



DCUSA CONSULTATION

DCP 131- IMPROVING THE PREDICTABILITY AND TRANSPARENCY OF CDCM INPUTS

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators.
- 1.2 Parties to the DCUSA can raise a DCUSA Change Proposal (“DCP”) to amend the Agreement. DCPs should better facilitate the Objectives of the DCUSA document which are:
1. The development, maintenance and operation by each of the Distribution Network Operator (“DNO”) Parties and Independent Distribution Network Operator (“IDNO”) Parties of an efficient, co-ordinated, and economical Distribution System;
 2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity;
 3. The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences; and
 4. The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.
 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.
- 1.3 Amendments to DCUSA may only be made with the consent of a majority proportion of Parties to the DCUSA, through a voting process, or (where applicable) the Gas and Electricity Markets Authority.¹
- 1.4 When a DCP is raised, a Working Group is established to assess and develop the proposal in consultation with industry parties and other interested parties.
- 1.5 This document is a consultation issued in accordance with Clause 11.14 of the DCUSA

¹ For more information about GEMA visit the Ofgem website: <http://www.ofgem.gov.uk/TheAuthority>

and seeks industry views on Change Proposal DCP 131 – Improving the Predictability and Transparency of CDCM Inputs.

- 1.6 The Consultation has been issued to DCUSA Parties and Ofgem.
- 1.7 Parties are invited to consider the Change Proposal detailed in this consultation and submit comments using the form attached as Appendix D to dcusa@electralink.co.uk by **10 August 2012**.

2 INTENT OF DCP 131 – IMPROVING THE PREDICTABILITY AND TRANSPARENCY OF CDCM INPUTS

- 2.1 DCP 131 has been raised by British Gas as a result of the work undertaken by the DCMF MIG Annual Review Supergroup. The intent of this CP 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 CDCM 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

- 2.2 The Proposer highlighted that paragraph 43 of Schedule 16 of DCUSA requires DNOs to use a three year average value for each of the three elements of load characteristics – Load Factors, Coincidence Factors, and the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band. It is further identified that paragraph 49 of Schedule 16 requires DNOs to use a three year average value for peaking probabilities.

- 2.3 Currently users of the CDCM do not have visibility of the 3 values that are used in the calculation of the average values for each of these CDCM inputs. The Proposer considers that by having visibility of these values, it would improve the transparency and predictability of the CDCM. This would make it easier for users to identify any trends in annual data, as well as allowing users to identify data spikes within the 3 year period and to know when those data spikes will fall out of the 3 year average calculation.

3 DCP 131 – WORKING GROUP CONSIDERATIONS

3.1 The Working Group is comprised of Distributor and Supplier Parties; all DCUSA Parties were invited to attend the Working Group.

3.2 All Working Group members are supportive of the general principles of the proposal.

3.3 The Working Group reviewed the CP against the following DCUSA Objectives:

- Objective 1 – No Impact
- Objective 2² – 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 3³ – Better Facilitated – The Working Group agreed that as this issue was raised at the annual review meeting of the CDCM, the change proposal better meets DCUSA General Objective 3 by satisfying the licence obligation on DNOs to review the charging methodology and bring about changes to improve the methodology.
- Objective 4 – No impact
- Objective 5 – No Impact

4 PROPOSED LEGAL TEXT

4.1 The DCP 131 proposed legal text is set out in Appendix B.

4.2 Following a review of the proposed legal text by the Working Group after feedback gained from the consultation, it will be issued to the DCUSA legal representative for review.

5 CONSULTATION

5.1 Parties are asked to consider the intent and impact of DCP 131 and answer the

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

following consultation questions:

1. Do you understand the intent of the CP?
 2. Are you supportive of its principles?
 3. Does the CP facilitate DCUSA General Objectives? Please provide supporting comments
 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.
 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?
 6. The following changes have been made to the ARP:
 - a) A new sheet has been added (Smoothed Input Details) to capture the information required by this DCP.
 - b) 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?
 7. Do you have any comments on the proposed legal text?
 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.
 9. Are you supportive of the proposed implementation date of 1 November 2012?
 10. Are there any alternative solutions or matters that should be considered by the Working Group?
- 5.2 Consultation responses (Appendix D) form should be submitted to dcusa@electralink.co.uk no later than **10 August 2012**. Parties are asked to provide

as much relevant detail as possible to enable the Working Group to understand the comments and the reasons behind them.

- 5.3 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.

6 NEXT STEPS

- 6.1 Following the end of the consultation period the Working Group will meet to review and consider the responses. The DCP 131 Working Group will submit its final report setting out the proposed variations to DCUSA Panel before the CP is issued to all DCUSA Parties for voting.
- 6.2 If you have any questions about this paper or the DCUSA Change Process or would like to participate in the Working Group please contact the DCUSA Help Desk by email to dcusa@electralink.co.uk or telephone 020 7432 3014.

7 APPENDICES

- Appendix A – DCP 131 Improving the Predictability and Transparency of CDCM Inputs
- Appendix B – DCP 131 Proposed legal text
- Appendix C – Revised Annual Review Pack (ARP)
- Appendix D – Response Form