

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
CP Number	DCP 104
Date of submission	2 nd August 2011
Attachments	
Originator Details	
Company Name	Npower
Originator Name	Helen Inwood
Category	SUPPLIER
Email Address	Helen.Inwood@npower.com
Phone Number	07795 354788
Change Proposal Details	
CP Title	Shared impact of manifest errors in DUoS charging
Impacted parties	Supplier/DNO/IDNO
Impacted Clause(s)	
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	None
Change Proposal Intent	
<p>Since 2011, there have been examples of manifest data input errors in the CDCM model.</p> <p>This Proposal will mean that in the case of a manifest error*, the implementation of the resulting revenue over or under recovery correction is spread over a 3 year period.</p> <p>It is important to recognise that the DNOs will <u>still</u> recover the correct allowed revenue position by the end of the 3 year period. This proposed delay spreads the risk across DNO's, Suppliers and Customers. This will result in a decrease in price shocks for both Customers and Suppliers.</p> <p>*A manifest error in the context of this change proposal is defined as "human error". For example conversion errors such as MWh to GWh, pulling through incorrect data or populating cells incorrectly. Manifest error does not include errors such as demand forecasting inaccuracy due to different prevailing weather conditions for example.</p>	
Business Justification and Market Benefits	
<p>Manifest data input errors in DNO charging methodology models may result in mis-statement of published tariffs. Currently, suppliers and customers carry all the risk resulting from these errors since the DNO's must seek to recover these charges in a short timeframe. This can therefore result in</p>	

large price changes for suppliers and customers.

This issue has recently been illustrated. A CDCM input error resulted in one DNO making a July 11 price change to correct for the resulting under-recovery. Another DNO has applied to Ofgem to undertake a correction which retrospectively corrects revenues from Apr-Sept11 per customer base moving forward from Oct11. While recognising that human errors do happen, both these examples have resulted in some suppliers and customers suffering financial impacts / losses as a result of sudden unexpected price changes and sudden adjustments to revenue recovery position.

We believe that this proposal, if implemented, helps to spread the risk across suppliers, customers and DNOs. This is a more equitable solution. The price impact as a result of the manifest error will be smoothed over the 3 year period. It must be noted that DNO's will still recover the overall revenue, but this is phased over the 3 year period.

Proposed Solution and Draft Legal Text

Insert a clause into Section 19 of the DCUSA that ensures any recovery adjustments caused by a DNO incorrectly setting their prices due to manifest errors should be compensated over a 3 year period

Proposed Implementation Date

We propose that this CP is implemented before the end of the year in time for the April-12 indicatives.

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

- BSC
- CUSC
- Grid Code
- MRA
- Other
- None

If other please specify

Consideration of Wider Industry Impacts

We do not believe that this will have an impact on any other industry initiatives.

Environmental Impact

None

Confidentiality

N/A

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

This will facilitate competition by spreading the risk caused by manifest errors between suppliers, customers and DNOs, reducing the impact of large price movements. Consumers will see this as a fairer spread of risk and it will allow Suppliers to price in market movements more transparently and prices will as a result be more predictable.

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

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

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.

