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Mark Feather
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Dear Mark

I am writing on behalf of the DCUSA Panel in response to your open letter on industry code governance dated 28 November 2007. We would welcome any review of industry codes.

The DCUSA is one of the more recently established industry codes, having been in operation just over a year. We believe that the DCUSA processes are fair and open to all DCUSA parties and are not overly complex.

In its early days we received and acted upon comment from Ofgem regarding the need to consult on change proposals. We recognise that there may be further scope for improvement in the DCUSA change process and have committed to review this. The DCUSA community tends to make well formed Change Proposals, with clear intent laid out and a first draft of legal text made by the proposer. This helps to reduce the time spent in working groups and the cost of legal advice.

We are not aware of any concerns regarding the quality of Change Reports submitted to Ofgem but would welcome any feedback that would aid decision making.

We believe that one of the strengths of the DCUSA is the split between Part One matters and Part Two matters. This means that not all changes need be submitted to Ofgem for approval, Part Two matter being decided by the outcome of the Parties' vote.

We believe that the DCUSA code objectives are currently fit for purpose. However, we believe that consideration of any change against those code objectives should not stifle innovation and a degree of pragmatism should therefore be applied. Change Proposals that may not appear to better facilitate the code objectives should, if there are perceived benefits, be allowed to continue through the change process. This works in DCUSA as it the Parties, and finally Ofgem for Part One matters, that will decide whether to accept a

proposal and hence whether it makes an improvement within the wider scope and context of the code.

We believe that DCUSA is administered in a cost effective way. This has been achieved through individuals being sensible regarding the costs they can claim, through having competitively tendered the secretarial services and through effective cost management of meeting facilities.

In addition, fairness is achieved by the ability of any Party to propose a Change and a voting mechanism that gives equal weight to each Party Category. In practice Parties have tended to do much groundwork in seeking the views of other interested parties and counterparties to create a well formed and pragmatic proposal. This has reduced the work required by Working Groups and as a result there has been minimal use of Alternate Change Proposals. As a result of these efforts all but one of the Change Proposals handled to date has been accepted.

We are happy to share with you our experience of administering the DCUSA and look forward to participating in the debate.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter Waymont". The signature is written in a cursive, slightly slanted style.

Peter Waymont
Chairman, DCUSA Panel.