

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 130
Date of submission	09 May 2012
Attachments	Summary of UMS Options (PDF document)
Originator Details	
Company Name	Electricity North West
Originator Name	Andrew Pace
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	andrew.pace@enwl.co.uk
Phone Number	+44 (0) 1925 846855
Change Proposal Details	
CP Title	Remove the discrepancy between non-half hourly (NHH) and half hourly (HH) Un-metered Supplies (UMS) tariffs
Impacted parties	Suppliers, DNOs, IDNOs, UMSOs, MAs and end customers
Impacted Clause(s)	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.</p> <p>The intent of this proposal covers:</p> <ol style="list-style-type: none">1. Changing the method of calculating UMS charges so that the calculation is based on seasonal time of day time bands2. Increasing the number of charge rates for NHH UMS to match the categories of NHH UMS detailed in BSCP5203. Changing the application of charges for HH UMS to seasonal time of day.4. To remove the discrepancy in Use of System charges between HH UMS & NHH UMS.	
Business Justification and Market Benefits	
<p>UMS customers can elect to be settled on a half hourly or non-half hourly basis. The customer will incur a different DUoS tariff depending on this choice and the actual DUoS bill can be materially different as a result.</p> <p>The ability of customers or suppliers to elect whether the sites are settled on a HH or NHH basis</p>	

enables tariffs to be selected which minimises their DUoS charge. DNOs have an obligation to provide cost reflective charges and there should not be a material difference in charges as a result of this choice.

The current discrepancy between the tariffs can sometimes incentivise half hourly UMS customers to elect to be settled on a non-half hourly basis or vice versa. Half hourly data is more accurate and should be used for settlement purposes where available. This modification should remove the differential between the tariffs and encourage customers and suppliers to choose the appropriate settlement approach.

Proposed Solution and Draft Legal Text

BACKGROUND

The discrepancy between Use of System charges for NHH and HH tariffs arises for a number of reasons and these have been investigated by a sub-group of the Methodologies Issue Group.

PROPOSED SOLUTION

To develop a new tariff structure for HH UMS which will include Super Red, Yellow and Green timebands. Super Red would be defined with the same time period as the Extra High Voltage Distribution Charging Methodology (EDCM) whilst Yellow and Green would be consistent with the current Common Distribution Charging Methodology (CDCM) time periods i.e Yellow would be Amber, plus the remaining Red and Green would remain as existing. In most DNO areas (exception is London Power Networks and Scottish Hydro Electric Power Distribution) this will result in Super Red times only being during the winter months. The time periods for EDCM and CDCM are specified in the individual DNOs use of system charging statements.

The NHH UMS p/kWh charges would differ between each of the UMS Categories defined in BSCP520. The existing NHH UMS calculation would be removed from the CDCM model.

The attached paper provides more detail on how the charges would be derived and the background behind this methodology.

SUGGESTED LEGAL DRAFTING:

To be devised by the working group.

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

This CP has the potential to have impacts on all charges, and therefore it is proposed as an April 2013 implementation. If the target implementation date is not achieved, it is suggested the CP should be implemented in April 2014. Due to the potential impact on final tariffs and in the interests of managing tariff volatility it is thought to be inappropriate to implement this CP with a midyear price change.

Environmental Impact

None Identified

Confidentiality

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives

General Objectives:

Please tick the relevant boxes.

- ☒ 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

General Objectives:

1. The change proposal better meets general objective one by removing the differential between the non-half hourly and half hourly UMS tariffs and encouraging customers and suppliers to choose the appropriate settlement approach.
2. The change proposal better meets general objective two by producing a more transparent

pricing structure which enables more efficient and effective settlement.

3. 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. The change proposal better meets CDCM objective one by reducing the differential between the tariffs and encouraging customers and suppliers to choose the appropriate settlement approach.
2. The change proposal better meets CDCM objective two by reducing the differential in use of system charges between the tariff groups and increasing the cost reflectivity of prices.
3. The change proposal better meets CDCM objective three by reducing the ability of customers to take advantage of lower tariffs which overall means the DNO does not currently recover sufficient revenue from this group of customers.
4. The change proposal better meets CDCM objective four by facilitating the industry requirement to remove the price barrier for customers to trade on a half hourly basis.

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

At the DCMF, DCMF MIG meetings and the non half hourly / half hourly discrepancy MIG sub-group.

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.