

---

<b>Meeting Name</b>	DCUSA Panel
<b>Meeting Date</b>	Ex-Committee by Email
<b>Paper Title</b>	Initial Assessment Report: DCP 071 (URGENT)
<b>Purpose of Paper</b>	For Decision
<b>Synopsis</b>	This paper presents a Change Proposal that has been submitted to the DCUSA Secretariat and requests agreement on its progression.

---

## **1 INTRODUCTION**

- 1.1 This paper refers a DCUSA Change Proposal (DCP) to the DCUSA Panel for agreement on its progression.
- 1.2 The Change Proposal (CP) has been assessed by the Secretariat in accordance with Section 10.11 of the DCUSA. The CP has met the requirements set out in the DCUSA and ElectraLink has prepared a recommendation for consideration by the Panel.

## **2 DCP 071 (URGENT) - CDCM CHANGE – ALLOCATION OF COST TO HV CONNECTED IDNOS WITH LV END USERS**

- 2.1 DCP 071 has been raised by The Electricity Network Company Limited. This issue set out in the CP has previously been raised in the DCMF where the proposer undertook an action to formally raise a Change Proposal.
- 2.2 The CP seeks to address that Ofgem has outlined in paragraphs 2.39 – 2.41 of its decision document ref: 140/09 on the “Common Distribution Charging Methodology at Lower Voltages”. The document sets out that the CDCM methodology for allocation of cost to HV connected IDNOs with LV end users is not appropriate and should be dealt with under open governance. Ofgem’s decision on the charging boundary between the EDCM and CDCM ref: 90/10 allows this matter to now be progressed and resolved.
- 2.3 The proposer considers that the Change Proposal will better facilitate the General DCUSA Objective 3.1.21 and DCUSA Charging Objectives 3.2.22 and 3.2.33.

## **3 PROGRESSION OF DCP 071**

- 3.1 The CP has been categorised as ‘urgent’ in accordance with Clause 10.7.1 as the proposer has identified there is likelihood that the failure to properly allocate the HV component of such costs may lead to an adverse commercial impact on IDNOs. The proposer has also indicated that the CP should be progress with an urgent status in order that DNOs can make changes in accordance with the normal regulatory timetable of changes.
- 3.2 This CP is deemed to be a Part 1 matter in accordance with Clause 9.5.5 of the Agreement.
- 3.3 It is recommended that the CP goes directly to the Definition Phase and a Working Group established to assess and develop the CP.
- 3.4 A proposed timetable for the progression of the proposal is outlined below. The timetable has been drafted giving consideration to the proposer’s recommendation that the CP be implemented in October 2010:

---

<sup>1</sup> 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

<sup>2</sup> 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

<sup>3</sup> 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

<b>Activity</b>	<b>Latest Date</b>
Initial Assessment Report agreed	23 August – 31 August 2010
Definition Phase (inc. Legal Review)	01 September – 15 September 2010
Change Report Agreed	15 September 2010
Party Voting	16 September – 22 September 2010
Authority Determination	23 September - 28 October 2010
Implementation	As soon as reasonably practical following Authority consent

#### **4 RECOMMENDATIONS**

The DCUSA Panel is invited to:

- Consider whether to accept the referral of DCP 071;
- Agree that the CP should be treated as an Urgent change;
- Agree that the CP should be treated as a Part 1 matter;
- Agree that the CP should be progressed via the Definition Phase; and
- Agree the progression of the CP in accordance with the timetable set out in Section 3.4.

#### **5 APPENDICES**

- A – DCP 071 Change Proposal