

Proposed variation:	<b>Distribution Connection and Use of System Agreement (DCUSA) DCP121 – Update to clause 9.5 so that any changes to Schedules 19 and 21 become a Part 1 matter</b>		
Decision:	The Authority <sup>1</sup> directs that proposal DCP121 be made <sup>2</sup>		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	21 May 2012	Implementation Date:	Next DCUSA release

## Background to the modification proposal

On 16 April 2010 the Authority approved DCUSA change proposal DCP060 'Introduction of Portfolio Billing Alternative solution'<sup>3</sup> which introduced Schedule 19 'Portfolio Billing' into the DCUSA document. On 6 December 2011 the Authority approved change proposal DCP090 'Nested Networks'<sup>4</sup> which introduced DCUSA Schedule 21 'Portfolio Billing for Nested Networks'.

## The modification proposal

Under the DCUSA governance arrangements certain provisions are classified as Part 1 matters, to the extent that they meet the Part 1 criteria described in DCUSA clause 9.4, or where they are expressly specified as Part 1 clauses under DCUSA clause 9.5. Changes that are classified as Part 1 matters require Authority consent.

Change proposal DCP121 was raised by ESP Electricity as the legal text produced for DCP060 and DCP090 had not allocated Schedules 19 and 21 (respectively) as becoming Part 1 clauses. The proposer believes that it is necessary for these Schedules in their entirety to be designated as Part 1 clauses, because of their potential impact on competition in the distribution of electricity. In particular, the proposer cites that this change proposal will further DCUSA general objective 3.1.4, to promote efficiency in the administration and implementation of the DCUSA agreement.<sup>5</sup>

## DCUSA Parties' recommendation

The Change Declaration for DCP121 indicates that DNO, IDNO/OTSO, Supplier and DG parties were eligible to vote on DCP121. In each party category where votes were cast (no votes were cast in the DG party category), there was unanimous support for the proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP121 is accepted. The outcome of the weighted vote is set out in the table below:

DCP121	WEIGHTED VOTING (%)							
	DNO		IDNO/OTSO		SUPPLIER		DG	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100	0	100	0	100	0	n/a	n/a
IMPLEMENTATION DATE	100	0	100	0	100	0	n/a	n/a

## The Authority's decision

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

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

<sup>3</sup> <http://www.ofgem.gov.uk/Licensing/ElecCodes/DCUSA/Changes/Documents1/DCP060D.pdf>

<sup>4</sup> <http://www.ofgem.gov.uk/Licensing/ElecCodes/DCUSA/Changes/Documents1/DCP090D.pdf>

<sup>5</sup> The DCUSA document can be found at <http://www.dcusa.co.uk/Public/DCUSADocuments.aspx?s=c>

The Authority has considered the issues raised by the proposal and the Change Declaration dated 13 April 2012. The Authority has considered and taken into account the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration. The Authority has concluded that:

1. implementation of the change proposal DCP121 will better facilitate the achievement of the General DCUSA objectives<sup>6</sup>; and
2. directing that the change is approved is consistent with the Authority's principal objective and statutory duties<sup>7</sup>.

### **Reasons for the Authority's decision**

The Authority considers that this change will better facilitate DCUSA general objective 3.1.4 and is neutral to all other objectives.

### **General objective 3.1.4 of DCUSA – the promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it**

The Change Report states that as the introduction of Schedules 19 and 21 into the DCUSA were treated as Part 1 matters, any changes to these Schedules should also be classified as Part 1 matters. We would not consider that this reasoning necessarily applies in all circumstances; however, as the inclusion of Schedules 19 and 21 within the list of Part 1 clauses would be consistent with existing Part 1 arrangements, we agree that this clarification will contribute to the efficient administration of the DCUSA agreement.

### **Decision notice**

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP121: *Update to clause 9.5 so that any changes to Schedules 19 and 21 become a Part 1 matter* be made.

### **Declan Tomany**

#### **Associate Partner Legal - Smarter Grids and Governance**

Signed on behalf of the Authority and authorised for that purpose

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<sup>6</sup> The DCUSA General Objectives (Applicable DCUSA Objectives) are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence and are also set out in Clause 3.1 of the DCUSA.

<sup>7</sup> The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.