




DCUSA Consultation		At what stage is this document in the process?
<h2>DCP 395</h2> <h3>DCP Title: Allocation of Smart Meter Communication Licence costs within LDNO Tariffs</h3>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<b>Purpose of Change Proposal:</b> DCP 395 seeks to increase the cost reflectivity of LDNO tariffs by appropriately allocating costs associated with the Smart Meter Communication Licence Fees to LDNO tariffs.		
	<p>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP Title: Allocation of Smart Meter Communication Licence costs within LDNO Tariffs</p> <p>The Working Group recommends that this Change Proposal should proceed to Consultation</p> <p>Parties are invited to consider the questions set in section 10 and submit comments using the form attached as Attachment 1 to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by 12 April 2022.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP).</p>	
	Impacted Parties: DNOs and IDNOs	
	Impacted Clauses: Schedule 29 new clauses	

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Any questions?

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## Timetable

The timetable for the progression of the CP is as follows:

### Change Proposal timetable

Activity	Date
Initial Assessment Report Approved by Panel	20 October 2021
Consultation issued to Parties	21 March 2022
Change Report issued to Panel	11 May 2022
Change Report issued for Voting	20 May 2022
Party Voting Ends	10 June 2022
Change Declaration Issued to Parties	14 June 2022
Change Declaration issued to Authority	14 June 2022
Authority Decision	July 2022
Implementation	01 April 2024

## 1 Summary

### What?

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and 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 Change Proposal seeks to improve the cost reflectivity of the Price Control Disaggregation Model (PCDM) by allocating all of the costs incurred through Smart Meter Communication Licence Fees (DCC Charges) to the LDNO providing the last mile of network, rather than smearing such allocation across all network tiers through the use of cost drivers which do not consider the Smart Meter Communication Licence Fees in their derivation.

### Why?

- 1.3 DCP 395 has been raised by the Electricity Network Company and seeks to recover all of the Smart Meter Communication Licence Fees.
- 1.4 Currently, Smart Meter Communication Licence Fees (DCC Charges) are calculated and charged to distributors on a £ per MPAN basis in accordance with Section K of the Smart Energy Code (SEC). The recovery of DCC Charges is not presently allocated by either the CDCM or the PCDM as a separate specific cost item. In the CDCM the revenue to be recovered in respect of such charges is included as part of the target revenue to be recovered by the CDCM. Therefore, DNOs recover the total costs associated with DCC Charges in respect of customers connected directly to their network.
- 1.5 The same is not true for determining the charges to be applied to LDNOs. In the PCDM, DCC Charges are not identified as a separate Opex cost item and are, therefore, not considered in the calculation of the Opex cost driver. This means that in calculating charges to downstream LDNOs, only a proportion of the revenue required to cover the DCC Charges is allocated – even though the DNO avoids it entirely. This discount factor calculated by the PCDM should enable the downstream LDNO to recover the costs associated with DCC Charges in full.

### How?

- 1.6 Add the costs of the Smart Meter Communication Licence Fee into the calculation of the allocation driver applied to operating costs within Schedule 29. The total cost would be directly allocated to the LV service network tier (or in accordance with customer numbers at each voltage) as it is the volume of customers that directly drive the level of costs. The inclusion of the Smart Meter Communication Licence Fees would be in addition to the costs already considered in the determination of the cost driver.

## 2 Governance

### Justification for Part 1

- 2.1 DCP 395 is classified as a Part 1 matter and therefore will go to the Authority for determination after the voting process has completed.
- 2.2 The Proposer believes that this Change Proposal should be treated as a Part 1 matter as it is likely to impact LDNO tariffs and, therefore, margins available to IDNO Parties. Margins available to IDNOs must consider competition law and, therefore, the Proposer believes that this Change Proposal is likely to have an impact on the competition in distribution of electricity and, as such, meets the criteria of Paragraph 9.4.2 (B) of DCUSA.

### Requested Next Steps

- 2.3 Following a review of the Consultation responses, the Working Group will work to agree the details of the solution for DCP 395.

## 3 Why Change?

### Background of DCP 395

- 3.1 Smart Meter Communication Licence Fees are not considered in the costs which are used to determine the cost drivers within the PCDM as the cost data is taken from a period of time when Smart Meter Communication Licence Fees did not exist. These fees are, however, payable by all distributors on an equal basis (i.e. DNO and IDNO Parties pay the same cost per metering point in line with the DCC Charging Methodology). These costs have gradually risen from £0.29 per metering point per annum in the 2015/16 regulatory year to around £1.26 per metering point per annum proposed as indicative for 2021/22 regulatory year.
- 3.2 These costs are payable based on the metering point count (with a subtle difference between domestic and commercial metering points, where all domestic metering points attract the charge, whereas only commercial metering points with a DCC enrolled smart meter attract the charge).
- 3.3 As the Opex cost allocation driver does not take into account the DCC Licence Fee, the costs associated with the DCC Licence Fee are effectively smeared across all Network Levels. The resultant LDNO tariffs are, therefore, not reflective of the costs incurred by an LDNO (nor are they reflective of the costs that would be incurred if the DNO operated the notional downstream business).
- 3.4 This Change Proposal (attachment 2) seeks to ensure that the LDNO tariffs better reflect the costs that are fully avoided by the DNO when customers are connected to their network via another Licenced Distribution Network Operator and that such fully avoided costs are allocated to the downstream LDNO.

3.5 The Proposer suggested two options to solve the issue identified.

#### Option 1 - allocation driver applied to operating costs

Add the costs of the Smart Meter Communication Licence Fee into the calculation of the allocation driver applied to operating costs within Schedule 29. The total cost would be directly allocated to the LV service network tier (or in accordance with customer numbers at each voltage) as it is the volume of customers that directly drive the level of costs. The inclusion of the Smart Meter Communication Licence Fees would be in addition to the costs already considered in the determination with the cost driver.

#### Option 2 – additional revenue to be shared

Include the Smart Meter Communication Licence Fees in the additional revenue to be shared under paragraph 23 of the Schedule 29. As with option 1, this would require the revenue to be directly allocated to the LV service network tier (or a separate driver to be established based on customer numbers).

Question 1 - Do you understand the intent of the CP?

Question 2 – Are you supportive of the principles of the CP?

## 4 Working Group Assessment

### DCP 395 Working Group Assessment

4.1 The DCUSA Panel established a Working Group to assess DCP 395. This Working Group consists of DNO and IDNO representatives. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).

### DCP 395 Solution

4.2 The Working Group discussed both options and produced the pros and cons of each approach.

Points raised	Option 1 Allocation Driver calculation		Option 2 Additional revenue to be shared	
	Pros	Cons	Pros	Cons
Implementation process	Easy		Easy	
Modelling change to CDCM	None		None	

<b>PDCM principles</b>	Followed			Moving away
<b>Modelling change to PCDM</b>	Same approach to how the Ofgem licence fee is dealt with in the PCDM	To introduce new cost item		To introduce new cost item
	Retains the allocation driver approach			Moves away from a cost allocation driver approach
<b>Modelling accuracy</b>	Likely to be more accurate			Not as accurate
		Communication Licence fee was not a cost in 2007-08 when the costs were used to create the driver so the use of such figures may be disproportionate.		Communication Licence fee was not a cost in 2007-08 when the costs were used to create the driver so the use of such figures may be disproportionate.
<b>Cost reflectivity</b>	More than Option 2			Less than Option 1

4.3 The Working Group concluded that the preferred approach was to progress with Option 1 because it follows the same principles of the PDCM, the same approach adopted for the Licence fee in DCP306<sup>1</sup> (Treatment of Ofgem Licence Fees within the PCDM) and was considered to be more cost reflective.

**Question 3 – do you agree that Option 1 is the correct approach? Please provide your rationale.**

4.4 The initial proposal suggested that the Smart Meter Communication Licence Fees could be allocated to the LV service network tier (or in accordance with customer numbers at each voltage) as it is the volume of customers that directly drive the level of costs.

<sup>1</sup> [DCP306 – treatment of Ofgem Licence fee within the PCDM](#)

- 4.5 The allocation was also considered during the development of DCP306, Parties supported the allocation of the licence fee at each voltage level from a cost reflectivity perspective. To develop this further, they requested from the DNO community the number of customers at each voltage level. When this was analysed, there were 99.8% of customers forecasted to be connected at the LV network level. The Working Group concluded that from a pragmatic point of view it was sensible to allocate the licence fee at the LV network level rather than at each voltage level. This would reduce cost reflectivity (likely to be immaterial) but improve simplicity.
- 4.6 The Working Group requested the latest figures on LV network customers to see if there had been a material change since the numbers used for DCP306 were in 2018. The figures provided by the DNOs' Nominated Calculation Agent for the LV network was 99.91%.
- 4.7 Based on these figures, the Working Group concluded that the allocation of the Smart Meter Communication Licence Fee will be applied to the LV network level for this change.

**Question 4 – is the Allocation to LV level the correct approach? Please provide your rationale.**

- 4.8 The Working Group also considered whether the Smart Meter Communication Licence Fees should use the current value, or one based on 2007-08 values so that parties would not have to pay overly inflated prices.
- 4.9 During the development of DCP306 this was also discussed. They suggested that the costs described in table 2.6 of the 2007-08 Regulatory Reporting Pack (RRP) as “Ofgem licence fee” be used. The reasoning for this is that it matches the rest of the data source being used within the PCDM. A counter argument was that it may be more cost reflective to use the latest licence fee costs rather than the ones that are ten years old. The Working Group were of the view that for consistency the 2007-08 RRP should be used as it aligns with how the rest of the operational costs have been allocated within the PCDM. Industry Parties agreed with this approach.
- 4.10 However, the Smart Meter Communication Licence Fees came into existence post 2007-08 so no value exists in the RRP. Even so, the principle to retain the same cost base against all elements in calculating the operating expenditure was agreed by the Working group so the Smart Meter Communication Licence Fees will be sourced from the CDCM each year and converted to the 2007-08 price base using indexation.

**Question 5 – is deflating values to 2007-08 levels the correct approach? Please provide your rationale.**

## 5 Relevant Objectives

### Assessment Against the DCUSA Objectives

5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the CP form provided as Attachment 2.

5.2 The Proposer considers that the following DCUSA Objectives are better facilitated by DCP 395.

*General Change Proposals should be assessed on DCUSA General Objectives.*

DCUSA General Objectives	Identified impact
<input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<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	None
<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	None
<input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

*Charging Methodology Change Proposals should only be assessed against the DCUSA Charging Methodology Objectives*

DCUSA Charging Objectives	Identified impact
<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	None
<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)	Positive



<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	Positive
<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	None
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<input type="checkbox"/> 6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

5.3 The Proposer is of the view that Charging Objective 2 and 3 are better facilitated by DCP 395 because addressing this defect will result in a methodology that better reflects the mechanism by which the costs are incurred.

**Question 6 - Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.**

## 6 Impacts & Other Considerations

**Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?**

6.1 The Working Group do not believe that this change impacts any of the SCRs currently being undertaken.

### Consumer Impacts

6.2 This change proposal amends both the CDCM and the PCDM.

6.3 The CDCM amendment (Attachment 3) is minor in nature. The Smart Meter Communication Licence Fees value is added into the "outputs for PCDM" block in the 'Output to other models' sheet along with everything else that needs to be linked between the models. This is a simple additional row in the 'Output to other models' sheet which would link to the value in for the Smart Meter Communication Licence Fee in the 'General Inputs' sheet. No additional calculations or alterations would be required in the CDCM.

- 6.4 The PCDM (Attachment 3) amendment adds the costs of the Smart Meter Communication Licence Fee expressed in 2007-08 prices into the calculation of the allocation driver applied to operating costs within Schedule 29.

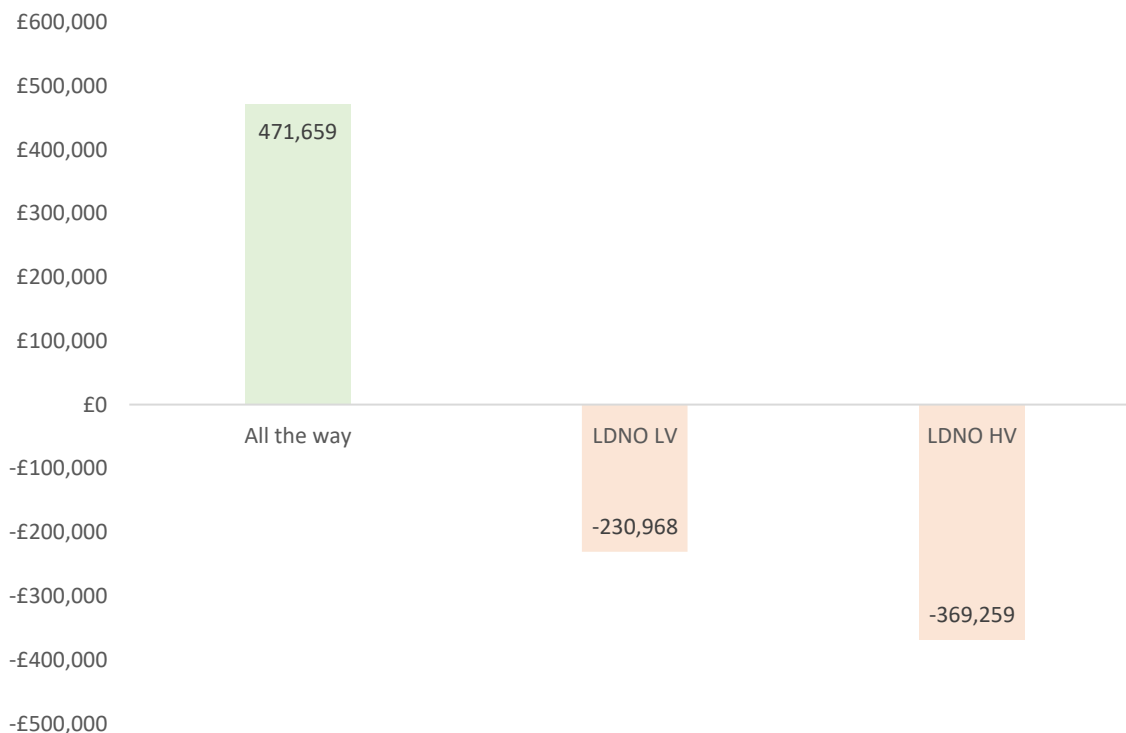
### Modelling Impact Assessment

- 6.5 Below provides a summary of the modelling impact assessment. Full details of the modelling analysis, along with a summary document can be found in Attachment 3.
- 6.6 DCP395 raises the proportion of cost deemed to be associated with the LV network level in the PCDM, and therefore reduces the proportion of cost deemed to be associated with higher network levels. Consequently, the proportion of the bill which should be retained by LDNOs, as calculated in the PCDM, is increased with respect to connections at the LV network level but decreased for connections at higher network levels.
- 6.7 In percentage terms, and for the value of Pass-through Smart Meter Communication Licence Costs specified in 2023/24 CDCM models, impacts on LDNO discounts range from +0.8% for LV-connected users with an LV LDNO Boundary (EMID; WMID; SWALES) to -0.2% for some connections with an HVplus LDNO Boundary (NPgN; SSES; WMID).
- 6.8 DCP 395 has no impact on the four DNO licence areas which report no Pass-through Smart Meter Communication Licence Costs in 2023/24 CDCM models. The Working Group has requested feedback from the DNOs in question on this observation (i.e how these costs are treated in their models). That is, the value of DCC costs being allocated to the LV network in the PCDM is £0 for these DNOs, which therefore does not have any effect on LDNO discounts.
- 6.9 Figure 4.1: LDNO discounts (%), 2023-24, impact of DCP395.

Boundary : user connection	ENWL	NPgN	NPgY	SSEH	SSES	SPD	SPMW	LPN	SPN	EPN	EMID	WMID	WEST	VALES
LDNO LV: LV user	0.0%	0.6%	0.6%	0.6%	0.7%	0.6%	0.6%	0.0%	0.0%	0.0%	0.8%	0.8%	0.6%	0.8%
LDNO HV: LV user	0.0%	0.3%	0.4%	0.3%	0.4%	0.3%	0.4%	0.0%	0.0%	0.0%	0.5%	0.5%	0.4%	0.4%
LDNO HV: LV Sub user	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.0%
LDNO HV: HV user	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LDNO 0000: LV demand	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LDNO 0000: LV Sub demand or LV generation	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.0%
LDNO 0000: HV demand or LV Sub generation	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.0%
LDNO 0000: HV generation	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO 132kV: LV demand	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.2%	0.2%	0.1%	0.1%
LDNO 132kV: LV Sub demand or LV generation	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO 132kV: HV demand or LV Sub generation	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO 132kV: HV generation	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.1%
LDNO 132kV/EHV: LV demand	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.3%	0.2%	0.1%	0.2%
LDNO 132kV/EHV: LV Sub demand or LV generation	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO 132kV/EHV: HV demand or LV Sub generation	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO 132kV/EHV: HV generation	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LDNO EHV: LV demand	0.0%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.0%	0.0%	0.0%	0.3%	0.3%	0.2%	0.2%
LDNO EHV: LV Sub demand or LV generation	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO EHV: HV demand or LV Sub generation	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO EHV: HV generation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LDNO HVplus: LV demand	0.0%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.4%	0.3%	0.2%	0.2%
LDNO HVplus: LV Sub demand or LV generation	0.0%	-0.2%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.2%	-0.1%	-0.1%
LDNO HVplus: HV demand or LV Sub generation	0.0%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
LDNO HVplus: HV generation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

- 6.10 In £ terms, DCP395 implies that LDNOs will be obliged to pass less of the end-user's charge onto the incumbent DNO with respect to LV-connected customers, but more with respect to customers connected at higher network levels. For a Domestic Aggregated customer (with typical volumes), LDNOs would be permitted to retain up to £0.94 more per year with respect to an LV boundary level, or £0.60 more with respect to an HV boundary level (SPMW). For the largest band of HV Site Specific customer (with typical volumes), LDNOs would be obliged to pass up to £3,692.44 more to the incumbent DNO with respect to an HV boundary level (SSEH).
- 6.11 The aggregate impact on LDNO revenues cannot be calculated without information on EDCM charges or the customer base of individual LDNOs. However, LDNO portfolios with a high proportion of LV-connected customers are likely to retain more charge revenue as a result of DCP395. Indeed, based on the LDNO volumes in published CDCM models, the net revenue accruing to DNOs with respect to LDNO-connected CDCM customers would fall by £600,227 (aggregated across GB). That is, LDNOs would retain £600,227 more with respect to CDCM customers. This amount may change after interactions between models are resolved. We cannot say what the impact on net revenue accruing from EDCM customers would be, or whether it would be positive or negative. For context, the sum of Pass-through Smart Meter Communication Licence Costs in 2023/24 CDCM models was £28,665,188.
- 6.12 Because DNOs are permitted to recover a fixed revenue allowance, a net shortfall in revenue from LDNO-connected customers must be made up for by higher charges for all-the-way customers, as determined by the revenue-matching stage in the CDCM model. DCP395 would therefore increase bills by up to £0.04 per year for a Domestic Aggregated customer and up to £25.71 per year for the largest band of HV Site Specific customer (NPgN).
- 6.13 Figure 4.2 illustrates the difference in net revenue recovered from all-the-way, LDNO LV and LDNO HV-connected customers charged under the CDCM, aggregated across GB. Note that the increase in net revenue from all-the-way customers does not perfectly offset the decrease from LDNO-connected customers due to charge rounding.





- 6.14 The intent of DCP395, as described in the modelling specification for this service request, is to “enable the downstream LDNO to recover the costs associated with DCC Charges in full”. This intent cannot be implemented precisely because DCC Charges are not apportioned in a precise manner in the CDCM – they are spread across network levels as part of the residual banded fixed charge. Yet we can compare the impact of DCP395 to the component of the residual fixed charge through which DCC costs are currently recovered and which LDNOs are not currently permitted to retain. From a cursory analysis, these seem to be in the same order of magnitude (but should not be expected to be exactly equivalent).
- 6.15 A Working Group member populated the models with their data and verified that the output is the same as in the impact assessment before iteration. As expected, the iteration has only a very small impact, with the biggest variance between the iterated and non-iterated models being -0.006% for one tariff and less than that for all others.

## Environmental Impacts

- 6.16 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 395 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

**Question 7 - Are you aware of any wider industry developments that may impact upon or be impacted by this CP?**

## 7 Implementation

- 7.1 This Change Proposal will impact tariffs, so it is proposed that DCP395 needs to be agreed in time for the next tariff cycle and implemented on 01/04/2024.

**Question 8 - Are you supportive of the proposed implementation date?**

## 8 Legal Text

- 8.1 The legal text is provided as Attachment 4.
- 8.2 The legal text amends the PCDM by including the Smart Meter Communication Licence Fee as an additional item to be considered when calculating the discount percentages for operational expenditure. The allocation is to be applied to the LV network tier.
- 8.3 The Smart Meter Communication Licence Fee is to be sourced from the 'General Inputs' sheet of the CDCM and converted into 2007-08 price base and a formula has been included to calculate the value.

**Question 9 - Do you have any comments on the draft legal text?**

## 9 Consultation Questions

- 9.1 The Working Group is seeking industry views on the following consultation questions:

*The questions below are shown as an illustrative basic template which should be expanded with further questions as appropriate to the particular CP.*

No.	Questions
1	Do you understand the intent of the CP?
2	Are you supportive of the principles of the CP?
3	Do you agree that Option 1 is the correct approach? Please provide your rationale.
4	Is the allocation to LV level the correct approach? Please provide your rationale.
5	Is deflating the values to 2007-08 levels the correct approach? Please provide your

	rationale.
<b>6</b>	Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.
<b>7</b>	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
<b>8</b>	Are you supportive of the proposed implementation date?
<b>9</b>	Do you have any comments on the draft legal text?
<b>10</b>	Do you have any other comments?

9.2 Responses should be submitted using Attachment 1 file to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than 12 April 2022.

9.3 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.

## 10 Attachments

- Attachment 1 – DCP 395 Consultation Response Form
- Attachment 2 – DCP 395 Change Proposal Form
- Attachment 3 – DCP 395 CDCM Model and PCDM Model
- Attachment 4 – DCP 395 Draft Legal Text