



## **DCUSA Change Report**

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DCP 084 - User Requirements associated  
with Provision of Customer Usage  
Information

## **1 PURPOSE**

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 084 – User Requirements associated with Provision of Customer Usage Information. The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.2 Parties are invited to consider the proposed amendments (Appendix A), together with the consultation documentation (Appendix B) and submit their votes using the form attached as Appendix C to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by 03 February 2012.

## **2 SUMMARY**

- 2.1 DCP 084 has been raised by Electricity North West Limited (ENWL) and seeks to place an obligation on Suppliers to submit customer usage information to DNOs on a quarterly basis.
- 2.2 ENWL considers the provision of customer usage information from Suppliers to DNOs will assist the DNOs in submitting the data required from them in Clause 35A of the DCUSA.
- 2.3 Currently Clause 35.A of the DCUSA requires DNOs to submit cost information to Suppliers on a quarterly basis, but there is no reciprocal obligation for Suppliers to submit data to DNOs. DNOs complete two tables set out in Schedule 15 of the DCUSA which are then published on the DCUSA website by the Secretariat. Suppliers use the cost information provided in these tables to forecast the direction and magnitude of changes in distribution revenue over a rolling five year basis.
- 2.4 DNOs would consider the customer usage information submitted by Suppliers when providing cost information in accordance with Clause 35.A in February, May, August and November.

## **3 WORKING GROUP ASSESSMENT**

- 3.1 The DCUSA Panel established a Working Group to assess and develop DCP 084. The Working Group comprised of DNO, Supplier and Ofgem representatives.
- 3.2 The DCP 084 Working Group agreed that all DCUSA Parties are impacted by

the CP and therefore it should be issued to all Party categories for voting.

#### **4 CONSULTATION AND RFI**

- 4.1 The Working Group carried out two Consultations and one Request for Information (RFI) to give Parties an opportunity to review and comment on the CP.
- 4.2 Each consultation was issued in order to gain Parties' views on the proposed legal text and whether Parties were able to provide the data the CP is seeking.
- 4.3 The consultation responses identified that the information provided by Suppliers under DCP 084 would form only a portion of the data gathered by the DNOs to assist in their forecasting and provide a better understanding of changes in average customer consumption. It is not intended that this revised drafting will be solely relied upon by DNOs in calculating their DUoS charges.
- 4.4 The data will be provided to each DNO separately and will be completed on a national level which will provide Distributors a macro view of expected future consumption.
- 4.5 A Supplier Party noted in its consultation response that the proposer suggests that the provision of this data is likely to decrease the likelihood of mid year price changes by DNOs. The Party saw no evidence from previous mid year changes that this is the case; the last mid year change was as a result of a Distributor error. The Supplier asked the Working Group to explore this claim further and provide an explanation as to how this data the CP requires is likely to reduce the number of mid year tariff changes.
- 4.6 The Working Group concluded that relevant Supplier Parties can update table 3 (as set out in Appendix A) on a regulated quarterly basis as new information becomes available. This will capture significant events, which can then be reported at the next regulated quarter, if appropriate. The provision of information under DCP084 seeks to improve the forecasting accuracy of units distributed and to minimise one of the variables that contribute to under/over recoveries.
- 4.7 The Working Group also concluded the CP does not seek to address CDCM type errors that may require mid-year corrections. The Working Group

agreed that recent mid- year tariff changes have been as a result of errors rather than residual under/over recoveries; however DNO's are able to make mid-year changes for under/over recoveries.

- 4.8 Following the Consultations, a RFI was issued to Parties in order to gain views whether they supported the distribution of data on a national level, as recommended by the Working Group or to DNOs individually. The responses received agreed with the Working Group view that the data should be provided on a national level.
- 4.9 The Consultation and RFI documents, collated Party responses and Working Group comments are attached as Appendix B.

## **5 PROPOSED LEGAL DRAFTING**

- 5.1 Clause 35 and Schedule 15 are impacted by DCP 084. The proposed legal drafting places an obligation on Suppliers to complete a new table with their customer usage information. The drafting requires that Suppliers submit the completed table to the DCUSA secretariat on a quarterly basis.
- 5.2 Under DCP 084, Suppliers would be required to complete a table (which is set out in the legal drafting – Appendix A) and submit it to the DCUSA Secretariat by the fifth Working Day of January, April, July and October of each year.
- 5.3 The data would be collated by the DCUSA Secretariat and issued to all Distributors by email within 3 working days of the submissions in January, April, July and October of each year.
- 5.4 The legal text takes into account the situation where Suppliers data may not have changed since their last submission. Suppliers will be allowed to notify the DCUSA Secretariat in this circumstance, highlighting this situation, and will not be required to submit a new table in that instance.
- 5.5 In order to address Parties' concerns around the confidentiality of the data, the proposed legal text includes an obligation on DNOs not to circulate or publish the Supplier's submitted data.

- 5.6 The proposed legal drafting has been reviewed by Wragge & Co and is attached as Appendix A.

## **6 EVALUATION AGAINST THE DCUSA**

- 6.1 The Working Group considered the consultation responses regarding whether DCP 084 better facilitated each of the DCUSA General Objectives.
- 6.2 The Working Group agreed to the following:
- Objective 1<sup>1</sup> – Better facilitated. The CP will assist forward planning of the Distribution network capacity.
  - Objective 2<sup>2</sup> – Better facilitated. The CP will help the Distributors set their tariff rates.
  - Objective 3<sup>3</sup> – Better Facilitated. More complete information will help DNOs to meet the licence condition obligation to be accurate in recovering allowed revenues.
  - Objective 4 – No impact identified.

## **7 IMPLEMENTATION**

- 7.1 DCP 084 is classified as a Part 1 matter in accordance with Clause 9.5.2 of the DCUSA as it impacts Clause 35A. The CP will therefore require Authority consent.
- 7.2 If approved, DCP 084 will be implemented on 01 April 2012. This will allow Suppliers sufficient time to submit data to complete the table for a July 2012 submission.

## **8 ENGAGEMENT WITH THE AUTHORITY**

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<sup>1</sup> The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System

<sup>2</sup> 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

<sup>3</sup> The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences

- 8.1 Ofgem has been fully engaged throughout the development of DCP 084 as a member of the Working Group.

## **9 PANEL RECOMMENDATION**

- 9.1 The Panel approved this Change Report at its meeting on 18 January 2012. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 084.
- 9.2 The timetable for the progression of the Change Proposals is set out below:

<b>Activity</b>	<b>Date</b>
Change Report issued for voting	20 January 2012
Voting closes	03 February 2012
Change Declaration	07 February 2012
Authority Determination	14 March 2012
CP Implemented	01 April 2012

## **10 APPENDICES:**

Appendix A - DCP 084 - Legal Drafting

Appendix B - DCP 084 – Consultation Documents and Working Group Comments

Appendix C - DCP 084 - Voting Form