

Modification proposal:	<b>Distribution Connection and Use of System Agreement (DCUSA) DCP196 – Panel ability to refer a change proposal to the DCUSA standing issues group for pre-assessment</b>		
Decision:	The Authority <sup>1</sup> has decided <sup>2</sup> to reject this modification <sup>3</sup>		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	15 October 2014	Implementation Date:	n/a

## Background

Under the current arrangements of the DCUSA, new modification proposals are reviewed by the DCUSA Panel within 25 days of their submission to the Secretariat.<sup>4</sup> A proposal can be rejected by the Panel if it is substantively the same<sup>5</sup> as an existing change proposal or is outside the scope of the DCUSA agreement.<sup>6</sup> Otherwise the proposal will be submitted into the formal assessment process and either referred to a working group for further development or submitted straight to report phase for voting.

A pre-modification assessment group, the Standing Issues Group (SIG), is established under DCUSA as a forum to discuss and develop issues raised by parties prior to the raising of a formal modification proposal. The pre-modification process can help parties to develop their proposal, for example through discussion of the issue and identification of different possible solutions. Parties are not obliged to make use of this pre-modification process, however it is a requirement of the Code Administration Code of Practice (CACoP)<sup>7</sup> that such a process is available and that code administrators support code users' access to it.

## The modification proposal

DCP196 was raised by E.ON and seeks to allow the DCUSA Panel to refer new modification proposals to the SIG for further development before entering the formal assessment process. It is proposed that the DCUSA Panel would have the ability to direct that a proposal should be sent to the SIG if they consider it fails to provide sufficient detail or that the solution is insufficiently developed. Under the DCP196 solution the proposer could however refuse to refer the matter to the SIG and resubmit the proposed modification (or an amended version of it) to the DCUSA Panel the following month.

## DCUSA Parties'<sup>8</sup> recommendation

The Change Declaration for DCP196 indicates that all parties were eligible to vote on DCP196. In each party category where votes were cast (no votes were cast in the DG nor gas supplier party category),<sup>9</sup> there was majority (>50%) support for the proposal. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP196 is accepted. The outcome of the weighted vote is set out in the table below:

<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

<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> 'Change' and 'modification' are used interchangeably in this document.

<sup>4</sup> Electralink is the secretariat and code administrator of the DCUSA

<sup>5</sup> Paragraph 10.13 of the DCUSA

<sup>6</sup> Paragraph 10.14 of the DCUSA

<sup>7</sup> <https://www.ofgem.gov.uk/ofgem-publications/78693/code-administration-code-practice.pdf>

<sup>8</sup> The DCUSA Parties are established and constituted pursuant to and in accordance with the section 1A of the DCUSA Agreement.

<sup>9</sup> There are currently no gas supplier parties.

DCP196	WEIGHTED VOTING (%)							
	DNO <sup>10</sup>		IDNO/OTSO <sup>11</sup>		SUPPLIER		DG <sup>12</sup>	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	64	36	100	0	100	0	n/a	n/a
IMPLEMENTATION DATE	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

### Our decision

We have considered the issues raised by the proposal and the Change Declaration for DCP196 dated 10 September 2014. We have considered and taken into account the vote of the DCUSA parties on the proposal which is attached to the Change Declaration. We have concluded that:

- implementation of the change proposal DCP196 will not better facilitate the achievement of the General DCUSA objectives.<sup>13</sup>

### Reasons for our decision

We consider this proposal has a neutral impact on the General DCUSA objectives.

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

The Change Report states that DCP196 would ensure more robust solutions within modification proposals. While we agree that some modification proposals may be improved by being discussed at the SIG prior to their submission into the change process, it is not clear that a change to the DCUSA is required to facilitate this. The DCP196 Change Report does not indicate the number of proposals considered to be affected by this issue, and it is not clear that this change is required to improve the quality of new modification proposals.

We consider that the intent of this modification could instead be achieved through the existing processes. For example, the DCUSA's pre-modification process could be more clearly advertised to DCUSA parties. As part of the code administrator's 'critical friend' role, support and guidance in respect of the SIG process can be given to parties prior to them completing a proposal form, or upon submission of the form where it is evident to the code administrator that the proposal is not well set out. The suggestion provided in the DCP196 Change Report for revised DCUSA proposal forms (whereby these could be updated to include the option of referring the matter to the SIG) would give DCUSA parties increased visibility of the SIG and encourage them to consider whether to engage with SIG for that particular proposal.

We also consider that any benefits to efficiency in the process introduced by DCP196 may be equally balanced with inefficiencies. While the proposed legal text refers to the DCUSA Panel being able to 'direct' that a proposal is referred to the SIG, this would only have the status of a recommendation. The raising party would have the option not to follow this recommendation and instead resubmit the same proposal the following month. This may therefore add a month to the change process unnecessarily.

<sup>10</sup> Distribution Network Operator

<sup>11</sup> Independent Distribution Network Operator/Offshore Transmission System Operator

<sup>12</sup> Distributed Generation

<sup>13</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.

We therefore consider that increased awareness and use of the pre-modification process should be sought through the code administrator's 'critical friend' role in the first instance. If this is found to be ineffective, parties are not precluded from raising a similar modification to DCP196 in the future, setting out further analysis of the problem and justification for why a codified solution is required.

### **Decision notice**

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority does not direct that modification proposal DCP196: '*Panel ability to refer a change proposal to the DCUSA standing issues group for pre-assessment.*' be made.

**Lesley Nugent**

**Head of Industry Codes and Licensing**

Signed on behalf of the Authority and authorised for that purpose