

DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to dcusa@electralink.co.uk for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

PART A – Mandatory for all Change Proposals

PART B – Mandatory for Non Charging Methodologies Proposals

PART C – Mandatory for Charging Methodologies Proposals

PART D – Guidance Notes

PART A - MANDATORY FOR ALL CHANGE PROPOSALS

Document Control	
CP Status	Standard / Urgent
CP Number	DCP 151
Date of submission	28 th June 2012
Attachments	Appendix A - Legal text Appendix B - Draft model Appendix C - P280 report phase consultation document
Originator Details	
Company Name	Electricity North West
Originator Name	John Lawton
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	John.lawton@enwl.co.uk
Phone Number	01925 846860
Change Proposal Details	
CP Title	HH Aggregated tariffs
Impacted parties	DNO/IDNO/Supplier
Impacted Clause(s)	Clause 30, Schedule 16, Schedule 19
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	DCP103, P280 in BSC
Change Proposal Intent	
<p>To amend the Common Distribution Charging Methodology to cater for the introduction, in October 2013 (subject to approval), of three half hourly aggregated Measurement Classes.</p> <p>The resulting tariffs will be the same in structure and rates as those currently on non half hourly tariffs excluding non half hourly preserved and non half hourly export tariffs.</p>	
Business Justification and Market Benefits	
Background	
<p>Electricity North West have concerns over the use of Measurement Class E being the preferred and only method the Proposer of DCP103 wishes to use when non half hourly</p>	

settled customers are moved to half hourly settled, using the same Use of System Charges as those in the non half hourly settled market. It is recognised that at the time of the DCP103 submission that this was the only option available to them. Other alternatives such as new aggregated Measurement Classes were deemed out of scope due to the specific nature of the change proposal intent and the timescale to develop such changes when compared to the implementation date the Proposer suggested, although the original implementation date of April 2012 has now slipped to April 2013.

Due to the potential impact the DCP103 change proposal has on Distributor billing systems, Electricity North West raised the Balancing and Settlement Code Modification P280 to introduce three new aggregated Measurement Classes. This has now been submitted to the Balancing and Settlement Code Panel and has been recommended for approval within the report stage of the process. The implementation of this Modification is the 1st October 2013.

DCP103 was raised due to the tariff discrepancy between non half hourly and half hourly tariffs and to gain intelligence from the foundation phase of the smart meter roll out. On the former, the Methodology Issues Group set up a "sub group" to consider these discrepancies. Ofgem attended a meeting of the sub group in late May and requested an understanding of the impact on tariffs between the two implementation dates. The sub group is delivering in April 2014 and P280 delivering in October 2013. The sub group concluded that there were two options:

- 1) Move the implementation date of P280 to April 2014; or
- 2) For the 6 month period assume Measurement Class F, G & H remain on non half hourly Use of System tariffs.

Electricity North West was requested by Ofgem to respond on the above and provided a response to the sub group together with two further options:

- 3) Move the implementation date of the Non Half Hourly/Half Hourly proposals to October 2013, or
- 4) Don't apply any tariffs to the Measurement Classes for the intervening months.

In summary none of the above is acceptable although option 4 is achievable.

- P280 already has an approved implementation date subject to Ofgem approval;
- Assuming the three new Measurement Classes remain on non half hourly Use of System tariffs is in breach of DCUSA Schedule 16;
- The sub group believe that any amendments to the model to reduce discrepancies between non half hourly and half hourly tariffs should be applied from a 1st April change rather than midyear change; and
- Not applying Use of System tariffs impacts all parties by having additional business processes in place should one inadvertently be selected.

Way forward

In our opinion there needs to be a change to DCUSA to accommodate the new Measurement Classes while we await the outcome of the sub group. Such a change needs to minimise the impact on this sub group by building on the work already undertaken by the DCP103 working group and applying the proposed tariffs to the three new Measurement Classes instead of Measurement Class E.

Market benefits:

- ✓ There will be no impact on the current Measurement Class E customers who should remain on elective site specific billing together with the current half hourly tariff structure;
- ✓ If customers benefit from a better tariff than elective half hourly site specific (Measurement Class E) they currently have the option to go non half hourly or even half hourly aggregated by this solution;
- ✓ Removes the risk to Distributors of the lack of billing system capacity which may result in a need to raise a derogation to DCP103;
- ✓ Provides Ofgem with a viable alternative to DCP103 since both change proposals cannot be supported it is one or the other or neither (i.e. await the outcome of the sub group and put additional business processes in place;
- ✓ Builds on the work already done by DCP103 thereby minimising any further work and any potential impact on the delivery date of the sub group;
- ✓ Allows the suppliers wishing to gain benefit from the foundation stage of smart meters the opportunity to do so. This may not be the case due to the sub group

implementation date (April 2014) should DCP103 be either rejected or distributors seek derogations;

- ✓ Reduces the DCP103 legal text associated and the business processes of Suppliers and Distributors with providing information on current Measurement Class E customers at the modeling and implementation stages and is likely to minimise the business impact on volumes of tariff changes during the six month period (up to the sub group implementation date); and
- ✓ Removes the Use of System barrier to P272 thereby allowing the flexibility to go to half hourly site specific or half hourly aggregated on an elective basis in advance of the current proposed implementation dates associated with mandating half hourly settlements for the profile class 5-8 customers together with no difference in the charging structure.

Proposed Solution and Draft Legal Text

The legal text introduces new sub clauses to Clause 30 and amends Schedule 16 and Schedule 19. Draft legal text attached. The methodology model change is also included.

Proposed Implementation Date

1st October 2013, the same date as the introduction of the three new Measurements Classes introduced by P280.

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

- | | |
|-----------|--------------------------|
| ✓ BSC | <input type="checkbox"/> |
| CUSC | <input type="checkbox"/> |
| Grid Code | <input type="checkbox"/> |
| ✓ MRA | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |
| None | <input type="checkbox"/> |

BSC P280 introduces three new Measurement Classes, and is currently at their report phase with a Panel recommendation to accept their introduction. This will introduce three half hourly aggregated Measurement Classes. A copy of the report that is out for consultation is attached.

A further change proposal is being prepared by Elexon under the priority provisions arrangements in order that the impacted data flows are amended to cater for P280 and

make this change proposal a viable solution.

Consideration of Wider Industry Impacts

The introduction of smart metering by the industry needs to have solutions developed in order to realise the benefits identified. The current code restrictions in the Balancing & Settlement Code, Distribution Connection and Use of System Agreement and the Master Registration Agreement need change proposals to facilitate such solutions. This change proposal allows for suppliers within the foundation stage to gain some benefit in advance of the roll out in 2014, and to enable suppliers to pass on the benefits of Time of Use tariffs to customers through the half hourly settlement regime.

Similarly this allows suppliers to also electively move to half hourly settled for the profile class 5 to 8 market in advance of any outcome from Balancing & Settlement Code P272 which is mandating such settlement arrangements. The Use of System charges being cited as a barrier to such an initiative. By delivering this change in advance of the Methodology Issues Group sub group looking at this issue it facilitates an earlier take up than otherwise would be the case.

Environmental Impact

The ability for both Suppliers and Distributors to promote Time of Use tariffs will potentially reduce carbon emissions if demand can be moved to times when less carbon intensive generation is used.

Half hourly configured meters can be read remotely so there is no need to send out meter readers thereby reducing carbon emissions from transport.

Confidentiality

No.

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives

General Objectives:

Please tick the relevant boxes.

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- 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
- 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement
- 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Rationale for better facilitation of the DCUSA Objectives identified above

This change proposal is a CDCM change so response is within the next section.

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

DCUSA CDCM Objectives

Please tick the relevant boxes.

CDCM Objectives:

- 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
 - ✓ 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)
 - ✓ 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
- 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
- 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

General Objectives:

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
 - ✓ 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
 - ✓ 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement
- 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Rationale for better facilitation of the DCUSA Objectives identified above

CDCM Objectives:

- 2. The implementation of this change will enable suppliers to benefit from the smart

meter roll out as and when they are ready to do so thereby facilitating competition.

3. This change will remove the current Use of System charging discrepancy that exists should the customer with the same energy requirements wish to be in the non half hour market compared to the half hourly market. This will remove such discrimination until the Methodology Issues Group sub group conclude their investigations and submit their change proposal.

General Objectives:

Similarly objectives 2 and 3 are better facilitated for the same reasoning.

Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation

DCUSA DCP103 – paper to be submitted to the working group meeting 2nd July.

Methodology Issues Group sub group – topic to be raised at the meeting in early July.

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Data Field	Guidance
Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
Change Proposal Intent	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
Confidentiality	Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem
CP Status	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
DCUSA CDCM Objectives	Indicate which of the DCUSA CDCM Objectives will be better facilitated by the Change Proposal. Please note that a CDCM change may also facilitate the DCUSA General objectives.
Draft Legal Text	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.

Environmental Impact	Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance .
Impact of Wider Industry Change	Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.
Part 1 / Part 2 Matter	A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.
Proposed Implementation Date	The Change can be implemented in February, June, and November of each year.
Proposed Solution	Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.
Rationale for DCUSA Objectives	Provide supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.