



DCUSA Consultation

DCP 088 – Mid Year CDCM Charging Model

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise change proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties, DCMF members and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 088 'Mid Year CDCM Charging Model'.
- 1.3 Parties are invited to consider the proposed drafting set out as Appendix A and submit comments using the form attached as Appendix D to DCUSA@electralink.co.uk by close of business 01 March 2012.

2 SUMMARY

- 2.1 The intent of this CP is to firstly change the CDCM model to make it easier to implement the methodology for a change in tariffs on a date other than 1 April, and secondly to format the tariff worksheet within the CDCM model to mitigate non-zero values being displayed as blanks.

3 DCP 088 – MID YEAR CDCM CHARGING MODEL

- 3.1 DCP 088 has been raised by Scottish Power Energy Networks following discussion at the Distribution Charging Methodology Forum Methodologies Issues Group (DCMF MIG).
- 3.2 DCP 088 will have no impact on tariffs and will simply make the model more robust and better able to deal with mid year tariff changes.
- 3.3 The DCP 088 Working Group was established by the DCUSA Panel and comprises representatives from DNOs, Suppliers and Ofgem.
- 3.4 The Working Group considers that DCP 088 will deliver greater transparency and efficiency when calculating mid year changes.

4 MODEL UPDATES AND DNO TESTING

- 4.1 The Working Group asked DNOs to test the updated model (Appendix B) on 3 occasions. The following questions were asked:

The Working Group requests that DNOs test the CDCM model updates proposed for DCP 088, and answer the questions, as follows:

- 1 Populate the updated model using your own data.*
- 2 Confirm that the data input into the updated model is what you believe to be necessary for a mid-year price change, noting the Working Group's understanding that revenue for charging periods 1 and 2 is calculated by the model rather than being input as an externally calculated item.*
- 3 Confirm whether the updated model provides the same results for a full year as does Model 100.*
- 4 State what results you would expect the updated model to give in the situation where it is used for a first and second mid-year price change. Confirm (and provide evidence) that the model performs as expected.*
- 5 Confirm whether you believe the updated model is fit to send out for consultation.*

- 4.2 Following testing by DNOs further changes have been made to Model 100. The full consultant's report, detailing the changes to the Model 100 is set out in Appendix C.

- 4.3 DNOs are asked to test the Model as part of this consultation.

5 ASSESSMENT AGAINST THE DCUSA GENERAL AND CDCM OBJECTIVES

- 5.1 DCP 088 is a Charging Methodology change and thus needs to be only assessed against the relevant DCUSA Charging Objectives. The Working Group's assessment is that DCUSA Charging Objectives 3.2.1 and 3.2.2 would be better facilitated if DCP 088 were to be implemented.
- 5.2 The Working Group has additionally assessed the change against the DCUSA General Objectives and has concluded that DCUSA General Objectives 3.1.2, 3.1.3 and 3.1.4 would be better facilitated if DCP 088 were to be implemented.
- 5.3 The Working Group determined that the CP better facilitates DCUSA Objective 3.1.2¹ as the proposed change will provide greater transparency and thus competition.
- 5.4 The Working Group determined that the CP better facilitates DCUSA Objective

¹ 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;

3.1.3² as the proposed change will provide greater transparency, in particular giving IDNOs a more transparent view of inputs.

- 5.5 The Working Group determined that the CP better facilitates DCUSA Objective 3.1.4³ as the proposed change will make it easier for DNOs to implement the methodology.
- 5.6 The Working Group determined that the CP better facilitates Charging Objective 3.2.1⁴ as the proposed change will provide greater transparency and more effective discharge of licence obligations when doing a mid year price change.
- 5.7 The Working Group determined that the CP better facilitates Charging Objective 3.2.2⁵ as it will provide greater transparency and additional information, and thus greater competition.

6 LEGAL TEXT

- 6.1 The proposed legal drafting is attached as Appendix A.
- 6.2 The attached legal drafting has been developed by the DCP 088 Working Group. The Working Group welcomes respondent's views on the legal drafting. Following the review of comments the legal drafting will be issued to the DCUSA legal representative.

7 IMPLEMENTATION

- 7.1 The Working Group proposes implementation of DCP 088 on 23 May 2012.

8 CONSULTATION

- 8.1 The Working Group is seeking views on the below questions:
- Do you understand the intent of the CP?
 - Are you supportive of its principles?
 - Do you consider that the proposal better facilitates the DCUSA CDCM and General objectives? Please give supporting reasons.
 - Are there any alternative solutions or matters that should be considered?

² the efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences;

³ the promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.

⁴ 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;

⁵ 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);

- The proposed implementation date is 23 May 2012 subject to Authority Consent. Are you supportive of the proposed date?
- Do you have any comments on the legal drafting?
- Do you have any comments or responses to the questions that were asked of DNOs in the Working Group's Request for Testing (see paragraph 4.1 of this document)?
- If you have performed any testing on this Model, through a request for testing or through this consultation, please provide details of your findings?
- Do you feel that the summary tables are constructed in the best way, and do you have any comments on these? For example, do the summary tables add to users' comprehension, and do they improve transparency?
- What are your views with respect of the consultant's report (Appendix C)?

8.2 Responses should be submitted using Appendix D to DCUSA@electralink.co.uk no later than 01 March 2012.

8.3 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.

9 NEXT STEPS

9.1 Following the end of the consultation period the responses will be reviewed by the Working Group. The Working Group will finalise the drafting of the CP and submit its final report to the Panel. Following Panel approval, the Change Proposal will be issued to all DCUSA Parties for voting and, following the vote, issued to Ofgem for final determination.

Activity	Date
End date for Consultation	01 March 2012
Change Report Agreed	21 March 2012
Party Voting	06 April 2012
Change Declaration Issued	10 April 2012
Authority Determination	17 May 2012
Implementation	23 May 2012

9.2 If you have any questions about this paper or the DCUSA Change Process

please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3011.

10 APPENDICES

- Appendix A – Proposed legal text;
- Appendix B – Updated CDCM model;
- Appendix C – Consultant’s report; and
- Appendix D – Response form.