DCUSA

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: **(6 weighted units in total)**	Service 1
Date:	30 May 2022
Purpose of Document:	This cover sheet presents documents for use by the appointed DCUSA consultant in the amendments to the previously created CDCM and EDCM models for DCP 328 'Use of system charging for private networks with competition in supply'.
Impact Assessment Specification	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: • One which implements Solution A for DCP 328; and • One which implements Solution B for DCP 328 Solution A introduces the following: • 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. Solution B introduces the following: • 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.

Following the consultation covering both approaches and the feedback received from parties, the Working Group 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
- expanded to introduce a cap on the LES revenues to avoid negative margins for IDNO connections with average consumption. It is proposed that the value of the cap should be set at zero.

To implement these changes, we require an update to the Option B models.

1. The LES tariffs in the CDCM should only be "LES LV" and "LES HV", in line with the levels for the IDNO 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. Introduce a cap on the LES revenues to avoid negative margins for IDNO connections with average consumption. It is proposed that the value of the cap should be set at zero.

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

Commented [RC1]: May need further amendments subject to review from KB.

The legal text for DCP 328 Option 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.
List of Attachments:	Attachment A: DCP 328 Change Proposal Attachment B: DCP 328 Draft Legal Text – Solution B Attachment C: DCP 328 Second Consultation Documentation
Deliverables:	• A full set of CDCM impact assessment documents based upon the final 01/04/2022 – 31/03/2023 charges. • 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: ○ DCP 328 Solution B
Notes	**CDCM (no change to the volumes)** Difference metering – less than a hundred nationally Fully settled – non-domestic 0.5% Fully settled – domestic 0.5%
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.