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DCUSA Panel Chair, DCUSA  
Panel, Electricity Distribution  
Network Operators, Electricity  
Suppliers and other interested  
parties

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Dear Panel Chair,

**Our decision to send back DCUSA modification proposal DCP268 'DUoS Charging Using HH Settlement Data'**

On 20 July 2017, the DCUSA Panel submitted a Final Modification Report (FMR) for DCUSA modification proposal DCP268 'DUoS Charging Using HH Settlement Data'. We have decided that we cannot form an opinion on DCP268 based on the FMR as submitted. We are therefore sending the FMR back to industry for further work based on the issues outlined below.

We have identified the following issues in the FMR -

**1. Demand and generation impact against relevant objectives**

The modification has two main elements: one concerned with demand customers and the other with generation. The modification proposes to remove the current distinction between intermittent and non-intermittent generation, so that distribution use of system (DUoS) credits would be on a red/amber/green (RAG) basis regardless of whether generation is intermittent or non-intermittent. However, in the FMR, the assessment of the modification proposal against the relevant charging objectives considers only the impact of the proposal on demand customers' DUoS charges.

Any potential impact of the proposal on generation credits has not been considered in the assessment against the relevant charging objectives. This analysis should be provided, to inform our assessment of whether or not to approve the proposal.

**2. Implementation date**

We also note that the outcome of the weighted votes by the Parties on DCP268 was in favour of rejecting the proposed implementation date of 1 April 2019. We do not consider the FMR as drafted addresses the time-related concerns expressed by parties in relation to the proposed implementation date. We consider that further assessment of the implementation date is required in order for us to form an opinion on DCP268.

We consider that the DCUSA Panel, in consultation with industry, as appropriate, should undertake further analysis, and if appropriate set out an alternative potential implementation date in a revised FMR.

We therefore direct that the FMR is revised and resubmitted, once additional steps are undertaken (including sending the proposal back to the DCP268 working group for further consideration and/or undertaking further consultation if the working group considers this appropriate) to address these issues.

A revised FMR should consider:

1. All elements of the proposal, including the removal of the distinction between intermittent and non-intermittent generation, when assessing the impact on the relevant charging objectives.
2. What potential alternative implementation date may be appropriate, taking into account the different time-related concerns expressed by voting parties.

In undertaking these additional steps, the working group could also consider how the modification proposal relates to the wider work being progressed in this area, such as the forthcoming Ofgem working paper on access and forward-looking charges for electricity networks.<sup>1</sup>

After addressing the issues discussed above, and revising the FMR accordingly, the DCUSA Panel should re-submit it to us for decision as soon as practicable.

Yours sincerely,

**Andy Burgess**

**Associate Partner, Energy Systems Integration**

Signed on behalf of the Authority and authorised for that purpose

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<sup>1</sup> As signalled in 'Our strategy for regulating the future energy system' (<https://www.ofgem.gov.uk/publications-and-updates/our-strategy-regulating-future-energy-system>).