

## DCP 450 – Common Distribution Charging Methodology

### Legal Text

#### **Amend Paragraph 94 of Schedule 16 (Common Distribution Charging Methodology) as follows:**

- 94 Where a residual surplus exists, and it is not possible to apply the charge from any charging band, as it reduces the fixed components of the relevant all-the-way tariff to less than zero (post allocation of pass-through costs in step 5), then the total fixed charge element of that all-the-way tariff will be capped at zero. The remaining residual surplus will be returned to all Final Demand Sites within that charging band by applying a fixed charge adder (p/kWh) across all unit rates. If this procedure would result in negative value for any tariff component, then that tariff component is set to zero, and the unit charge adder figure is modified to the extent necessary to match forecast and target revenue.
- 94A Where Paragraph 94 applies and the basis for that all-the-way tariff is derived from more than one tariff before revenue matching and shares the same residual charge as described in Paragraph 92A, then the amount of residual charge to be applied will be set equal to the amount that applies to whichever tariff before revenue matching would first require a cap to be applied in accordance with Paragraph 94 (i.e. the lesser of the two). Where applicable, this applies to the fixed charge element of the relevant all-the-way tariff and the fixed charge adder on unit rates of the relevant all-the-way tariff.
- 94B As an interim solution until a long term solution is implemented (through a Significant Code Review or otherwise), where the application of paragraphs 94 and 94A fail to allow the production of a full suite of charges (which can include zero values), then the DRM Asset Costs will be multiplied across all assets by a single scaling percentage factor set at the largest value that allows a suite of charges to be produced. Where DRM Asset Costs have had to be scaled, the scaling percentage factor will be set out in the Relevant Charging Statement.