

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
CP Number	DCP 139
Date of submission	09/07/2012
Attachments	
Originator Details	
Company Name	British Gas
Originator Name	George Moran
Category	SUPPLIER
Email Address	george.moran@britishgas.co.uk
Phone Number	07557 611983
Change Proposal Details	
CP Title	Non-Application of FCP charge for Category 0000 Customers
Impacted parties	DNO / IDNO / SUPPLIER/ DG
Impacted Clause(s)	Schedule 17
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	
Change Proposal Intent	
<p>The intent of this change proposal is to remove an inconsistency in the FCP EDCM methodology relating to Category 0000 customers (also known as quad zero customers), by stipulating that Category 0000 customers should not be subject to the FCP locational charge. For the avoidance of doubt, Category 0000 customers will still be subject to any other applicable EDCM charges.</p>	
Business Justification and Market Benefits	
<p>Paragraphs 1.5 to 1.10 of Schedule 17 of DCUSA explain that the EDCM is a four step process – these steps are summarised as follows:</p> <ul style="list-style-type: none"> Step 1 determines the FCP locational EDCM charges. Step 2 allocates DNO Party costs to Connectees using appropriate cost drivers. Step 3 adds a scaling element to tariffs which is related to Allowed Revenue. Step 4 determines discount factors for IDNO tariffs. <p>We have identified an inconsistency between the application of step 1 above and the application of the other steps of the EDCM process for customers connected directly to the GSP (Category 0000). The EDCM is explicitly clear in paragraph 13.10 of Schedule 17 when it states that Category 0000 demand Connectee are deemed not to use any network assets other than sole use assets. The EDCM applies</p>	

this assumption throughout the modelling and application of steps 2 and 3 above. However currently DNOs are still applying a FCP charge to these customers from Step 1 of the EDCM process. This creates an inconsistency within the methodology since any FCP charge for Category 0000 demand customers will only relate to the future reinforcement costs of shared assets on the network which the methodology explicitly states that the customer is deemed not to use. The materiality of the impact of this inconsistency can be substantial for individual customers. Removing the inconsistency will add to the cost reflectivity of the final charges and improve the integrity of the methodology.

Proposed Solution and Draft Legal Text

We suggest a new paragraph 5.2 in Schedule 17 as follows:

5.2 Charge 1 is not applicable to Category 0000 demand connectee.

Proposed Implementation Date

1 December 2012, in time for indicative charges for 2013/14.

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 checked="" type="checkbox"/>

If other please specify

Consideration of Wider Industry Impacts

Environmental Impact

Confidentiality

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

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 paragraphs 13A.6A to 13A.9, the CDCM, 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
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- 4 The promotion of efficiency in the implementation and administration of this Agreement
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Rationale for better facilitation of the DCUSA Objectives identified above

CDCM Objective 3 and General Objective 3 is better facilitated by removing the FCP locational element of the EDCM charges from a specific group of customers who, within the EDCM methodology, have been deemed not to use the assets that this FCP charge relates to. This improves costs reflectivity.

This inconsistency may simply have been an oversight in implementing a complex methodology, however now that it has been identified CDCM objective 4 is better facilitated by allowing the DNOs to take account of this inconsistency.

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

The issue was also raised in relation to DCP 109 – Implementation of the EDCM. In Ofgem’s decision letter which implemented DCP 109 they encouraged the progression of this change through open governance.

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.