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Issue Title:	Timeline for DCUSA change proposals
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Attachments:	None
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Nature of Issue

One of the key lessons learned from the Annual Review of the common distribution charging methodology (CDCM) in 2012 and the subsequent number of charging change proposals (DCP) that were generated, was that the timeline allowed to implement a change proposal did not allow sufficient time, following Ofgem approval, for the DCUSA panel to instigate changes to the CDCM model in time for DNOs to use to set their indicative tariffs for 2013. In order to avoid this situation in future, it is proposed that a change to the DCUSA timeline be made to ensure sufficient time once approval is granted, for DCUSA to make any changes to the model as necessary to include any approved DCPs.

Proposed Solution

A new timeline is proposed for CDCM and EDCM change proposals. The proposed timeline and reasons for change are detailed below.

Target Implementation Date

April 2013

¹ Assigned by ElectraLink

Background

DNOs have a requirement to review their methodologies annually. Since the implementation of the CDCM in April 2010, the annual review has been carried out under the umbrella of the Distribution Charging Methodology Forum (DCFM).

The 2011 annual review generated a number of proposed changes which were added to the methodologies issues group (MIG) register along with those already on the log either as a result of conditions applied by Ofgem or known improvements to be addressed.

When the MIG initially prioritised the changes already on the register, prior to the annual review, they focussed on the July panel being the cut-off point for DCPs looking to be implemented in April the following year.

The 2012 annual review took place in March and again generated a number of proposed changes many of which were billing and use of system methodology related. The approach this year was to split the changes and setup two Super-groups, with the intention of the fast tacking and cutting down the number of working meetings for parties to attend. This approach had some benefits in that the same working group looked at all of the changes, some of them were relatively straight forward and resulted in change proposals being drafted and submitted to DCUSA in July 2012.

As an example of the time line:

Of the 9 billing changes submitted in July 2012 with a suggested October 2013 implementation date:

- 6 are still awaiting consent; and
- 3 are still out for consultation

So they were identified in March, the two Super-groups were set up, the DCPs were raised in July and we are now in January 2013, 10 months from identification and still not completed. One of the issues is that once the changes are submitted to DCUSA the DCP process often means a duplication of some of the work already carried out and lengthens the time to reach satisfactory submission to both the DCUSA Panel and ultimately to Ofgem for approval.

Since 2006 there have been a total of 168 changes raised in DCUSA

2006	1
2007	15
2008	27
2009	23
2010	19
2011	44
2012	39

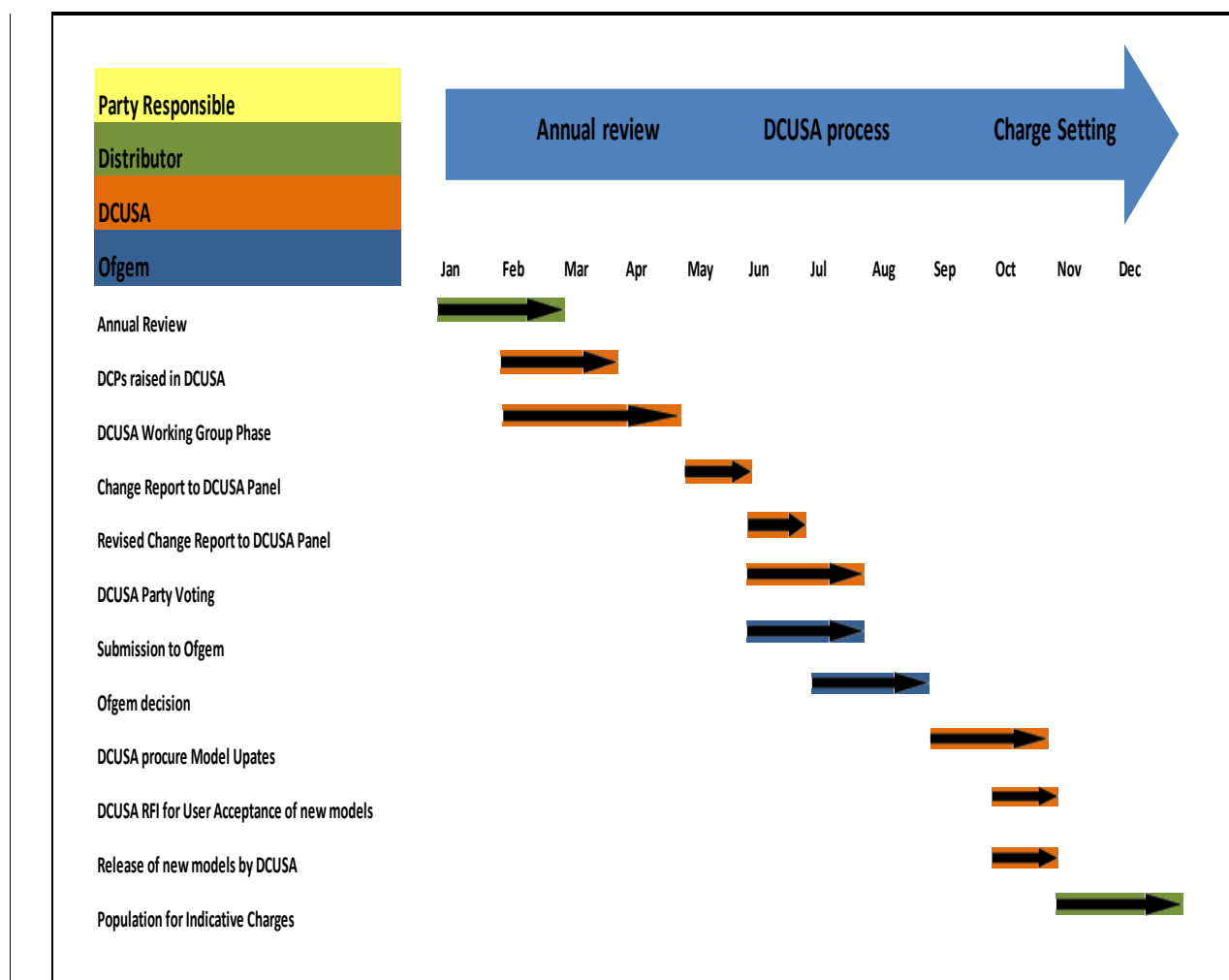
Whilst these were not all charging DCPs, it is clear to see the ramping profile since the implementation of the CDMC and EDCM.

Best endeavours have been employed to process changes in a timely manner, but the sheer volume and complexity of some of the changes (particularly more recent ones) has seen significant time spent in working group meetings and working up solutions, impact assessments etc. before they can be submitted for approval.

It became clear towards the end 2012 that sufficient time was not allowed for, questions from the DCUSA panel and also to allow DCUSA to procure a model which includes all of the approved changes prior to the December deadline for DNOs to set charges.

The Annual Review is to be held at the DCMF in February 2013 and it seems an appropriate time to consider the time-line, agree what we can do to improve the process and lessen the burden on all parties (including Ofgem) in working up the changes, assessing the impact, passing to Ofgem for approval and having a model in time for charge setting in any one year.

The following process is therefore put forward for discussion.



The key milestones are:

- Change reports for any DUOS charging DCP that is to be implemented the following April must be submitted to the May/June DCUSA panel (allowing for questions from the panel and re-submission);
- Industry voting to be completed by end of June/July (depending on Panel decision);

- Ofgem approval is required by the end of August/September;
- DCUSA to procure models to include all approved charging DCPs;
- DCUSA to make the models available (to be used for charge setting) by mid-October;
- User acceptance testing (UAT) of the models by end of October;
- Models published on DCUSA website for 1 November;
- Indicative charges published by the end of December.