Model documentation: Update Table 1 of DCUSA Schedule 15 for DCP 421 (Request F02-1)

DCUSA/ElectraLink

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Contents

1. INTRODUCTION

This document describes charging models and supporting documentation developed for DCUSA to support DCUSA Change Proposal (DCP) 421. The following sections set out the:

- specification for the new files, including the identity of the reference files for the revisions noted here within and the new file names; and
- revisions to the models.

There is no impact statement for this change, which has no effect on charges.

2. SPECIFICATION

2.1. OVERVIEW

The models described herein were developed in response to a service request to implement DCP 421 – *"Update the Tables in Schedule 15 of DCUSA"*, commissioned on 7th November 2023. The intent of DCP 421 is to amend the current tables within Schedule 15 of DCUSA to correctly represent RIIO-ED2 revenue.

The draft legal text submitted with the service request moves the definition of Table 1 out of DCUSA Schedule 15 and onto the DCUSA website. As such, the modelling solution was based on an excel version of the revised Table 1 as developed by the DCP 421 working group (*Attachment C DCP 421 CDCM Input Table*).

Although the change is principally concerned with the CDCM and ARP models, the original model specification was extended to include the EDCM models, in order to remove the *"Pass-through COVID-19 Bad Debt Adjustment"* term, which was previously copied from Table 1.

2.2. REFERENCE FILES

The table below identifies the versions of the charging models used as a baseline for revisions. These are the most recent model versions shared with DCUSA to be published for charge-setting.

Table 2.1: Reference files

Model	Model file name	Date sent
CDCM	CDCM_v10_20231106	03/11/2023
ARP	ARP_v8_20231106	03/11/2023
EDCM-LRIC	EDCM-LRIC_v11_20231106	03/11/2023
EDCM-FCP	EDCM-FCP_v11_20231106	03/11/2023

2.3. NEW FILES

The following table sets out the versions of the charging models provided to the DCP 421 Working Group in response to the request described above.

Table 2.2: New files

Model	Model file name	Date sent
CDCM	CDCM_v10_20231106_DCP421	08/12/2023
ARP	ARP_v8_20231106_DCP421	08/12/2023
EDCM-LRIC	EDCM-LRIC_v11_20231106_DCP421	08/12/2023
EDCM-FCP	EDCM-FCP_v11_20231106_DCP421	08/12/2023

We understand that the new files listed in Table 2.2 will be considered by the DCP 421 working group and may be shared for consultation.

2.4. ASSUMPTIONS AND CLARIFICATIONS

The modelling team sought feedback (by email, via the Secretariat) on where its solution could / should depart from the version of Table 1 originally shared with the service request – leading to the following clarifications:

- **Aggregation of pass-through items**. The working group confirmed that the following equation from the PCFM should be followed to calculate "Pass-through" items, rather than the formula in the version of Table 1 originally shared.

$$PT_t = (LF_t + RB_t + TB_t + SMC_t + SMIT_t + RF_t + SLR_t + IBDA_t + EDE_t + SEC_t) - (SRC_t + HB_t)$$

- **Separation of steps**. The working group agreed that a series of inputs could be aggregated under the header "Other revenue" to distinguish them against "base revenue" items.

- **Row names**. The working group agreed to change several names to make them simpler or more descriptive (e.g. "Return Adjustment (note: this row is not active. It will be linked to ReturnAdj for closeout)"; "Calculated revenue" → "Nominal calculated revenue (after tax)".

- **Units**. The working group agreed that "EDCM Revenue" should be entered in £ (rather than £m) to help DNOs copy this value in from the EDCM. "Total allowed revenue" was also converted to £s to allow DNOs to copy this value across to the EDCM. All other values at the bottom of Table 1, such as "CDCM Revenue" and pass-through terms used on other sheets are also converted to £s – rather than making these changes throughout the calculation sheets of the model. The working group may or may not choose to replicate this in the version of Table 1 to appear on the DCUSA website.

- **Correction term**. The working group confirmed that the "Correction term" can be entered as a direct input instead of being calculated within Table 1.

- **Real to nominal prices conversion factor**. The working group confirmed that the "Real to nominal prices conversion factor" can be entered as a direct input instead of being calculated within Table 1.

2.5. OUTSTANDING LEGAL TEXT ISSUES

The draft legal text shared by the working group moves the definition of Table 1 out of DCUSA Schedule 15 and onto the DCUSA website. We therefore expect that the version of Table 1 which is posted to the DCUSA website will align with the structure and headings developed under this service request.

2.6. VALIDATION

The following steps were used to check and validate post-DCP 421 models:

- models populated for a single DNO (or with dummy inputs for the EDCM models) to confirm that they still function and return the same outputs as previously;

- workbook review software used to highlight model changes to confirm no erroneous changes were made.

3. MODEL REVISIONS

3.1. CDCM MODEL

- **'Cover sheet'**. Subtitle set to "Release for 2025/26 charge setting".

- **'Version control'**. Row added to version log for latest iteration.

- **'Named ranges'**. Named range added for "million".

- **'Fixed inputs'**. *'Input 101-A: Conversions and time'* – value added for "million"; *'Input 101-I: Map of applicable MPANs'* – "Pass-through COVID-19 Bad Debt Adjustment" row removed; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'General inputs'**. *'Input 104-C: CDCM target revenue'* – Table 1 redesigned to align with Attachment C, following clarifications sought from the DCP421 working group.

- **'SoLR & bad debt adders'**. *'Section 115-A: Inputs for fixed tariff adjustments'* and *'Section 115-B: Calculation of fixed tariff adjustments'* – "Pass-through COVID-19 Bad Debt Adjustment" rows removed; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'Revenue matching'**. *'Section 116-A: Inputs to revenue matching'* – "Target CDCM net revenue" relinked to new Table 1; "Pass-through COVID-19 Bad Debt Adjustment" row removed; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'Net revenue summary'**. *'Section 118-C: Net revenue components'* – "Target CDCM net revenue" relinked to new Table 1.

- **'Output to other models'**. *'Output 102-B: CDCM smart meter communication licence costs'* – "Pass-through Smart Meter Communication Licence Costs" relinked to new Table 1.

3.2. ARP MODEL

- **'Cover sheet'**. Subtitle set to "Release for 2025/26 charge setting".

- **'Version control'**. Row added to version log for latest iteration.

- **'Named ranges'**. Named range added for "million".

- **'ARP_General inputs'**. *'Input 503-C: CDCM target revenue'* – Table 1 redesigned to align with Attachment C, following clarifications sought from the DCP421 working group.

- **'Fixed inputs'**. *'Input 504-A: Conversions and time'* – value added for "million"; *'Input 504-I: Map of applicable MPANs'* – "Pass-through COVID-19 Bad Debt Adjustment" row removed; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'General inputs'**. *'Input 503-C: CDCM target revenue'* – Table 1 redesigned to align with Attachment C, following clarifications sought from the DCP421 working group.

- **'SoLR & bad debt adders'**. *'Section 518-A: Inputs for fixed tariff adjustments'* and *'Section 518-B: Calculation of fixed tariff adjustments'* – "Pass-through COVID-19 Bad Debt Adjustment" rows removed; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'Revenue matching'**. *'Section 519-A: Inputs to revenue matching'* – "Target CDCM net revenue" relinked to new Table 1; "Pass-through COVID-19 Bad Debt Adjustment" row removed; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'Net revenue summary'**. *'Section 521-C: Net revenue components'* – "Target CDCM net revenue" relinked to new Table 1.

3.3. EDCM (FCP AND LRIC) MODELS

- **'Cover sheet'**. Subtitle set to "Release for 2025/26 charge setting".

- **'Version control'**. Row added to version log for latest iteration.

- **'General inputs'**. "Pass-through COVID-19 Bad Debt Adjustment" row removed from *'Input 202/302-G: Revenue pass through costs for fixed cost adders'*; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

- **'Import capacity'**. "Pass-through COVID-19 Bad Debt Adjustment" row removed from *'Section 208/308-G: Calculation of DNO revenues'*; SoLR and bad debt pass-through terms renamed for consistency with Table 1.

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