

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 132
Date of submission	09 May 2012
Attachments	Clause 35A Schedule 15 & CDCM Input template.xlsx
Originator Details	
Company Name	British Gas
Originator Name	George Moran
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	George.moran@britishgas.co.uk
Phone Number	07557611983
Change Proposal Details	
CP Title	Improving the transparency of CDCM target revenue
Impacted parties	Suppliers, DNOs, IDNOs,
Impacted Clause(s)	Schedule 15, Schedule 16
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	
Change Proposal Intent	
<p>This Change Proposal is being raised on behalf of the DCMF MIG Annual Review Supergroup.</p> <p>The intent of this proposal is to modify the format of Table 1 of Schedule 15 to make it consistent with the way that DNOs calculate their target revenue for the CDCM.</p> <p>It is also the intent of this change proposal to add a new table into the CDCM model which is consistent in format to the amended Table 1 of Schedule 15 and to change the functionality of the CDCM model in a way that ensures the target revenue for tariff setting is derived from the CDCM target revenue contained in this new table.</p>	
Business Justification and Market Benefits	
<p>Table 1 of Schedule 15 of DCUSA contains DNO allowed revenue information and CDCM revenue information, however the CDCM revenue information contained in this table is not always consistent with the way that DNOs internally calculate their target revenues for the CDCM model when setting tariffs.</p>	

Table 1076 within the current CDCM contains the constituent elements of target revenue, but it is not completed in a consistent way among DNOs and as such transparency is adversely affected. Furthermore, not enough detail is provided in order for users to fully understand the price control assumptions underlying the tariffs calculated by the CDCM.

Transparency and predictability would be improved if Table 1 of Schedule 15 was amended to make it consistent with the way that DNOs calculate their target revenue for the CDCM. Transparency will be further improved by including a new revenue table within the CDCM in a format consistent with the new table 1 of schedule 15, such that the target revenue that the CDCM model uses is derived from this new table.

Proposed Solution and Draft Legal Text

The DCMF MIG Annual Review Supergroup has identified the following changes to DCUSA to implement this change proposal.

Table 1 of Schedule 15 of DCUSA will need to be amended. The working group has prepared a template which is attached.

Schedule 16, Paragraph 54: The DNO Party prepares a forecast of allowed revenue for the charging year in accordance with the requirements of the price control conditions and in a manner which is consistent with its volume forecasts **and in a format consistent with Table 1 of Schedule 15.**

The workgroup has provided a template of the new table that will be added to the CDCM which is in a consistent format with the new Table1 of Schedule 15.

Proposed Implementation Date

1 November 2012 (to allow for population 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 type="checkbox"/>

If other please specify

Consideration of Wider Industry Impacts

None Identified

Environmental Impact

None Identified

Confidentiality

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

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 checked="" 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 checked="" 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
<p><u>General Objectives:</u></p> <ol style="list-style-type: none"> The change proposal better meets general objective two by improving the transparency and predictability of the target revenue in the CDCM. This is achieved in two ways: <ol style="list-style-type: none"> By amending Table 1 of Schedule 15 to ensure that the CDCM revenue forecasts contained within it are calculated in a way that is consistent with the way DNOs calculate target revenues when setting tariffs. By adding a table into the CDCM in a consistent format to that of Table 1 of Schedule 15 which will clearly show the allowed revenue assumptions underlying tariff changes. This issue was raised at the annual review meeting of the CDCM. Therefore the change proposal better meets general objective three by satisfying the licence obligation on DNOs to review the charging methodology and bring about changes to improve the methodology.

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

DCUSA CDCM Objectives

Please tick the relevant boxes.

Charging 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:

1. This issue was raised at the annual review meeting of the CDCM. Therefore the change proposal better meets CDCM objective one by satisfying the licence obligation on DNOs to review the charging methodology and bring about changes to improve the methodology.
2. The change proposal better meets CDCM objective two by improving the transparency and predictability of the target revenue in the CDCM. This is achieved in two ways:
 - a. By amending Table 1 of Schedule 15 to ensure that the CDCM revenue forecasts contained within it are calculated in a way that is consistent with the way DNOs

- calculate target revenues when setting tariffs.
- b. By adding a table into the CDCM in a consistent format to that of Table 1 of Schedule 15 which will clearly show the allowed revenue assumptions underlying tariff changes.

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

The issue was raised at the Annual Review Meeting of the CDCM. Following that workshop it was agreed that the issue should be progressed by the DCMF MIG Annual Review Supergroup.

The Annual Review Supergroup contains a good mix of Suppliers and DNOs and the group is in agreement that the proposal represents a relatively simple change to DCUSA and to the CDCM that will provide improvements in transparency and predictability.

As supporting information, DNOs have provided a completed template table that would have been contained in the CDCM for April 2012 tariffs.

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.