

## 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

Document Control	
CP Status	Standard
CP Number	DCP 123
Date of submission	08/02/12
Attachments	
Originator Details	
Company Name	WPD
Originator Name	Simon Yeo
Category	DNO
Email Address	<a href="mailto:syeo@westernpower.co.uk">syeo@westernpower.co.uk</a>
Phone Number	01179332349
Change Proposal Details	
CP Title	Revenue Matching Methodology Change
Impacted parties	Suppliers, DNOs, IDNOs
Impacted Clause(s)	Schedule 16 paragraphs 92-94
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 is to change the way revenue matching (scaling) is achieved within the CDCM. Currently this is achieved by a fixed adder approach applied in a manner which has the effect of raising only the day/red unit prices. This change proposal intends to replace the current method of revenue matching.</p>	
Business Justification and Market Benefits	
<p>The intent of the proposal is to determine a more cost reflective approach and less distortive approach to scaling and one which better facilitates DCUSA CDCM Charging objectives.</p> <p>A revenue matching process is required because the allowed revenue under the regulatory price control and the revenue recovered from the charging methodology are not equal. This shortfall or excess is to a large extent unidentified and therefore unallocated allowed income within the CDCM. As such, it has not been identified that these costs relate to peak time band consumption.</p>	

Therefore, by applying scaling to peak time band consumption only, it is believed that the current CDCM could be unjustifiably distorting the economic signals provided from the pre-scaled tariff rates and could be producing excessive charges in the red time band.

A method of scaling, which applies equally to either:

- all tariff rates – in the form of a fixed % applied to all pre-scaled tariff rates i.e. fixed, unit, capacity and reactive rates,
- all unit rates – in the form of a fixed p/kWh applied to all pre-scaled unit rates only does not suffer from these obvious defects.

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

The proposed solution is to remove the fixed £/kW/year adder currently applied at the transmission exit level, as detailed in paragraphs 92 to 93 of Schedule 16, and replace this with an adder applied to the calculated pre-scaled tariffs, either in the form of a fixed % applied across all charge elements or on the basis of a fixed p/kWh applied across all unit rates.

Legal drafting: As it is proposed to develop this solution within the Working Group, it would be appropriate for the group to also draft the legal text.

#### **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 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

<b>Confidentiality</b>

**PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS**

<b>DCUSA Objectives</b>
<u>General Objectives:</u> Please tick the relevant boxes. <input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks <input 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 <input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences <input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement
<b>Rationale for better facilitation of the DCUSA Objectives identified above</b>

## PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

<b>DCUSA CDCM Objectives</b>
<p>Please tick the relevant boxes.</p> <p><u>CDCM Objectives:</u></p> <p><input type="checkbox"/> 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</p> <p><input checked="" type="checkbox"/> 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)</p> <p><input checked="" type="checkbox"/> 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</p> <p><input type="checkbox"/> 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</p>
<b>Rationale for better facilitation of the DCUSA Objectives identified above</b>
<p><u>CDCM Objectives:</u></p> <p>Against the second objective the change proposal neither better meets of hinders the objective.</p> <p>Against the third objective, the change proposal better meets the objective by not forcing unallocated allowed revenue into one time band and so the unit costs in those peak time bands - day or Red unit rates will better reflect the underlying cost message.</p>
<b>Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation</b>
<p>At the DCMF MIG meetings.</p>

## PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

<b>Data Field</b>	<b>Guidance</b>
<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.