

DCP 477 Draft Legal Text

Add new Paragraphs 18.22 to 18.28 to and new section 18A to Schedule 17: EHV Charging Methodology (FCP Model)

18. DEMAND SCALING

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18.18 Residual charges will be allocated as follows:

- The difference between the EDCM demand revenue target and the sum of a, b and c under Paragraph 18.2 above will be apportioned to specific charging bands as set out in paragraph 2.4 of Schedule 32, according to the total forecast metered import consumption for the charging band proportionate to the total forecast metered import consumption for all Final Demand Sites which are EHV Designated Properties.
- The allocated proportion of the residual value to each charging band will then be divided equally among all Final Demand Sites within that charging band, resulting in the same level of residual fixed charge for each such site.
- Residual charges for each Final Demand Site will be applied as a fixed charge adder (p/Final Demand Site/day) calculated as follows: the revenue surplus or shortfall (in pence) to be returned or recovered for the band that the Final Demand Site is in; divided by the total number of Final Demand Sites in that band; divided by days in the charging year.
- For any DNO Party, if the count of Final Demand Sites in any given charging band is less than two in the charging year for which tariffs are being determined, the residual fixed charge for that band will be calculated as set out in accordance with the bullet points above, but the total forecast metered import consumption and total count of Final Demand Sites in that band will be combined with the equivalent information for the band above that band. If the band in question is the highest band, then it will be combined with the equivalent information for the band below that band. The residual fixed charge should therefore be the same for all Final Demand Sites in the combined bands. There must be no single or combined band with less than two Final Demand Sites within that band. A Final Demand Site connected during the year will be

counted as a fraction based on the proportion of the year for which the site was connected.

- There are eight possible combinations for grouping non-domestic charging bands under the above bullet point. Where there are less than two Final Demand Sites in a band the grouping of the bands under the above bullet point will be in accordance with the preference order given in the table below.

Preference order for band grouping combinations	Band 1	Band 2	Band 3	Band 4
First	1	2	3	4
Second	1 + 2		3	4
Third	1	2 + 3		4
Fourth	1	2	3 + 4	
Fifth		1 + 2		3 + 4
Sixth	1 + 2 + 3			4
Seventh	1	2 + 3 + 4		
Eighth	1 + 2 + 3 + 4			

- In all cases, residual fixed charge component will be added to the fixed charge component to create a single fixed charge.

18.19 Not Used.

18.20 Not Used.

18.21 Not Used.

18.21A The fixed adder for a Non-Final Demand Site shall be zero.

18.22 As an interim solution until a long term solution is implemented (through a Significant Code Review or otherwise), where the application of Paragraph 18.18 results in excessive surplus residual revenue within the EDCM model (demonstrated by negative fixed charges or failure of the EDCM model to produce of a full suite of charges (which can include zero values)), then the affected DNO Party will, subject to Paragraph 18.26, determine which of either (a)

or (b) below is the principle cause of the excessive surplus residual revenue, and then apply one or more of the corresponding intervention options set out in Paragraph 18.23 or 18.24:

(a) Where the principal cause of excessive surplus residual revenue is a reduction in allowed revenue, the DNO Party will use the solution described in Paragraph 18.23; and

(b) Where the principal cause of excessive surplus residual is an increase in forward-looking charges, the DNO Party will use the solution described in Paragraph 18.24.

18.23 Where Paragraph 18.22(a) applies, the DNO Party will reapportion negative fixed charges, for all Final Demand Sites within a charging band, to the Import Capacity Charge so that all Final Demand Sites within that charging band receive the same level of reapportioned negative fixed charge value (as further described in Paragraph 18.29).

18.24 Where Paragraph 18.22(b) applies, the DNO Party will, subject to Paragraph 18.25, either:

(a) Carry over locational components and network use factors from the previous Charging (as further described in Paragraph 18.30); or

(b) Apply the load growth assumptions used to create prices for the previous Charging Year together with the latest Authorised Network Model.

18.25 Where Paragraph 18.24 applies and this is the first Charging Year in which the DNO Party has needed to use an intervention option, the DNO Party shall first test the intervention option described in Paragraph 18.24(a) to confirm whether any tariffs produced by the EDCM model have negative fixed charges and shall proceed as follows:

(a) if none of the tariffs produced by the EDCM model contain a negative fixed charge, then the DNO will apply only that intervention option; or

(b) if the Authorised Network Model fails to converge and no EDCM tariffs can be produced, then the DNO will apply the intervention option described in Paragraph 18.24(b).

18.26 Where one of the intervention options set out in Paragraph 18.24 will need to be used, and where in calculating charges during the previous Charging Year, the EDCM model returned excessive surplus residual revenue, and the DNO Party used one of the intervention options set out in Paragraph 18.24, either by way of a derogation provided by the Authority or in

accordance with Paragraphs 18.22 to 18.24, then the DNO Party will continue to apply the intervention option used when calculating charges during the previous year.

18.27 Where the DNO Party has applied one of the intervention options set out in Paragraph 18.24 and finds that this has not resolved all negative fixed charges present in the EDCM model, a second intervention option from 18.23 may also be applied.

18.28 Where one or more of the intervention options set out in Paragraphs 18.23 or 18.24 have had to be used, the DNO Party will stipulate within the Relevant Charging Statement, which intervention option(s) it has applied when setting tariffs for a specified Charging Year.

Reapportionment of negative fixed charges to capacity charge

18.29 The DNO Party will implement the solution outside the EDCM (post iteration with the CDCM and PCDM models) as follows:

- (a) Aggregate all negative fixed residual charges to obtain the total across all residual charging bands, as well as a total for each residual charging band;
- (b) For each residual charging band, aggregate the Maximum Import Capacity of all Final Demand Sites to obtain total capacity in kVA per residual charging band.
- (c) Divide each residual charging band's residual amount by its total aggregate Maximum Import Capacity to calculate the annual capacity charge in £/kVA/year.
- (d) Convert each annual charge to p/kVA/day by multiplying by 100 and dividing by 365 or 366 (as appropriate).
- (e) Round each daily capacity charge to two decimal places.
- (f) add the negative capacity charge (pence/kVA/day) by band to the existing capacity charge (pence/kVA/day).
- (g) remove the current fixed negative residual charge amount from the Fixed Charge.

Carry over locational components and network use factors from the previous Charging Year

18.30 The proposed solution inside the EDCM is to:

- (a) replace the network use factor values calculated for the current charging year and used as an input into the EDCM model with the network use factor values calculated (or used) when calculating charges for the previous charging. Note, where cap and collar

NUFs are recalculated triennially per 18.6, the latest values should be applied to customers who were subject to cap and collar values in the previous charging year; and

- (b) replace the locational components (as further described in Paragraph 18.31) calculated for the current charging year and used as an input into the EDCM model with the locational components calculated (or used) when calculating charges for the previous charging year.

18.31 The locational components referred to in Paragraph 18.30 are:

- (a) Network Group ID
- (b) Charge 1: Demand (load) charge (£/kVA/annum)
- (c) Parent Network Group ID
- (d) Active Power (kW) of demand (load) for Maximum Demand Scenario
- (e) Reactive Power (kVAr) of demand (load) for Maximum Demand Scenario
- (f) Active Power (kW) of demand (generation) for Maximum Demand Scenario
- (g) Reactive Power (kVAr) of demand (generation) for Maximum Demand Scenario

Amend Paragraph 22.3 in Schedule 17: EHV Charging Methodology (FCP Model) as follows:

22. CHARGES FOR NEW CONNECTEES

- 22.1 New Connectees could connect at any time between the publication of EDCM charges for the new Charging Year and the end of that Charging Year.
- 22.2 If the connection of such Connectees had been anticipated before the publication of charges, the DNO Party would have included forecast data relating to the new Connectee in both the power flow model and the EDCM tariff model. The resulting tariff is applied to the new Connectee, on a pro-rata basis if the price is produced during the Charging Year.
- 22.3 If prices need to be produced for new connections that had not been anticipated at the time of calculating EDCM charges for that Charging Year, the DNO Party will:
- Seek indicative load profile information from the new Connectee, failing that, make a reasonable estimate;
 - Run the power flow model after including the new Connectee to produce a full set of charges 1 and 2, including for the new Connectee;
 - Include the new Connectee's details, including marginal charges from (a) in the EDCM tariff model, to produce a full set of new charges;
 - Use the tariff relating to the new Connectee to calculate charges; ~~and~~
 - Charges relating to the current year for existing Connectees would not change as a result; ~~and~~;
 - Where one or more of the intervention options set out in Paragraphs 18.23 and 18.24 have been applied by the DNO Party when setting tariffs for the Charging Year in which charges are to be set for the new Connectee, then the same intervention option(s) will be applied to the charges being calculated for the new Connectee. Where intervention option 18.24(a) has been applied, locational components should be carried over from the previous charging year. A site specific NUF will be calculated for any new demand customer on an equivalent basis to those customers already included in the tariff model.
- 22.4 If a Connectee were to change their maximum import or export capacity at any time between the publication of EDCM charges for the Charging Year and the end of the Charging Year, the published tariff rates would continue to apply for the duration of the Charging Year.

Add new Paragraph 5.5A in Annex 1 of Schedule 17: EHV Charging Methodology (FCP Model) as follows:

5. NETWORK DEMAND DATA

5.1 This section 5 describes the input data required to model the Distribution System for FCP purposes.

Network Demand Data (Load)

5.2 The demands (load) in the Authorised Network Model will be based on LTDS network data as produced by the DNO Party. It is necessary to create a 10-year demand (load) set to assess the network for the 10-year study period. The following Network Demand Data is required as the basis for populating the Authorised Network Model:

- (a) Maximum Demands at each Connection Node;
- (b) Maximum Demands at Grid Supply Points; and
- (c) Maximum Demands at Bulk Supply Points or other intermediate substations.

5.3 The load estimates in the LTDS are normally cleansed and validated ensuring:

- (a) maximum loads that are recorded reflect Normal Running Arrangements;
- (b) application of suitable weather correction is considered, if appropriate; and
- (c) latent demand is accounted for in accordance with the guidance contained in ETR 130.

5.4 The LTDS forecasts the demand (loads) for 5 years. The remaining years (years 6 to 10) are to be assessed by the DNO Party using the appropriate engineering forecasts and local knowledge and information.

5.5 Where new EDCM Customers are included in the Authorised Network Model, their demands will be individually assessed and estimated by the DNO Party.

5.5A Where the DNO Party assesses that Paragraph 18.22 of Schedule 17 will be applied as a result of excessive surplus residual revenue recovery creating negative fixed charges within the EDCM model and this is driven by the demand (load/s) forecast within the LTDS, the DNO Party may apply the demand (load/s) forecast that was applied when setting charges for the previous year. The DNO Party will apply that prior year demand (load/s) forecast to the latest Authorised Network Model to eliminate negative fixed charges within the EDCM model.

Amend Clause 19.1A and add new Clauses 19.1BA, 19.1BB and 19.1BC to Clause 19 in Section 2A of the DCUSA as follows:

19. CHARGES

Charges

- 19.1 The User shall pay to the Company in respect of services provided under this Agreement (and under the agreements referred to in Clause 19.2) the Charges set out in the Relevant Charging Statement (save where the Company is the Payor, in which case the Company shall pay such charges to the User).

Use of System Charges

- 19.1A The Company may vary the Use of System Charges at any time by giving the requisite period of written notice to the User. The requisite period of notice is (subject to Clauses 19.1B, 19.1BA and 19.1BC):
- 19.1.1 where the Company is a DNO Party acting within that DNO Party's Distribution Services Area:
- (A) in the case of the charges to apply from 1 April 2016 only, 3 months;
 - or
 - (B) in the case of the charges to apply on or after 1 April 2017, 15 months; or
- 19.1.2 where the Company is an IDNO Party or a DNO Party acting outside of that DNO Party's Distribution Services Area:
- (A) in the case of the charges to apply from 1 April 2016 only, 2 months;
 - (B) in the case of the charges to apply on or after 1 April 2017, 14 months.
- 19.1B The periods of notice described in Clause 19.1A shall apply unless the Authority directs the Company that those periods of notice need not apply. Where the Authority directs the Company that those periods of notice need not apply, the notice period shall be 40 days (without prejudice to any longer notice requirements prescribed by the Distribution Licence).

19.1BA In the case of Use of System Charges to apply on or after 1 April 2028, where a Company that is a DNO Party applies one or more of the intervention options described in Paragraphs 18.23 and 18.24 of Schedule 17, the period of notice specified in Clause 19.1.1(B) shall not apply and the Company shall provide notice of such Use of System Charges no later than 13 months prior to the commencement of the Charging Year to which those charges relate.

19.1BB Where Clause 19.1BA applies, the DNO Party shall, no later than 20 December immediately preceding the period of notice which would ordinarily apply pursuant to 19.1.1(B) for the varying of that DNO Party's Use of System Charges, provide written notice to all affected Parties confirming:

19.1BB.1 that one or more intervention options under Paragraphs 18.23 and 18.24 of Schedule 17 have been applied; and

19.1BB.2 that the notice period specified in Clause 19.1BA shall apply.

19.1BC Where:

19.1BC.1 the Company is an IDNO Party or a DNO Party acting outside its Distribution Services Area; and

19.1BC.2 the relevant host DNO has provided notice under Clause 19.1BB, the periods of notice specified in Clause 19.1.2(B) shall not apply and the Company shall provide notice of its Use of System Charges no later than one month following publication of the relevant host DNO Use of System Charges.

19.1C The "Use of System Charges" shall be the charges contained or referred to in the Company's Relevant Charging Statement for the time being in force pursuant to Condition 14 of its Distribution Licence, which Use of System Charges may either be stated in the Relevant Charging Statement as:

19.1C.1 a positive value, in which case they shall be payable by the User to the Company; or

19.1C.2 a negative value, in which case they shall be payable by the Company to the User.

Other Charges

19.1D The Company may vary the Other Charges at any time by giving the requisite period of written notice to the User (where the requisite period of notice is the period specified in the Company's Relevant Charging Statement or, where no such period is specified, 40 days). Notwithstanding that the Company may vary such charges at any time the Company shall use reasonable endeavours to: (1) vary such charges no more than two times per year: and (2) vary such charges with effect from 1st April or 1st October. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.

19.2 The "Other Charges" shall be:

19.2.1 the charges for (i) the provision of MPAS, and (ii) (where applicable) the provision of Legacy Meter Asset Provision and of Data Services (all pursuant to the Company's obligations under, respectively, Condition 18 and Condition 36 of its Distribution Licence);

19.2.2 (to the extent not captured within Clause 19.1C) the charges for certain services ancillary to those for which Use of System Charges are levied and which are provided by the Company to the User pursuant to any of:

(A) the BSC and the CUSC; or

(B) the Retail Energy Code; and

19.2.3 the charges for any other services provided by the Company to the User pursuant to:

(A) a provision of this Section 2A; or

(B) any other agreement between the Company and the User for the provision of such services which provides for payment pursuant to this Agreement.