

Consolidated Distribution Use of System Agreement (DUoSA)
Outstanding comments and issues for consideration
Version 1.0 Arising from meeting of 27 October 2005

References in this table are made to the [version of Sch 1 discussed at meeting of 27 October 05](#). It should be noted that an [updated draft has been circulated](#) which inserts a new sub-paragraph 2.12. Accordingly ,when comparing this issues log to the latest copy of the drafting, comments relating to paragraphs 2.12 – 2.19 should be read such that 2.12is seen as the new 2.13, etc.

Page ref:	Paragraph:	Text in question: <i>Where possible</i>	Short Comment / Issue: <i>(Person suggesting)</i>	Issue area <i>(e.g.: Credit Cover, Payment Terms, DG etc.):</i>	Status
Schedule 1					
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 1.2 – 1.3		<i>Npower</i> - The development of standard forms of document to be provided for in a multiparty agreement. (e.g. standard forms of PCG).	Credit Cover (and others?)	For industry to take agree.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 1.5	User shall “immediately”	<i>Bizz</i> – was it agreed this word should be removed on the basis that it was redundant?		
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 1.2 (d)	Rating of Other Forms of Collateral “The Company may rate the effectiveness of such Collateral as being between 0% and 100%”.	<i>Npower</i> - Would like to see the Company obliged to provide a clear methodology to the User to support the rating that it has reached?	Credit Cover	

<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.2 (a)	Calculation of the User's Value at Risk "...which have been billed according to an established billing cycle operated by the Company in accordance with the provisions of Clause 7 and/or 8"	<i>Npower</i> - Discussion is required as to whether 'established billing cycle' needs defining and also to clarify whether every DNO's billing cycle is the same length.	Credit Cover	
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.2 – 2.3	Obligation for company to provide information "without delay" Addition of "in accordance with clause 7 and 8" at end of paragraph 2.2 (a). The above in "accordance with..... Should also be applied to Clause 2.2b	<i>Group</i> - To clarify that if there is no evidence of an "established billing cycle" then a Company shall not be able to use bills sent on an ad hoc basis to calculate a Users VAR. <i>Bizz</i> – Can we use the same logic as 2.2a – the 15 day value should not be distorted by an unusual billing pattern. If revised drafting is not acceptable, resolution to be through referral to Ofgem for determination	Credit Cover	Complete? – see revised draft.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.7	Change made to amend definition from "Approved Credit Assessment Agency" to "Recognised Assessment Agency"	<i>Group</i> – Concern that if the Authority does not approve credit rating agencies then none will exist for the purposes of the arrangements.	Credit Cover	For industry to take agree.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.3	Delete Clause 2.3	<i>Laing</i> - Ofgem's conclusions document makes no reference to a deminis VAR in the absence of billing data. In the case of a new supplier this may result in excessive cover being required. If revised drafting is not acceptable, resolution to be through referral to		

			Ofgem for determination		
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.10	Additional Credit Assessment Recalculation of the User's Credit Allowance pursuant to an additional credit assessment.	<i>Npower</i> - This paragraph only 'enables' the Company to review the User's Credit Allowance. Clarity is required as to whether the Company will be <i>obliged</i> to take it into consideration. Also, the Independent Credit Assessment that is referred to should relate to the Credit Assessment Score in 2.8 and 2.9.	Credit Cover	
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.11	Possible change text to place company under an obligation to inform User of any changes in the PRF. Any disputes in the PRF should be capable of being referred to a dispute process.	<i>Bizz</i> - The Company should only be able to use the PRF in the absence of an election by the User to use a Credit Assessment. Some potential ambiguity in drafting. <i>Group</i> - If revised drafting is not acceptable, to be brought to determination. <i>Opus</i> – Suggests the following new wording "The Company shall give the User notice of any change in the Payment Record Factor. Any dispute raised by the User on the value of the Payment Record Factor should be dealt with under paragraph 8 of this Schedule".	Credit Cover	Complete? – see revised draft.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.11	Payment Record Factor "The Company shall at any time be entitled to use...the Payment Record Factor to determine the Credit Allowance Factor".	<i>Npower</i> - Payment Record Factor should only be used as a basis for calculating Credit Allowance when the User requests it.	Credit Cover	
<i>To be inserted when Schedule</i>	Sch. 1 2.12	Change to relevant payment date from "...excess of [£] within	<i>Bizz</i> - Could be that consequences of one single breach are very harsh –	Credit Cover	For industry to agree.

<i>is reinserted to DUoSA</i>		<i>five working days of the due date of payment...” to “...full on the due date...”</i>	<p>change requirement? All companies however well run will occasionally have operational issues with payments, mislaid invoices staff sickness, etc. These should not result for a small supplier in loss of record whereas a larger supplier will be unaffected. The response is disproportionate. Suggest wording to cover material lateness of payments.</p> <p><i>Laing Energy.</i> De minimis amounts for which invoices should not be submitted should form part of the payment/ billing clauses in the DUoSA and not part of credit cover provisions.</p> <p>Paragraph 3.17 of Ofgem's conclusions document states “<i>Any underperformance, for whatever reason, would return the company to the 0% position</i>”</p> <p><i>Group-</i> If revised drafting is not acceptable, resolution to be through referral to Ofgem for determination</p> <p><i>Opus</i> – This clause should be amended to read “...has materially failed on any occasion to pay any relevant amount.”</p>		
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.13	Payment Record Factor	<i>Npower</i> - Further review required to establish how the Ofgem guidelines are being incorporated into other industry codes such as the CUSC.	Credit Cover	

<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.19	References to ‘user’ and ‘other users’	<i>Npower</i> - The references made to ‘user’ require capitalising where they actually refer to the User who is party to the DUoSA in question. It is not clear from the drafting exactly who ‘other users’ makes reference to and as such, it will require definition.	Credit Cover	
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 2.18 and 2.19	Credit Allowance Where Credit Support is Provided by a Third Party The relationship between the Credit Support Provider and its Credit Allowance, and the User and its Value at Risk	<i>Npower</i> - The drafting here is not fit for purpose as the calculation of a User’s VAR is recursive. Clarity is required as to what these paragraphs are intended to mean and how the process will work in practice. The drafting will then need to be changed accordingly.	Credit Cover	
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 3.3	It shall be a cover default if the User fails to remedy a default under paragraph 3.2 within the prescribed timescale.	<i>CE Electric</i> - Is clause 3.3 more lenient than the Ofgem conclusions document? If so what do the parties to the bilateral arrangements think is the correct solution. <i>Laing</i> : Where VAR exceeds indebtedness Ratio (IR) of 100%, paragraph 3.50 of the conclusions document does not give a period two days for rectification before a reduced IR of 80% applies. The conclusions document requires that breach of the IR is remedied in two days.	Credit Cover	?
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 3.5	Initiate actions to suspend the provision of MPAS in accordance with the provisions of the Master Registration Agreement.	<i>EDF</i> - Decide wording to link action under MRA with this provision – and the ability of the MRA to restart registration under MPAS.	Credit Cover	Suggested text to be inserted by 18 Nov.

			<p><i>Laing</i> – Restarting of MPAS following suspension by DNO is an issue that should be resolved through a change to the MRA</p> <p><i>Bizz</i> - Need to have an obligation on the Company that once a default (that has resulted in MRA suspension) has been cleared the company shall without delay instruct MRA to re-instate registration services.</p>		
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 3.5	Application of Interest “Day 0 + 1 Interest and administration fee start to apply”.	<i>Npower</i> - What will the interest be charged on as the table illustrates what will happen when sufficient cover is not put in place by the User?	Credit Cover	
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 3.5, 9 and Clause 24.5	Communication of Notices Paragraph 9 of Schedule 1 <i>allows</i> the two parties to agree certain forms of communication of notices that fall under Schedule 1.	<i>Npower</i> - There is no <i>obligation</i> on either party to use a particular form of communication in certain scenarios. It is possible that in an instance of Cover Default under paragraph 3.5, a User is required to respond on D+3, even though the notice of default issued by the Company, if sent by post, would not be deemed to be received until D0+4.	Credit Cover	
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 3.7	It is the <i>also the Company's</i> obligation to recalculate as necessary from time to time..... and to pass such calculations to the User..	<p><i>Group</i> - Clarification of company's responsibility.</p> <p><i>Bizz</i> - The draft still says Company will pass to the Company.</p>	Credit Cover	Complete? – see revised draft.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 4 and Clause 8A	Payment Default	<i>Npower</i> - The procedure illustrated in Schedule 1 Paragraph 4 conflicts with section 8A Payment Default. The Company has the option of	Credit Cover	

			drawing on credit, applying interest and suspending registrations in an instance of payment default. A transparent procedure is required as all three should not occur simultaneously and the User has a right to know in which order the remedies may be applied.		
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 4.2 (b)		<i>Group</i> - Need to be clear to whom the compounded interest rate accrues.	Credit Cover	Complete? – see revised draft.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 6.1/2	Redefinition of ‘reasonable time’ to 2 working days. Removal of definition that interest rate will be compounded quarterly.	How interest will be applied will depend on the type and terms of account in place. In the case of an Escrow account it will be the user who sets it up. In the case of a cash deposit it will be for the User to agree with the distributor the terms under which it provides a cash deposit. The user then elect whether it wishes to provide a cash deposit or set up an escrow account		Complete? – see revised draft.
<i>To be inserted when Schedule is reinserted to DUoSA</i>	Sch. 1 10.1	Use of Recognised Credit Assessment Agency instead of Approved Credit Assessment Agency. Clarification of escrow account. Other changes in definitions section.		Credit Cover	Complete? – see revised draft.

The DUoSA more generally					
	DUoSA in general		<p><i>Bizz</i> - Can electronic billing be captured.</p> <p>Laing: The issues around e-billing need to be considered in the broader context of the DUoSA and the development of the DCUSC. They are not specific to credit cover (however, it is recognised that they impact on it, particularly where payment record is used).</p> <p><i>Utilita</i> – Provision should be made for the pre-payment of charges on a similar basis to those present in the gas sector in either Schedule 1, or in the wider document? Similarly, the document should provide for the payment of bills on a weekly basis (although keeping the existing billing cycle)?</p>		For industry to agree.
44-45	Clause 24.5	Notices	<p><i>Npower</i> - The deemed receipt date of electronic communications still requires discussion. This includes both e-billing and email. A robust, standardised? communications process may need to be developed, agreed and implemented.</p>	All	
21	Clause 3.6	Clause 3.6 and the 'sign-post' solution	<p><i>Npower</i> - Going forward, the implementation of the 'sign-post' solution will take time. To ensure that the solution is put in place effectively, a completion date and a viable</p>	Connection Terms	

			interim solution will need to be agreed.		
25	Clause 6.11	Extra-Settlement Determination Addition of terms to cater for this.	<i>Npower</i> - There is a need to ensure that the drafting changes made to provide for instances of Extra-Settlement Determinations and negotiating charges pursuant to this are equitable for both the Company and the User.		
	DUoSA in general	DuoSA Consolidation Group Issues Log As per 30/06/05	<i>Npower</i> - The Issues Log produced by the Consolidation Group requires revisiting to ensure that all issues raised have been addressed.	All	
	Schedule 6	Can an data is materially incorrect and is also estimated be classed as a designated dispute	Bizz - para 1.3 could be interpreted as canceling out 1.2. & 1.1. 1.3a & b If the Company has used estimated data there is no carve out for errors in the estimation or actual data.		

Other matters for general consideration:

Payment Terms

For Consideration during Transition Phase from bi-lateral to multiparty agreement

Further consideration of where charges stem from, condition 4A, condition 36 or any other.

Consider if services are obligations to provide or not.

Consider if there is an obligation to provide a methodology for charges

In light of the above, define those charges that should be treated as a “Use of System” and those charges that should be treated separately and determine how each set of charges should be billed and paid.

Distributed Generation

For Consideration during Transition Phase from bi-lateral to multiparty agreement

Current DUoSA does not deal with sites registered under CMRS, future document needs to take account of this.

Connection Terms

For Consideration during Transition Phase from bi-lateral to multiparty agreement

Development of the “Signpost” solution. Important feature, requires Authority consent so that it does not breach UCTA regulations. Such consent could be incorporated into CLM for adoption of DCUSA. Current drafting is acceptable if such a condition is included in the CLM.