



DCUSA Change Report

DCP 131 - Improving the Predictability and
Transparency of CDCM Inputs

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 131 – Improving the Predictability and Transparency of CDCM Inputs.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed legal drafting amendments (Appendix B) and submit their votes using the form attached as Appendix D to dcusa@electralink.co.uk no later than 5 October 2012.

2 BACKGROUND

- 2.1 DCP 131 was raised by British Gas as a result of work undertaken by the DCMF MIG Annual Review Supergroup.
- 2.2 The intent of DCP 131 is to modify the Annual Review Pack (ARP) to include the three individual years of data that is used to calculate that average value that is populated in the following tables of the CDCM (table numbers based on model version 100):
 - Table 1041: Load profile data for demand users
 - Table 1061. Average split of rate 1 units by distribution time band
 - Table 1062. Average split of rate 2 units by distribution time band
 - Table 1069. Peaking probabilities by network level

3 DCP 131 – WORKING GROUP

- 3.1 The DCUSA Panel established a Working Group to assess and refine DCP 131. The Working Group met on four occasions and was comprised of Supplier and DNO Parties.
- 3.2 Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.

4 DCP 131 – CONSULTATION

- 4.1 The Working Group carried out a Consultation to give Parties an opportunity to review and comment on DCP 131. Nine responses were received from Parties and are documented in Appendix C.
- 4.2 The responses to the consultation were supportive of the intent and the principles of DCP 131. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Appendix C.
- 4.3 A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1 - Do you understand the intent of DCP 131?

- 4.4 The Working Group noted that all respondents to the Consultation understood the intent of DCP 131.

Question 2 - Are you supportive of DCP 131's principles?

- 4.5 The Working Group noted that all respondents to the Consultation are supportive of the principles of DCP 131.

Questions 3 - Does the CP facilitate DCUSA General Objectives? Please provide supporting comments.

- 4.6 The Working Group agreed that DCUSA General Objectives 2 and 3 would be better facilitated by the introduction of DCP 131.
- 4.7 The Working Group felt that DCP 131 better meets DCUSA General Objective 2 by improving the transparency and predictability of important, and potentially volatile, data items in the CDCM. It was noted that by making visible the 3 years of data that is used within the calculation of the average for load characteristics and peaking probabilities, Users of the CDCM will be in a better position to predict future changes to tariffs.
- 4.8 It was explained by the Proposer and agreed by the Working Group that since this issue was raised at the Annual Review meeting of the CDCM, it would therefore better facilitate DCUSA General Objective 3. It would do

this by satisfying the Licence obligation on DNOs to review the CDCM and implementing changes which will improve the methodology.

4.9 The responses to this question were in agreement with the Working Group's assessment of the DCUSA General Objectives which DCP 141 will better facilitate.

4.10 The following table outlined the respondents' views on which Objectives are facilitated by the CP:

	General Objective
Objective 1	0
Objective 2	9
Objective 3	8
Objective 4	1
Objective 5	0

4.11 One respondent who did not agree that Objective 3 would be better facilitated. They noted that they do not agree that DCP 131 improves Objective 3 as it does not impact the methodology therefore cannot be said to improve the methodology.

Question 4 - The working group considers that providing this additional information will add transparency and predictability to DUoS charges whilst requiring little additional resource to the process of producing the ARP. Do you agree? Please give supporting reasons.

4.12 The Working Group noted that all respondents to the Consultation agreed that the information specified within DCP 131 will require little additional resource in the production of the ARP; and also that transparency and predictability will be improved.

Question 5 - For DNOs: The revised ARP is attached as Appendix C. It has been tested by the working group which has shown that there is no impact on the functionality of the spreadsheet, do you agree with their assessment?

4.13 The Working Group noted that all DNOs agreed that there were no impacts on the functionality of the spreadsheets.

4.14 One respondent noted that there was an issue with the macros in the initial version of the ARP circulated, but the updated version functioned as expected.

4.15 Another respondent explained that they are happy that the revisions to the ARP have no impact upon the functionality of the spreadsheet.

Question 6 - The following changes have been made to the ARP:

- **A new sheet has been added (Smoothed Input Details) to capture the information required by this DCP.**
- **A new row has been added to the Overview sheet to capture the overview of this additional sheet.**
- **Have you got any comments or suggestions on the revised format of the revised ARP?**

4.16 The Working Group noted that all the respondents were positive in regard to the changes made to the ARP; with some specific suggestions and comments which the Working Group discussed.

4.17 It was explained by one respondent that the revised ARP is good in that there has been little change to the original format, so consistency has been maintained and the additional sheet is self explanatory.

4.18 One respondent noted that the only additional item that would be beneficial is to include some validation between the 'Smoothed Input Details' worksheet and the 'CDCM Forecast Data' worksheet to ensure that consistency is maintained between the two worksheets.

4.19 The Working Group discussed this point, and agreed that this would be a good addition for the "DNO Checklist tab". It was agreed that the 'check' should be added above number 12, and it should say "Ensure that the data is consistent between 'CDCM Forecast Data' sheet and 'Smoothed Input Details' sheet.

Question 7 - Do you have any comments on the proposed legal text?

4.20 The Working Group noted that there were no additional comments on the legal text from the respondents.

Question 8 - 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.

- 4.21 The Working Group noted that all the respondents agreed that there are no Industry developments that will affect DCP 131.
- 4.22 One respondent noted that DCP 135 – ‘Clarification of CDCM Changes’ is going through the open governance process which will alter the format and functionality of the CDCM and therefore will require a further consequential change to the format and functionality of the ARP; but we don’t think that should hold up the progression of this change proposal as the two are not linked.
- 4.23 Another respondent explained that there are a number of CDCM related changes being considered at the moment but none that we believe would have a material impact on this proposal.

Question 9 - Are you supportive of the proposed implementation date of 1 November 2012?

- 4.24 The Working Group noted that all respondents to the Consultation were supportive of the proposed implementation date of DCP 131.
- 4.25 One respondent felt that this date, 1 November 2012, will enable the information to be included in the ARP sent out with Indicative Charges for 1 April 2013.
- 4.26 The Working Group noted that the updated ARP will be published on the DCUSA website following implementation; DNOs should then use this version of the ARP and populate it with their own data whenever they set indicative charges and publish it in line with the DCUSA requirements.
- 4.27 One respondent supported the implementation date but queried whether this aligns with a scheduled DCUSA release. The Working Group noted this point, and agreed that this will be included within the first DCUSA release following Party approval in order to meet the implementation date.

Question 10 - Are there any alternative solutions or matters that should be considered by the Working Group?

- 4.28 The Working Group noted that there were no further solutions identified by the respondents.

5 DCP 131 – WORKING GROUP CONCLUSIONS

- 5.1 The Working Group's conclusion, reflecting Party opinion as presented in the Consultation responses, is that proposed drafting meets the intent of DCP 131 and therefore should be issued for voting and Party determination.

6 PROPOSED LEGAL TEXT

- 6.1 The proposed legal drafting of DCP 131 has been considered by the Working Group, and reviewed by Wragge & Co, and is attached as Appendix B.

7 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 7.1 The majority of the Working Group considers that the following DCUSA Objective is better facilitated by DCP 131:
- Objective 2¹ – Better Facilitated. The change proposal better meets general objective two by improving the transparency and predictability of important (and potentially volatile) data items in the CDCM. By making visible the 3 years of data that is used in the calculation of the average for load characteristics and peaking probabilities, users of the CDCM will be in a better position to predict future changes to tariffs.
 - Objective 3² – Better Facilitated. It was explained by the Proposer and agreed by the Working Group that since this issue was raised at the Annual Review meeting of the CDCM, it would therefore better facilitate DCUSA General Objective 3. It would do this by satisfying the Licence obligation on DNOs to review the CDCM and implementing changes which will improve the methodology.
- 7.2 The Working Group reached the majority agreement that DCP 131 better facilitates DCUSA General Objective 2 and 3.

¹ 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

² The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.

8 IMPLEMENTATION

8.1 DCP 131 is classified as a Part 2 matter in accordance to Clause 9.4.2 (B) of the Agreement and does not therefore require Authority consent.

8.2 The implementation date, subject to Party approval, is 1 November 2012.

9 ENGAGEMENT WITH THE AUTHORITY

9.1 Ofgem did not participate in the development of this CP as it is a Part 2 matter and does not require Authority consent.

10 PANEL RECOMMENDATION

10.1 The Panel approved this Change Report on 19 September 2012. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 131.

10.2 The timetable for the progression of the Change Proposals is set out below:

Activity	Date
Change Report issued for voting	21 September 2012
Voting closes	5 October 2012
Change Declaration	9 October 2012
CP Implemented	1 November 2012

11 APPENDICES:

- Appendix A – DCP 131 Change Proposal
- Appendix B – DCP 131 Proposed Legal Drafting
- Appendix C – DCP 131 Consultation Documents
- Appendix D - DCP 131 Voting Form