working Group reviewed the respondent's comments and as a group agreed that they

were happy that they had considered all responses to the previous DCP 164 consultation and dealt with the concerns appropriately.

- 6.16 The final respondent suggested that either as an alternative to this approach or in addition to it, all change proposals which impact any of the charging methodologies could be determined to take effect not less than eighteen months prior to implementation (end of September 2013 to take effect from April 2015). This would extend the notice period of fifteen months which parties already have for a large number of CDCM inputs. The group noted that there may be merit in this suggestion but agreed not to progress it under DCP 164.

7 AMENDMENTS TO DCP 164 LEGAL TEXT FOLLOWING INDUSTRY FEEDBACK

- 7.1 Following its consideration of the above industry feedback, the Working Group agreed to amend the legal text such that, the same timescales were applied to both model changes and methodology only changes, rather than having individual timescales for each.
- 7.2 The legal text was then reviewed by the DCUSA legal consultant and this resulted in changes to the structure and phrasing of the text. The final version of the legal text is provided as Appendix B.
- 7.3 The Working Group sought advice from Ofgem as to whether a further consultation should be issued following the updates made to the legal text. The Working Group was advised that this was for the group to decide based on the extent of the changes made to the text.
- 7.4 The Working Group noted that it had twice sought feedback from market participants on earlier versions of the legal text. It was also noted that whilst the text had changed in its wording, the principles remained the same as those consulted upon. The Working Group therefore agreed that a further consultation was not necessary.

8 WORKING GROUP FINAL CONCLUSIONS ON DCP 164

- 8.1 The Working Group unanimously supports the implementation of DCP 164. It is the Working Group's view that the CP will ensure that methodology and model

updates are implemented in a timely manner, and will bring the following benefits.

- It will significantly reduce the risk that an updated model(s) will not be received in time for the calculation of indicative charges, which is what occurred when tariffs were calculated for the 2013/14 period.
- It will significantly reduce the risk that DNO's will not have certainty over the inputs to use in the model(s) in time for the calculation of indicative charges. This type of situation came close to occurring when setting the charges for the 2013/14 period, where a decision on DCP 130⁴ was not received until 6 December 2012.
- It will provide industry Parties with greater certainty with regards to future tariffs.

8.2 Whilst the Working Group supports the implementation of the DCP 164 it recognises that during the progression of the CP concerns were expressed that introducing a cut-off date for all charging methodology changes may unduly prevent changes from being implemented for the up and coming April tariff period.

8.3 The Working Group has discussed these concerns and notes that Ofgem has the ability to direct a change outside of the DCP 164 timescales should it feel that this is necessary. Alternatively, if there is a clear need for a change to be implemented outside of the timescales a derogation can be applied for. It is the view of the Working Group that DCP 164 will, therefore, not prevent urgent changes and changes where there is a strong case for implementation outside of the timescales from being appropriately progressed.

9 ENGAGEMENT WITH THE AUTHORITY

9.1 Ofgem has been engaged in the progression of DCP 164 as a member of the Working Group.

10 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

⁴ DCP 130 - Remove the discrepancy between non-half hourly (NHH) and half hourly (HH) Un-metered Supplies (UMS) tariffs

- 10.1 Working Group considers that the following DCUSA 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

- 10.2 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

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

Charging Objective 2 - that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)

- 10.4 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 Charging Objective 2.

Charging Objective 1 - that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence

- 10.5 DCP 164 will facilitate DNO Parties in producing charges in line with licence condition 14 which will better meet DCUSA Charging Objective 1.

11 DCP 164 – LEGAL DRAFTING

11.1 The DCP 164 legal drafting is provided as Appendix B.

12 ENVIRONMENTAL IMPACT

12.1 The Working Group unanimously agreed that there is no environmental impact associated with DCP 164 and, therefore, no environmental impact analysis is required on the implementation of this CP.

13 IMPLEMENTATION

13.1 The proposed implementation date for DCP 164 is 1 October 2013.

14 PANEL RECOMMENDATION

14.1 The Panel approved this Change Report at its meeting on 17 July 2013.

14.2 The timetable for the progression of the CP is set out below:

Activity	Date
Change Report issued for voting	18 July 2013
Voting closes	8 August 2013
Change Declaration	5 August 2013
Authority Determination	11 September 2013
DCP 164 Implemented	1 October 2013

15 NEXT STEPS

15.1 Parties are invited to consider the proposed amendment (Appendix B), together with the Consultation documentation (Appendix D and E) and submit their votes using the Voting form (Appendix C) to dcusa@electralink.co.uk by **8 August 2013**.

15.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 2842.

APPENDICES

- Appendix A – CP Form
- Appendix B – Legal Text
- Appendix C – Voting Form
- Appendix D – Consultation Responses
- Appendix E – Consultation Update Responses