

## 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](mailto: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

<b>Document Control</b>	
CP Status	Standard
CP Number	[Assigned by the Panel Secretary]
Date of submission	20 March 2012
Attachments	
<b>Originator Details</b>	
Company Name	Haven Power Limited
Originator Name	Antony Badger
Category	SUPPLIER
Email Address	<a href="mailto:antony.badger@havenpower.com">antony.badger@havenpower.com</a>
Phone Number	01473 707182
<b>Change Proposal Details</b>	
CP Title	Require DNOs to publish and update year-ahead forecasts of DUoS tariffs
Impacted parties	DNO, SUPPLIER, IDNO
Impacted Clause(s)	
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	None
<b>Change Proposal Intent</b>	
<p>The intention is to require DNOs to publish an accurate year-ahead forecast of DUoS charges. The forecasts would be updated at regular intervals during the year (for example every three months). Forecasts of 2013-14 DUoS charges would be published, say, in May, August and November of 2012 and February in 2013. They would be specified to the same level of detail as current notifications of tariff charges, and each update would also set out a commentary on any noteworthy movements.</p>	
<b>Business Justification and Market Benefits</b>	
<p>The volatility of DUoS charges has become a major risk to suppliers; despite the fact these charges are regulated. Currently DNOs must give 90 days' notice of intent to change these charges, and the recent publication of indicative charges for 2012-13 indicated there are wide swings year-on-year between companies applying common methodologies.</p> <p>Some cost information consistent with a DNO's price control settlement has been made available since the implementation of DCP066. However, this is not sufficient to provide suppliers with an adequate or regular assessment of future DUoS charges. Likewise DNOs issue the CDCM Annual Review Pack in</p>	

February each year. The key tariff forecasts from this pack need to be updated within-year and DNOs should be required to provide network users with a fuller explanation of changes.

The proposal addresses this defect by seeking publication of a DUoS tariff forecasts for the main categories of customer for the coming charging year. Under this proposal these updates with supporting narrative would be provided quarterly.

### **Proposed Solution and Draft Legal Text**

As noted, this proposal would require DNOs to publish an accurate year ahead forecast of DUoS charges. The forecasts would also be updated at regular intervals during the year (that is, every three months). For example, forecasts for year t+1 DUoS charges would be published, say, in May, August, November and February of charging year t. They would be supported by narrative on any significant movements in charges.

The working group is invited to develop draft legal text.

### **Proposed Implementation Date**

31 October 2012, in order that the new requirement could be commenced with regard to forecasts for the 2013-14 charging year.

### **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**

The move to common distribution charging methodologies and the application of the new charging methodologies appears to be creating wide swings for DNOs in terms of charges levied on suppliers. Increasing volatility makes it more important that suppliers are able to understand and forecast likely distribution use of system charges and significant changes to them.

At present regulated network charges and their variation year-on-year are a significant and inappropriate source of risk to suppliers in the competitive retail market.

### **Environmental Impact**

None identified

### **Confidentiality**

Not required

## **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

#### **Rationale for better facilitation of the DCUSA Objectives identified above**

## **PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS**

### **DCUSA CDCM Objectives**

Please tick the relevant boxes.

#### CDCM 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

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

**Rationale for better facilitation of the DCUSA Objectives identified above**

CDCM Objectives:

The provision of forecast tariffs on a year-ahead basis that are then regularly updated would better facilitate competition between suppliers (CDCM objective 2) as they would be better able to reflect likely costs in their offerings to customers. It would enable users to improve the accuracy of their own forecasts and assessments, which should lead in turn to more informed business plans and pricing strategies.

Users would also face less uncertainty with respect to future changes in use of system charges and so be exposed to reduced risk than at present.

The availability of forecasts would enable all companies to be on an equal footing with respect to the information on future charges.

General Objectives:

As above with regard to General objective 2.

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

The issue has been discussed periodically at the Energy Supplier Forum, comprising a wide range of independent suppliers.

**PART D – GUIDANCE NOTES FOR COMPLETING THE FORM**

Data Field	Guidance
<b>Attachments</b>	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
<b>Change Proposal Intent</b>	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
<b>Confidentiality</b>	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
<b>CP Status</b>	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
<b>DCUSA General Objectives</b>	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
<b>DCUSA CDCM Objectives</b>	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.
<b>Draft Legal Text</b>	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.
<b>Environmental Impact</b>	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 <a href="#">Ofgem Guidance</a> .
<b>Impact of Wider Industry Change</b>	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.
<b>Part 1 / Part 2 Matter</b>	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.
<b>Proposed Implementation Date</b>	The Change can be implemented in February, June, and November of each year.
<b>Proposed Solution</b>	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.
<b>Rationale for DCUSA Objectives</b>	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.
<b>Related Change Proposals</b>	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.