





DCUSA Change Declaration		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>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
Purpose of Change Proposal The RAV calculation used in Credit Cover needs to be updated to reflect ED-2.		
	DCUSA Parties have voted on DCUSA Change Proposal (DCP) 434 with the outcome being a decision on whether or not the Change Proposal (CP) is to be accepted and the proposed variation to the DCUSA made accordingly. The DCUSA Parties consolidated votes are provided as Attachment 2.	
	For DCP 434, DCUSA Parties have voted to: <ul style="list-style-type: none"> • Accept the proposed variation (solution); and • Accept the implementation date. 	
	Impacted Parties: Suppliers/DNOs/IDNOs/CVA Registrants	
	Impacted Clauses: Schedule 1, Clause 2.3	

Contents

1 Executive Summary	3
2 Governance	3
3 Why Change?	3
4 Relevant Objectives	3
5 Impacts & Other Considerations	4
6 Implementation	5
7 Legal Text	5
8 Code Specific Matters	6
9 Voting	6
10 Recommendations	7
11 Attachments	7



Any questions?

Contact:

Code Administrator



DCUSA@electralink.co.uk



020 7432 3011

Proposer:

Peter Waymont



peter.waymont@ukpowernetworks.co.uk

Timeline

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

Change Proposal timetable

Activity	Date
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	15 April 2024
Change Declaration Issued to Parties	17 April 2024
Implementation	27 June 2024

1 Executive 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 In particular the publication by Ofgem has been superseded by a publication by the DNOs and the numbers are now quoted in different “prices”.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?

- 1.10 To update the references in the calculation.

2 Governance

Justification for Part 1 Or 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 DCUSA Parties voted to accept DCP 434 and as such, it will be implemented in line with Section 11 below.

3 Why Change?

Background of DCP 434

- 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 Relevant Objectives

Assessment Against the DCUSA Objectives

- 4.1 For a DCUSA CP to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. DCP 434 will be

measured against the DCUSA General Objectives, which are set out in the table below and including the Working Group's views on how this CP impacts them:

	DCUSA General Objectives Please tick the relevant boxes. (See Guidance Note 9)	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 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

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

5 Impacts & Other Considerations

Impacts on other Industry Codes

5.1 N/A

BSC..... ☐ MRA..... ☐ Grid Code..... ☐ REC..... ☐
 CUSC..... ☐ SEC..... ☐ Distribution Code.. ☐ None..... ☒

Significant Code Review Impacts?

5.2 There are no impacts to any SCRs.

Consideration of Wider Industry Impacts

5.3 There are no wider industry impacts.

Consumer Impacts

5.4 There are no wider consumer impacts.

Environmental Impacts

5.5 No impacts.

Confidentiality

5.6 This Change Proposal can be treated as non-confidential.

6 Implementation

6.1 If approved this CP will be implemented on 27 June 2024.

7 Legal Text

Legal Text

7.1 It is proposed to amend Schedule 1 Clause 2.3 as below. The legal text can also be found in Attachment 1.

2.3 The User's Credit Allowance (CA here below) shall be calculated according to the following formula:

$$CA = RAV \times 2\% \times CAF$$

where

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):

$$RAV = RAV_{202012-213} \times RPI$$

where:

$RAV_{202012-213}$ = the Company's Opening RAVasset value (after transfers) for the Regulatory Year prior to that in which RAV is effective from the SavedResultsReturn&RAV worksheet of the price control financial model most recently published by the Company (in support of a variation to Use of System Charges) prior to the Regulatory Year in which RAV is effective~~Authority following the annual iteration process in the previous Regulatory Year~~, in 202012-213 prices; and

$$RPI = RPI_{n-1} / RPI_{202012-213}$$

where:

$RPI_{202012-213}$ = 294.167244.675 (the arithmetic average of the Office of National Statistics RPI All Items Retail Prices Index (CHAW Series)

published or determined with respect to each of the twelve months from 1 April 2020~~12~~ to 31 March 2021~~13~~); and

RPI_{n-1} = the arithmetic average of the Office of National Statistics [RPI 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

CAF is the Credit Allowance Factor (which is to be expressed as a percentage determined pursuant to Paragraph 2.4 or 2.5).

Commentary

7.2 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.

8 Code Specific Matters

Modelling Specification Documents

8.1 N/A

Reference Documents

8.2 N/A

9 Voting

9.1 The 434 Change Report was issued to DCUSA Parties for Voting on 21 March 2024.

Part 2 Matter: Authority Decision is not required

DCP 434 Proposed Variation (Solution) Decision

9.2 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the proposed variation was **more** than 65% of the total number of Groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was **more** than 65%.

9.3 DCUSA Parties have voted to **accept** the proposed variation (solution) of DCP 434.

DCP 434 Implementation Date Decision

9.4 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the implementation date was **more** than 65% of the total number of groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was **more** than 65%.

9.5 DCUSA Parties have voted to **accept** the implementation date of DCP 434.

The table below sets out the outcome of the votes that were received in respect of the DCP 434 Change Report that was issued on 21 March 2024 for a period of 15 working days.

DCP 434	WEIGHTED VOTING					
	DNO	IDNO	SUPPLIER	SAFE ISOLATION PROVIDER	CVA REGISTRANTS	GAS SUPPLIER
CHANGE SOLUTION	Reject	Accept	Accept	N/A	No votes received	N/A
IMPLEMENTATION DATE	Reject	Accept	Accept	N/A	No votes received	N/A

10 Recommendations

DCUSA Parties

10.1 DCUSA Parties have voted on DCP 434, with the outcome being a decision to accept the Change Proposal and thus the proposed variation to the DCUSA **will** be made accordingly.

11 Attachments

- Attachment 1 - DCP 434 Legal Text
- Attachment 2 - DCP 434 Consolidated Party Votes
- Attachment 3 - DCP 434 Change Proposal Form