

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP028: Timescales associated with cheque processing (DCP028)		
Decision:	The Authority ¹ directs that this variation be made ²		
Target audience:	Parties to the DCUSA and other interested parties		
Date of publication:	2 September 2008	Implementation Date:	TBC by DCUSA Panel Secretary

Background to the proposed variation

The Distribution Connection and Use of System Agreement (DCUSA) obliges the Panel, at the end of each financial year, to undertake a reconciliation of each Party's cost contributions in that financial year. The Panel will compare the actual cost contribution which should have been due from each Party with the amount actually paid by invoice during the year. If an overpayment has occurred, the Panel should arrange for a reimbursement of the overpayment to take place. After the Authority's decision on DCP022, issued on 5 June 2008, the Panel has the discretion to make a reimbursement either by means of a cheque payment, or by a credit against the next invoice. These arrangements are set out in Clause 8 of the DCUSA.

The proposed variation

The proposer, ENW Ltd, considers that there is insufficient clarity about the timescales in which a reimbursement by cheque should take place. DCP028 seeks to amend the current legal drafting to state explicitly that a reimbursement by cheque should occur prior to the raising of the next invoice. This brings the process of reimbursement by cheque payment into line with that of reimbursement by credit.

Recommendation to Ofgem

The unanimous recommendation of DCUSA Parties in all Party Classes which voted (DNO, IDNO, and Supplier) was for the proposed variation to be accepted. There was also unanimous support for the proposed implementation date.

The Authority's decision

The Authority has considered the issues raised by DCP028 and the final Change Report (CR) dated 15 August 2008. The Authority has considered and taken into account the responses to ElectraLink's³ consultation which are attached to the CR⁴ and the recommendation of the DCUSA Parties. The Authority has concluded that:

1. implementation of the proposed variation will better facilitate the achievement of the Applicable DCUSA Objectives⁵; and

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ The role, functions, and responsibilities of Electralink are set out in Section 1B of the DCUSA.

⁴ DCUSA change proposals, modification reports and representations can be viewed on the DCUSA website at <http://dcusa.co.uk/Public/Default.aspx>

⁵ As set out in the Distribution Licence Standard Condition 9B(9), see:

http://epr.ofgem.gov.uk/document_fetch.php?documentid=12773

2. directing that the proposed variation be made is consistent with the Authority's principal objective and statutory duties⁶.

Reasons for the Authority's decision

We consider this change to be largely good housekeeping, clarifying the timescales in which reimbursements of overpayments by cheque ought to be made. It remains within the discretion of the DCUSA Panel to make efficient decisions about the means of reimbursement of any overpayments – by cheque payment or credit note.

We therefore consider that DCP028 will better facilitate the achievement of Applicable Objective (d) *'the promotion of efficiency in the implementation and administration of the DCUSA arrangements.'*

Decision notice

In accordance with Standard Condition 9B of the Distribution Licence, the Authority hereby directs that the proposed variation set out in DCP028: "Timescales associated with cheque processing" be made, and that it shall be implemented on a date to be confirmed by the DCUSA Panel Secretary.



Mark Feather

Associate Director, Industry Code and Licensing

Signed on behalf of the Authority and authorised for that purpose.

⁶The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.