








DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 434:</h1> <h2>Credit Cover RAV in ED-2</h2> <p>Date Raised: 9 February 2024</p> <p>Proposer Name: Peter Waymont</p> <p>Company Name: Eastern Power Networks</p> <p>Party Category: DNO</p>	<div style="background-color: #00a651; color: white; padding: 5px; text-align: center;">01 – Change Proposal</div>	
	<div style="border: 1px solid #ccc; padding: 5px; text-align: center;">02 – Consultation</div>	
	<div style="border: 1px solid #ccc; padding: 5px; text-align: center;">03 – Change Report</div>	
	<div style="border: 1px solid #ccc; padding: 5px; text-align: center;">04 – Change Declaration</div>	
<p>Purpose of Change Proposal:</p> <p>The RAV calculation used in Credit Cover needs to be updated to reflect ED-2</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> Treated as a Part 2 Matter Treated as a Standard Change Progressed to the Change Report phase <p>The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties:</p> <p>Suppliers/DNOs/IDNOs/CVA Registrants/Gas Suppliers/OTSO Party</p>	
	<p>Impacted Clauses:</p> <p>Schedule 1 Clause 2.3</p>	

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Indicative Timeline		
The Secretariat recommends the following timetable:		
Initial Assessment Report		21 February 2023
Consultation Issued to Industry Participants		N/A
Change Report Approved by Panel		20 March 2024
Change Report issued for Voting		21 March 2024
Party Voting Closes		11 April 2024
Change Declaration Issued to Parties		15 April 2024

1 Summary

What?

1.1 The calculation of RAV used in credit cover is based on processes and data available in ED-1. This has changed for ED-2 and so the calculation needs to be updated. In particular the publication by Ofgem has been superseded by a publication by the DNOs and the numbers are now quoted in different “prices”.

Why?

1.2 To ensure the RAV used is correct, without changing the underlying principles of its derivation.

How?

1.3 To update the references in the calculation.

2 Governance

Justification for Part 1 and Part 2 Matter

2.1 This is considered a Part 2 matter that can go straight to Change Report as it is in the nature of a housekeeping change – the update is required to reflect that external influences have changed. The actual basis of calculation is the same.

Requested Next Steps

2.2 This Change Proposal should:

- Be treated as a Part 2 Matter;
- Be treated as a Standard Change; and
- Proceed to the Change Report phase.

3 Why Change?

3.1 The calculation of RAV used in credit cover is based on processes and data available in ED-1. This has changed for ED-2 and so the calculation needs to be updated. In particular the publication of the PCFM by Ofgem has been superseded by a publication of the PCFM by the DNOs, which they must do to support the price setting process, and the numbers are now quoted in different index “prices”.

4 Solution and Legal Text

Legal Text

4.1 Amend Schedule 1 Clause 2.3 as follows –

RAV is calculated for each Regulatory Year in accordance with the formula set out below (or, where no price control financial model is published in relation to the Company, shall be a value to be determined by the Authority as a suitable replacement following consultation with the Company):

$$\text{RAV} = \frac{\text{RAV}_{2012-13} - \text{RAV}_{2020-21}}{\text{RPI}}$$

where:

~~RAV₂₀₁₂₋₁₃ - RAV₂₀₂₀₋₂₁~~ = the Company's *Opening asset value (after transfers)* for the Regulatory Year prior to that in which RAV is effective from the ~~Saved Results Return & RAV~~ worksheet of the price control financial model ~~most recently published, in support of a variation to Use of System Charges, by the Authority Company following the annual iteration prior to the start of the Regulatory Year in which RAV is effective process undertaken in the previous Regulatory Year,~~ in ~~2012-13~~ 2020-21 prices; and

$$\text{RPI} = \text{RPI}_{n-1} / \frac{\text{RAV}_{2012-13} - \text{RAV}_{2020-21}}$$

where:

~~RAV₂₀₁₂₋₁₃ - RAV₂₀₂₀₋₂₁~~ = 244.675294.167 (the arithmetic average of the Office of National Statistics All Items Retail Prices Index (CHAW Series) published or determined with respect to each of the twelve months from 1 April 20~~12~~20 to 31 March 20~~13~~21); and

RPI_{n-1} = the arithmetic average of the Office of National Statistics All Items Retail Prices Index (CHAW Series) published or determined with respect to the months of December and January most recently preceding the start of the Regulatory Year in which RAV is effective; and

Text

Commentary

- 4.2 The text reflects the new way that the PCFM data is published. It uses the “most recently published” PCFM to recognise that a 40-day notice of prices could be published in February, after the 15-month notice published in December, just in case the relevant RAV value has been adjusted. It is believed that this still allows time for DNOs to give the required one month’s notice of RAV changes.

5 Code Specific Matters

Reference Documents

- 5.1 N/A.

6 Relevant Objectives

DCUSA General Objectives		Identified impact
Please tick the relevant boxes. (See Guidance Note 9)		
<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 checked="" type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<input type="checkbox"/>	5. Compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

6.1 This is of the nature of a housekeeping change that ensures processes are up to date..

7 Impacts & Other Considerations

7.1 N/A.

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

7.2 N/A.

Does this Change Proposal Impact Other Codes?

- BSC..... MRA.....
 CUSC..... SEC.....
 Grid Code..... REC.....
 Distribution Code.. None.....

Consideration of Wider Industry Impacts

7.3 N/A.

Confidentiality

7.4 N/A.

8 Implementation

Proposed Implementation Date

8.1 First release after approval.

9 Recommendations

The Code Administrator will provide a summary of any recommendations/determinations provided by the Panel in considering the initial Change Proposal. This will form part of a Final Change Report.