

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 | |
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| CP Status | Standard |
| CP Number | DCP 133 |
| Date of submission | 10/05/2012 |
| Attachments | Included to help the progression of the workgroup some of the output from the 500MW Commonality sub-group. 500MW Model Guidance v14.pdf; Model Specification for HIDAM_v3.pdf; Invitation to Tender for 500MW Commonality Group Technical Support_v9.pdf |
| Originator Details | |
| Company Name | UK Power Networks |
| Originator Name | Peter Waymont |
| Category | DG / DNO / IDNO / OTSO / SUPPLIER / OTHER |
| Email Address | Peter.waymont@ukpowernetworks.co.uk |
| Phone Number | 07875 112757 |
| Change Proposal Details | |
| CP Title | 500MW Network Common Model for CDCM Input |
| Impacted parties | DNO / IDNO / SUPPLIER/ DG |
| Impacted Clause(s) | |
| Part 1 / Part 2 Matter | Part 1 |
| Related Change Proposals | |
| Change Proposal Intent | |
| <p>The intent of the change proposal is to bring a common 500MW network model spreadsheet under DCUSA governance to be used across all DNOs to reflect the common 500MW model approach. The common model approach has been developed within the MIG 500MW Commonality sub-group but a working group will be required to develop the actual model and may need consultant input.</p> | |
| Business Justification and Market Benefits | |
| <p>The design of the 500MW network model and the split of assets across network levels is a key driver of customer charges. It is crucial, therefore, that it is calculated in a consistent and cost reflective manner across licensees. The DNOs have developed guidance containing a set of principles and instructions that all DNOs should follow when developing the 500MW network model. Whilst this guidance is a good beginning, Ofgem at the time of approval of the CDCM indicated that they expect that further work towards commonality on the principles guiding the network model should be taken up by the industry under open governance arrangements.</p> | |

The DCMF MIG 500MW Commonality sub-group has reviewed the commonality on the existing models across all DNOs and delivered a common approach where appropriate intended for implementation by April 2013. A common model is necessary to enable a common methodology to be implemented and impact assessment to be delivered. This model will need to be developed to provide improved transparency and enable all distribution participants to better understand how Use of System (UoS) charges are calculated.

Proposed Solution and Draft Legal Text

Propose to organise a working group to develop a common model spreadsheet and develop an impact assessment based on developed common methodology documents. The proposer believes that the working group should appoint a consultant to develop the spreadsheet template for the 500MW model via an Invitation to Tender (ITT) and a draft ITT has been attached to this change proposal for consideration (although timings in it will need to be amended).

Suggested legal text;

Schedule 16

16. The DNO Party ~~specifies a~~ **uses Hypothetical Incremental Distribution Asset Model ("HIDAM") version "1" as issued by the Panel on [date] as the** network model, also known as a distribution reinforcement model (DRM) or a 500 MW model, in line with the requirements of this section.

+ Possible consequential tidying up.

Proposed Implementation Date

April 2013

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

The output of the common model spreadsheet, which reflects the developed common approach, will be the input of the CDCM model 100, Table 1020 and hence change the customer tariffs in CDCM Table 3701.

Environmental Impact

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|------------------------|
| Confidentiality |
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PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

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| DCUSA Objectives |
| <p><u>General Objectives:</u></p> <p>Please tick the relevant boxes.</p> <p><input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p><input type="checkbox"/> 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</p> <p><input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><input type="checkbox"/> 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.</p> |
| Rationale for better facilitation of the DCUSA Objectives identified above |
| |

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

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| DCUSA CDCM Objectives |
| <p>Please tick the relevant boxes.</p> <p><u>CDCM Objectives:</u></p> <p><input checked="" type="checkbox"/> 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</p> <p><input checked="" type="checkbox"/> 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)</p> <p><input checked="" type="checkbox"/> 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</p> |

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
- 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:

1. The Common 500 MW Model provides greater consistency between companies in the tariff modelling used to underpin the CDCM charging methodologies, thereby enhancing the transparency and cost reflectivity of charges. This indirectly will help to provide more accurate cost signals to users, thereby facilitating compliance with the statutory duty on licensees to develop and maintain an efficient, coordinated and economical system of electricity distribution.
2. The Common 500MW Model will provide greater commonality in tariff modelling and will through the CDCM help to facilitate competition in the generation and supply of electricity through allowing greater transparency and consistency in the detailed application of charging methodologies. The use of the common model will retain and enhance the benefits to competition of existing common charging methodologies.
3. The Common 500 MW Model will allow greater commonality in tariff modelling to be used in the common charging methodologies and assist in enhancing cost reflectivity of charges. This will help ensure that the relevant CDCM charging methodology, results in charges on the basis of costs incurred, or reasonably expected to be incurred, by the licensee in its Distribution Business.
4. The introduction of a greater commonality in tariff modelling has certain mandatory requirement for data however our proposals for governance ensure that, where appropriate, developments in the distribution business in areas such as network design practices and procurement procedures will be able to be reflected in modification proposals submitted.
5. The implementation of this change will enable distribution businesses to meet their Licence Condition 13A.clause13A.6A.

General Objectives:

2. The Common 500 MW Model will provide greater commonality in tariff modelling and will through the CDCM and EDCM help to facilitate competition in the generation and supply of electricity through allowing greater transparency and consistency in the detailed application of charging methodologies. The use of the common model will retain and enhance the benefits to competition of existing common charging methodologies.3. The implementation of this change will introduce a common model spreadsheet to all (I)DNO parties to enable them efficiently comply with the obligation imposed upon them.

5. The implementation of this change will enable distribution businesses to meet their Licence Condition 13.clause 13.3 section (e)

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

This issue has been discussed in DCMF MIG 500MW Commonality sub-group. The supporting documentation provided includes:

500MW Model Guidance v14.pdf;

Model Specification for HIDAM_v3.pdf;

Invitation to Tender for 500MW Commonality Group Technical Support_v9.pdf

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 . |

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| 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. |