

DCUSA Model Specification Pack Cover Sheet

DCP 450 'Managing the effects of surplus residual charge in the CDCM'

Model(s): CDCM

Service Type: (add more rows if needed)	Service 5: Weighted Units = 1
Date:	07 May 2025
Purpose of Document:	<p>This cover sheet presents documents for use by the appointed DCUSA consultant in sending a suitably qualified person to attend a DCP 450 'Managing the effects of surplus residual charge in the CDCM' Working Group meeting to answer questions and provide advice to the Working Group on the potential solutions that they are looking to develop.</p>
Model Specification	<p>Attachment 1 contains the CP form which contains the background/context for the proposed solution.</p> <p>Attachment 2 contains the legal text for the proposed solution, as it currently stands.</p> <p>The DCP 450 DCUSA Working Group requires a better understanding of the potential impacts to the model of making adjustments to certain values through the use of scaling.</p> <p>The Working Group agreed that it did not have the expertise within the membership of the group to fully understand the impacts, including whether the proposed solution is the best or only option, and what the impacts on end consumers are.</p> <p>The Working Group noted that consumer impacts needed to be understood as fully as possible, taking into consideration the lessons learned from the recent send back letters for DCPs 437, 439 and 440.</p> <p>The Working Group noted the following aspects of the modelling that needed to be better understood so that any proposed solution(s) taken forward can be sufficiently impact assessed:</p> <ul style="list-style-type: none"> • how the underlying costs are allocated and how this is adjusted to reflect the TCR implementation; • why fixed charges may increase as a result of scaling the Distribution Reinforcement Model (DRM) value;

	<ul style="list-style-type: none"> • why some tariffs start to populate before others when scaling values are applied (i.e., why, as the scaling is increased, some tariffs populate before others); and • whether the solution should scale both the 500MW model and the service model assets by the same percentage and whether this prevents a potentially negative distortion. <p>The Working Group noted that depending on the conversation with CEPA/TNEI and the development of Working Group members knowledge, the above list may not be exhaustive.</p>
List of Attachments:	<p>Attachment 1 – DCP 450 CP Form</p> <p>Attachment 2 – DCP 450 Draft Legal Text</p>
Deliverables:	<ul style="list-style-type: none"> • Attendance of a Working Group meeting to provide subject matter expertise in relation to the aforementioned aspects of the CDCM model.
Notes	
Assumptions	Not applicable

Service	Service Description	Weighted Units
1	<p>UPDATE MODELS, PROVIDE IMPACT ASSESSMENT AND MODEL DOCUMENTATION WITHIN 20 BUSINESS DAYS OF RECEIPT OF REQUEST</p> <p>The Modelling Consultant will receive requests from Working Groups (via the Secretariat) to update the Models to reflect proposed changes to the charging methodologies.</p> <p>For each requested change, the Working Group will provide redlined legal text showing the proposed changes to the DCUSA and a requirements specification (this document) giving a high level description of the change that the group would like to be applied. The Modelling Consultant will be responsible for determining the best manner in which to apply this change to the Models.</p> <p>The Modelling Consultant will be expected to agree with the Working Group which version of the Models should be used as the base for changes.</p> <p>Prior to providing the updated Models to the Working Group, the Modelling Consultant shall ensure thorough internal testing is carried out.</p> <p>Alongside each Model delivered the Modelling Consultant will also provide an impact assessment setting out the impact on each DNO's individual prices. This will normally be shown as the current price, the price calculated using new Model, the percentage change and where appropriate explanation for the variance.</p> <p>The Modelling Consultant will also provide documentation with updated Models explaining the changes that have been provided. This should document the changes made to the Models and cross reference these to the Working Group's requirements specification to demonstrate that the requirements have been met.</p> <p>If the Modelling Consultant identifies an issue with a Working Group's request this should be flagged to the group so that they can consider how they would like to proceed. Any issues with the Models identified by the Working Group shall be resolved by the Modelling Consultant as part of the service request, i.e. there shall be no additional charge.</p>	<p>3 Units (per model)</p>
2A	<p>PROVIDE A STANDARD ROLLING APPROVED MODEL WITHIN 20 BUSINESS DAYS OF RECEIPT OF REQUEST</p> <p>DCUSA Change Proposals may be approved by Ofgem at different times and the changes to the Model as a result of a second change, which would have been modelled previously on the existing base Model, will need to be incorporated into a revised Model that already reflects a first change, or indeed a number of previously approved changes (and so on). If requested by DCUSA Ltd, the Modelling Consultant will be required to make changes to the Models such that a version can be published that reflects all of the changes that have been approved to the methodology, this version will be published by DCUSA Ltd as a rolling pre-release Model until the implementation date. It may also be the case that one or more pre-release Model must exist for different implementation dates.</p>	<p>1 Unit (per model)</p>

	<p>If DCUSA Ltd makes a Service 2A request and there is not already a version of the Model produced by the Modelling Consultant that implements the approved DCUSA change, DCUSA Ltd shall incur service units for a Service 1 request (3 Units) instead of the normal Service 2B service units (1 Unit). Service 1 service units apply to reflect the greater resource requirement for the Modelling Consultant when implementing a modification in a Model for the first time. This scenario is most likely to occur for the ARP, which is specified in DCUSA Schedule 20 but may be affected by DCUSA Change Proposals that modify DCUSA Schedule 16. This will not normally occur for CDCM, PCDM or EDCM Models as DCUSA Ltd or their Working Groups will normally have already made Service 1 requests for the corresponding DCUSA Change Proposals prior to Ofgem giving its approval.</p>	
2B	<p>PROVIDE A PRE-RELEASE MODEL USED FOR TARIFF SETTING PURPOSES WITHIN 5 BUSINESS DAYS OF RECEIPT OF REQUEST</p> <p>It is noted that in November of each year a pre-release Model will be needed that incorporates all approved DCUSA changes for use in setting tariffs for the period 15 months ahead.</p> <p>A Service 2B request shall normally only be requested by DCUSA Ltd for a Model in the case that there is already a version produced by the Modelling Consultant that implements all approved DCUSA changes. As part of this request the Modelling Consultant will complete its final quality checks and make revisions necessary to maintain the Model's transparency and usability. Such changes may include updates to annotation, addressing issues raised by DCUSA Parties during the course of the year and updates to User Guides.</p> <p>If a Service 2B request is made and there is not already a version of the Model produced by the Modelling Consultant that implements all approved DCUSA changes, the DCUSA Ltd shall additionally incur service units for all necessary Service 2A requests needed for each and every DCP not included in the latest pre-release Model.</p> <p>To ensure the final suite of Models are aligned, the timeline for the delivery for all Service 2B requests shall be determined based on the highest number of Business Days required to deliver any single Model. That is, if a Service 2A request is needed for any Model in addition to the Service 2B request, the Service 2B timeline will be extended to 20 Business Days for all models.</p>	1 Unit (per model)
3	<p>PROVIDE ADDITIONAL IMPACT ASSESSMENT DATA WITHIN 15 BUSINESS DAYS OF RECEIPT OF REQUEST</p> <p>In some instances, a Working Group may request additional impact assessment data. For example, showing scenarios based on differing solutions/input data or a document explaining the impact and the reasoning behind it.</p>	2 Units
4	<p>PROVIDE TECHNICAL ADVICE VIA EMAIL WITHIN 5 BUSINESS DAYS OF RECEIPT OF REQUEST</p> <p>Where requested, the Modelling Consultant will provide technical advice. Such advice will encompass:</p>	1 Unit

	<ul style="list-style-type: none"> Proposing alternative solutions Providing advice on DCUSA charging methodology legal drafting <p>For the avoidance of doubt, requests for clarification on other Services provided (e.g. on Models or impact assessment data provided under Services 1, 2 or 3) are considered to be part of those service requests and cannot be counted as the provision of technical advice.</p>	
5	<p>ATTEND WORKING GROUP MEETINGS WHEN REQUESTED</p> <p>Where requested, the Modelling Consultant will send a suitably qualified person to attend Working Group meetings to answer questions and provide advice to the Working Group on the potential solutions that they are looking to develop. The Modelling Consultant will be given a minimum of 10 Business Days' notice of each meeting.</p>	1 Unit
6	<p>PROVIDE TRAINING</p> <p>The Modelling Consultant should provide training on the Models where requested. Each training session will be a half day long. Where training is requested, the Appointed Modelling Consultant shall liaise with DCUSA Ltd to agree a suitable date and deliver such training.</p>	1 Unit
7	<p>PROVIDE NEW MODEL</p> <p>The Modelling Consultant can support future changes and developments that may have significant impacts on the Models (e.g. wide ranging reviews of the charging methodologies or changes that combine several models into one). This may mean that a completely new Model is requested, in which case the Modelling Consultant would create this new Model. The production of a new Model is a relatively infrequent occurrence.</p> <p>Where a new Model(s) is implemented the Modelling Consultant shall take on responsibility for maintaining and updating such Model in accordance with this Agreement.</p> <p>For the purposes of calculating the Charges, production of a new Model is allocated 4 weighted units. This is on the assumption that the work to be carried out in respect of developing the new Model is similar to the work required under the other Services in respect of the then existing Models. To the extent that the Modelling Consultant can demonstrate to DCUSA Ltd.'s reasonable satisfaction that the development of a new Model is not similar, then the Parties shall agree (each acting reasonably) additional weighted units for the provision of the new Model.</p>	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 (EDCM) Forward Cost Pricing (FCP) and Long Run Incremental Cost (LRIC) Models shall count as a single Model.