



## **DCUSA Change Report**

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DCP 163 – Removal of HVS Tariffs from the CDCM Methodology

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 163 – Removal of HVS tariffs from the CDCM methodology.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed legal drafting amendments (Appendix B) and submit their votes using the form attached as Appendix C to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than 3 May 2013.

## 2 BACKGROUND OF DCP 163 REMOVAL OF HVS TARIFFS FROM THE CDCM METHODOLOGY

- 2.1 DCP 163 has been raised by Northern PowerGrid as a result of work undertaken by the DCMF MIG. The intent of this DCP 163 is to apply HV network tariffs to all HV customers and generators in the CDCM, following a change to the boundary that has moved many sites that were eligible for a CDCM HV Sub tariff out of the CDCM and into the EDCM.
- 2.2 This change will involve removing the following HVS tariffs from the legal text and CDCM model:
  - HV Sub HH Metered
  - HV Sub Generation Non-Intermittent
  - HV Sub Generation Intermittent
- 2.3 The Proposer explained that the Distribution Networks Operators' (DNOs') original proposals for the Extra-high-voltage Distribution Charging Methodology (EDCM) were submitted to Ofgem on 1 April 2011. That submission included methodologies to calculate import and export charges for EHV Designated Properties as defined in the Distribution Licence:

**Part B: Charging boundary**

13A.5 For the purposes of this condition, Designated Properties are:

(a) from 1 April 2010 to 31 March 2012, premises or Distribution Systems connected to assets on the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding any such premises or Distribution Systems in respect of which the Use of System Charges levied by the licensee are calculated on the same basis as those levied in respect of premises or Distribution Systems connected to assets on the licensee's Distribution System at a voltage level of 22 kilovolts or more; and

(b) on and after 1 April 2012, premises or Distribution Systems connected to the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding premises or Distribution Systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and the Metering Point is located at the same substation.

- 2.4 Currently from 1 April 2012 all HVS Demand customers have been either moved to the EDCM or to a CDCM HV Network tariff. From 1 April 2013 all HVS Generation customers will need to be move in the same manner.
- 2.5 The HVS demand tariff in the CDCM was preserved from April 2010 and all DNOs have confirmed that they no longer have any demand customers on these tariffs. There are currently some generation customers on HVS tariffs but these will be moved prior to April 2013, since the Ofgem approval of the EDCM methodology for generation.
- 2.6 It is therefore proposed to remove all HVS tariffs from the CDCM. This will involve changes to the legal text, the CDCM model and the Annual Review Pack.
- 2.7 DCP 163 requires a minor change to the CDCM Model and Annual Review Pack which has no impact on tariffs. It has been agreed by both the Working Group and DCUSA Panel that the amendments for DCP 163 should be incorporated during the next update of these documents when more significant changes are

included. Therefore, updated versions of the CDCM model and the Annual Review Pack have not been included within the attachments to this report.

### **3 DCP 163 – WORKING GROUP**

- 3.1 The DCUSA Panel established a Working Group to assess and refine DCP 163. The Working Group was comprised of DNO and IDNO Parties as well as Ofgem representation.
- 3.2 The Working Group meeting was held in open session, and the minutes and papers from the meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).

### **4 DCP 163 CONSULTATION**

- 4.1 The Working Group agreed, along with the Ofgem representative, that a consultation would not need to be undertaken for DCP 163. The reasoning behind this is that the only question for Parties to answer would be whether or not they agree that the HVS tariffs should be removed from the CDCM methodology.
- 4.2 The Working Group, along with the Ofgem representative, felt that there was sufficient industry participation in developing the CP in the DCMF MIG, and also represented on the Working Group in order to for this to be a robust and complete solution that is sent out for Industry vote.

### **5 PROPOSED LEGAL TEXT**

- 5.1 The proposed legal drafting of DCP 163 has been considered by the Working Group, and reviewed by the DCUSA legal advisor, and is attached as Appendix B.

### **6 DCP 163 – WORKING GROUP CONCLUSIONS**

- 6.1 The Working Group's conclusion is that the proposed drafting meets the intent of DCP 163 and therefore should be issued for Party voting and Authority

determination.

## 7 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 7.1 The Working Group considers that the following DCUSA General and Charging Objectives are better facilitated by DCP 163 'Removal of HVS tariffs from the CDCM methodology':

**General Objective 3 – Better Facilitated.** The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licenses.

- 7.2 The Working Group unanimously agrees that General Objective 1 is better facilitated because DCP 163 would ensure that the DNO Parties meet their obligations under the Distribution License. The boundary between the two Use of System charging methodologies is set out in Standard Condition 13A of the DNO Party's Distribution License.

**General Objective 4 – Better Facilitated.** The promotion of efficiency in the implementation and administration of this Agreement.

- 7.3 The Working Group unanimously agrees that General Objective 4 is better facilitated because DCP 163 would ensure that the methodology is correctly reflected in the published version of the CDCM model.

**Charging Methodology Objective 1 – Better Facilitated.** The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licenses.

- 7.4 The Working Group unanimously agrees that DCP Charging Methodology Objective 1 is better facilitated because DCP 163 would ensure the DNO Parties meet their obligations under the Distribution License. It was explained that the boundary between the two Use of Systems charging methodologies is set out in Standard Condition 13A of the DNO Party's Distribution License.

## 8 IMPLEMENTATION

- 8.1 DCP 163 is classified as a Part 1 matter in accordance with Clause 9.4.2 (B) of

the Agreement, and therefore will go to the Authority for determination after the voting process has completed.

8.2 The implementation date is the first release following Authority consent.

## **9 ENGAGEMENT WITH THE AUTHORITY**

9.1 Ofgem has been fully engaged throughout the development of DCP 163 as a member of the Working Group.

## **10 ENVIRONMENTAL IMPACT**

10.1 The Working Group did not identify any material impact on greenhouse gas emissions which would result from the implementation of DCP 163.

## **11 PANEL RECOMMENDATION**

11.1 The DCUSA Panel approved this Change Report on 17 April 2013 and considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 163.

11.2 The timetable for the progression of the Change Proposals is set out below:

<b>Activity</b>	<b>Date</b>
Change Report issued for voting	19 March 2013
Voting closes	3 May 2013
Change Declaration	8 May 2013
Authority Decision	13 June 2013
CP Implemented	First Release Following Authority Consent

## **12 APPENDICES:**

- Appendix A – DCP 163 Change Proposal
- Appendix B – DCP 163 Proposed Legal Drafting
- Appendix C – DCP 163 Voting Form