

DCUSA Model Specification Pack Cover Sheet

DCP 328 'Use of system charging for private networks with competition in supply'

Model(s): CDCM and EDCM models

Service Type: (12 weighted units in total)	Service 1
Date:	10 November 2021
Purpose of Document:	This cover sheet presents documents for use by the appointed DCUSA consultant in the creation <u>amendments to the previously created</u> of a new CDCM and EDCM models for DCP 328 'Use of system charging for private networks with competition in supply'.
Impact Assessment Specification	<p>The Working Group previously asked CEPA/TNEI to provide CDCM and EDCM impact assessments using the 2022/23 CDCM and dummy national data for EDCM (see notes below) as the base position, for two scenarios:</p> <ul style="list-style-type: none"> • One which implements Solution A for DCP 328; and • One which implements Solution B for DCP 328 <p>Solution A introduces the following:</p> <ul style="list-style-type: none"> • The licensed distributor to issue only one use of system invoice for the entire site, to the boundary supplier where difference metering is in place; and • The licensed distributor charges as if the customer were connected to its network with the licensed exempt system operator able to claim a rebate for voltage the licensed exempt system operator has provided where shared or fully settled metering is in place. <p>Solution B introduces the following:</p> <ul style="list-style-type: none"> • The licensed distributor to issue only one use of system invoice for the entire site, to the boundary supplier where difference metering is in place; and • The licensed distributor introduces new tariffs based on deducting certain elements from its existing tariffs to reflect costs which are being borne by the licensed exempt system operator rather than the licensed distributor where shared or fully settled metering is in place.

Commented [JL1]: Date to be updated on submission

Following [the consultation covering both approaches and the feedback received from parties, the Working Group discussions, it has](#) been decided that Option B will be progressed. [The proposed solution has been revised to:](#)

- [-remove the LES HV/LV level from the output tariffs, as this does not align to the available tariffs for LDNOs, and](#)
- [also expanded to include a tariff structure for Licence Exempt Systems connected to a LDNO.](#)

[To implement these changes, we require two updates to the Solution B models.](#)

1. The LES tariffs in the CDCM should only be "LES LV" and "LES HV", in line with the levels for the LDNO discounted tariffs. The "LES HV/LV" level tariffs should not be an output on their own and should instead be combined with the "LES HV" level tariffs, in the same way as is done for LDNO HV tariffs in the 'CDCM discounts' sheet of the PCDM. The Working Group believe this can be done as follows:
 - 'LES Charges' sheet - No change
 - 'Net revenue summary' sheet
 - Remove the "HV/LV LES" blocks from each section
 - Relink the "HV LES" blocks in each section to link the LV and LV Sub tariffs to the corresponding "HV/LV LES" blocks in the 'LES Charges' sheet and the HV tariffs to the corresponding "HV LES" blocks (which they're currently linked to)
 - 'Tariff summary' sheet
 - Remove the "HV/LV LES tariffs" block
 - Relink the "HE LES tariffs" block to link the LV and LV Sub tariffs to the "HV/LV LES tariffs" in the 'LES Charges' sheet, and the HV tariffs to the "HV LES tariffs" in the 'LES Charges' sheet.
2. [New tariffs need to be created to discount tariffs for Licence Exempt Systems connected to LDNOs. To do this the following tariffs need to be added to the CDCM and EDCM:](#)
 - [In the CDCM](#)
 - [LDNO LV: LES LV](#)
 - [LDNO HV: LES HV](#)
 - [LDNO HV: LES LV](#)
 - [In the EDCM](#)
 - [LDNO HVplus: LES LV](#)
 - [LDNO HVplus: LES HV](#)

- LDNO EHV: LES LV
- LDNO EHV: LES HV
- LDNO 132kV/EHV: LES LV
- LDNO 132kV/EHV: LES HV
- LDNO 132kV: LES LV
- LDNO 132kV: LES HV
- LDNO 0000: LES LV
- LDNO 0000: LES HV

- For both the EDCM and CDCM these the tariffs should be calculated by applying the LDNO discount percentages from the PCDM to the LES tariffs in the same way as they are applied to the all-the-way tariffs.

All other calculations/functionality introduced in the Solution B models should remain as they currently are.?

The legal text for DCP 328 Solution B can be found as Attachments B.

The CDCM and EDCM impact assessment for each scenario should review the following:

- Base position with all inputs set to those used for the published 2022/23 charges

The Working Group would like additional analysis adding to the Impact Assessment comparing the LES and LDNO tariffs in order to address concerns regarding competition law.

Further details of the proposed solution

Solution

- ~~Difference metering (EDCM and CDCM) The licensed distributor to issue only one use of system invoice for the entire site, to the boundary supplier;~~
- ~~Fully Settled and Shared Metering—~~
 - ~~EDCM— Create a set of nominal boundary tariffs which are then split between the embedded customers and charged to the embedded suppliers. The residual is allocated to the boundary tariff using the same process as for all other EDCM customers, with the charge shared between the embedded customers as part of the step to split the fixed charge; and~~

	<p>o CDCM – The licensed distributor introduces new tariffs and invoices the embedded suppliers.</p> <p>The new tariffs should exclude the relevant lower voltage elements. There will be customers and volumes allocated to these tariffs in the CDCM.</p> <p>The volumes for these customers should be included in full for the calculation of unit rates etc. For the calculation of the residual the volumes for these customers should be scaled by multiplying by the ratio of the revenue before matching calculated using the new tariffs to the revenue before matching calculated using the all the way tariffs for each customer group.</p> $\begin{aligned} \{LES \text{ volumes for residual allocation}\} \\ &= \{LES \text{ Volumes}\} \\ &\times \frac{\{revenue \text{ before matching from LES tariffs}\}}{\{revenue \text{ before matching from ATW tariffs}\}} \end{aligned}$ <p>By scaling the LES volumes in the revenue matching step this removes any unintended consequences of scaling the volumes when the IDNO discount is applied to the volumes and ensures that the reduction in the residual charge aligns to the reduction in the revenue before matching for these customers.</p>
List of Attachments:	<p>Attachment A: DCP 328 Change Proposal</p> <p>Attachment B: DCP 328 Draft Legal Text – Solution B</p>
Deliverables:	<ul style="list-style-type: none"> A full set of CDCM impact assessment documents based upon the final 01/04/2022 – 31/03/2023 charges. An EDCM impact assessment document based upon the final 01/04/2022 – 31/03/2023 charges (see notes below). A document of the changes that have been made to both CDCM and EDCM models in a format that can be added to the model user guide. Blank CDCM and EDCM models in which the following have been implemented: <ul style="list-style-type: none"> DCP 328 Solution B
Notes	<p>CDCM (no change to the volumes)</p> <p>Difference metering – less than a hundred nationally</p> <p>Fully settled – non-domestic 0.5%</p> <p>Fully settled – domestic 0.5%</p>



	EDCM Dummy national data
Assumptions	

Service	Service Level	Weighted Units
1	Within 20 Business Days after the Supplier receives a request from the Customer for an updated Model, impact assessment and/or Model documentation the Supplier will Deliver these items. For an item to be considered to have been Delivered, it must have been received by the Customer.	3 Units
2	Within 20 Business Days of Ofgem providing approval of a Change Proposal that impacts on the Models provide a baseline model(s) that incorporates all approved Change Proposals.	1 Unit
3	Within 15 Business Days after the Supplier receives a request from the Customer for additional impact assessment data it shall provide such data.	2 Units
4	Within 5 Business Days of receiving a request for technical advice, the Supplier shall provide such advice.	1 Unit
5	The Supplier will provide a suitable attendee for any Working Group meeting for which notice of the meeting was provided at least 10 Business Days before the meeting date.	1 Unit
6	Where training is requested, the Supplier shall liaise with the Customer to agree a suitable date and deliver such training.	1 Unit
7	Where requested to provide a new Model the Supplier shall provide a timetable for delivery of such Model for agreement by the Customer within 10 Business Days.	4 Units

Each Model update will count as a single service request. For example, if an updated CDCM and Annual Review Pack are requested, with impact assessment and Model documentation, this will count as 6 weighted units.

For the purposes of the above table, the EHV Distribution Charging Methodology Forward Cost Pricing and Long Run Incremental Cost Models shall count as a single Model.