



DCUSA Consultation

DCP 135 - Clarification of CDCM Changes

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 135 - Clarification of CDCM Changes.
- 1.3 Parties are invited to consider the proposed drafting set out as Appendix A and submit comments using the form attached as Appendix B to DCUSA@electralink.co.uk by **Friday, 24 August 2012**.

2 DCP 135 - Clarification of CDCM Changes

- 2.1 DCP 135 has been raised by UK Power Networks following the work of the Distribution Charing Methodologies Forum (DCMF) Methodologies Issue Group (MIG) Supergroup. The CP originated from a customer request for more information to be provided on price movements and the reasons behind them.
- 2.2 The CP seeks to introduce a requirement on DNOs to provide detailed commentary on the reasons behind movements in particular CDCM tariffs following a DUoS Price Change. The commentary would be produced in a common format across all Parties and published within a defined timescale.
- 2.3 The DCMF MIG Supergroup has prepared a template Tariff Movement Explanation (TME) spreadsheet which it is proposed be used to provide the commentary in a common format; examples of completed templates for each DNO area are provided in Appendix C.
- 2.4 The Change Proposal has been classed as a Part 2 Matter, as it does not satisfy the criteria in DCUSA Section 1C to be classed as a Part 1 Matter; and therefore will not require Authority approval.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCP 135 Working Group has assessed the Change Proposal and noted the CP seeks to provide market participants with an explanation for why tariffs have increased or decreased in an easy to understand manner. The commentary would be issued alongside each DUoS price change and would aid suppliers and their customers in understanding the reasons behind tariff movements.
- 3.2 The Working Group noted that the TME spreadsheet template contains two tabs, with the first showing data transferred from the CDCM and the second showing a summary of the charges alongside the DNO commentary. The group questioned whether it was useful to include the data provided in the first tab.
- 3.3 The group noted that the TME spreadsheet would be published during the same period as the Annual Review Pack and it notes that DCP 134¹ and DCP 136² are also seeking to introduce a requirement on DNOs to publish information during this period. Some members of the Working Group expressed concerns that too much information may be provided at this time, potentially creating confusion.

¹DCP 134 - Implementation of notice in DCUSA for changes to distribution time-bands

² DCP 136 - Notice period for asset cost changes in the CDCM

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group has identified that the CP better facilitates DCUSA General Objective Two³ by providing an additional, more detailed explanation of the reasons behind the movement in elements of the charges.
- 4.2 The CP also better meets General Objective Three⁴ by satisfying the Licence obligation on DNOs to review the charging methodology and bring about changes to improve the methodology.

5 LEGAL DRAFTING

- 5.1 The proposed legal drafting is attached as Appendix A.

6 IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 135 is 1 December 2012.

7 CONSULTATION

- 7.1 The Working Group is seeking views on the below questions:
- Do you understand the intent of the CP?
 - Are you supportive of the principles of the CP?
 - Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.
 - Suppliers: Do you believe that the Tariff Movement Explanation spreadsheet would be a useful document? Please give supporting reasons.
 - Suppliers: do you require the information in the first tab of the Tariff Movement Explanation spreadsheet (note, this is extracted from the CDCM)? Please give supporting reasons.
 - Do you have any further comments on the contents of the Tariff Movement Explanation spreadsheet?

³ 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

⁴ The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

- Do you agree that the Tariff Movement Explanation spreadsheet should be produced with the indicative tariffs and then a further version produced with the final tariffs, if these tariffs differ from the indicative tariffs? Please give supporting reasons.
- Do you agree that that the Tariff Movement Explanation spreadsheet should be made available to Suppliers and customers by means of publication on the DCUSA website? Please give supporting reasons.
- The Working Group notes that the Tariff Movement Explanation spreadsheet for indicative charges would be produced at the same time as the Annual Review Pack. In addition, DCP 134⁵ and DCP 136⁶ would require information to be published during this period. Do you believe that the publication of a Tariff Movement Explanation spreadsheet will result in too much information being published during this period? Please give supporting reasons.
- Are there any alternative solutions or matters that should be considered by the Working Group?
- Are you aware of any wider industry developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.
- Are you supportive of the proposed implementation date of 1 December 2012?
- Do you have any comments on the proposed legal text?
- Do you have any other comments on DCP 135?

⁵DCP 134 - Implementation of notice in DCUSA for changes to distribution time-bands

⁶ DCP 136 - Notice period for asset cost changes in the CDCM

- 7.2 Responses should be submitted using Appendix B to DCUSA@electralink.co.uk no later than **Friday, 24 August 2012**.
- 7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

8 NEXT STEPS

- 8.1 Following the end of the consultation period the responses will be reviewed by the Working Group. The Working Group will finalise the drafting of the CP and submit its final report to the Panel. Following Panel approval, the Change Proposal will be issued to all DCUSA Parties for voting.
- 8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3011.

9 APPENDICES

Appendix A – Proposed legal text

Appendix B – Response form

Appendix C – Example DNO TME Templates

Appendix D – DCP 135 Change Proposal