

DCUSA CHANGE REPORT	
CHANGE PROPOSAL	DCP 022 - Annual rebates by cheque
DATE OF ISSUE	21 April 2008
ISSUED TO	DCUSA Contract Managers
PARTIES ENTITLED TO VOTE	All Supplier, DNO and IDNO Parties
RETURN DEADLINE (Voting End Date)	28 April 2008 – DCUSA@electralink.co.uk

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 022 - Annual rebates by cheque. The voting process for the proposed variation and the timetable of the progression of the CP through the DCUSA Change Control Process is set out in this document.
- 1.2 Parties are invited to consider the proposed amendment attached as Appendix A and submit votes using the form attached as Appendix C to dcusa@electralink.co.uk by 28 April 2008.

2 BACKGROUND

- 2.1 DCP 022 was raised on 16 April 2008 and submitted to the Panel as an ex-committee paper on 18 April 2008. DCP 022 was assessed as an urgent change as it is linked to an imminent date-related event: The DCUSA reconciliation process which in accordance with Clause 8.12 of the Agreement must take place within 40 working days of Financial Year end.
- 2.2 The Panel determined that the CP should be entered into the Assessment Phase and requested that the CP be progressed directly through to the Report Phase as it was unlikely to be the subject of significant controversy between the Parties. The CP impacts Part 1 Matters and is subject to Authority Consent.
- 2.3 The content of the Change Report was approved by the Panel ex-committee on 18 April 2008.

3 SUMMARY OF DCP 022

Raising Party	EDF Energy Networks
CP Status	Urgent

Change Synopsis	This CP seeks to amend the DCUSA to allow the annual rebate to be reimbursed to Parties by either a cheque or a credit note.
Parties Impacted	Distributors, Suppliers & IDNOs
Part 1 / Part 2	Part 1
Authority Consent	Required
Proposed Implementation	As soon as possible following Authority Consent

4 DCP 022 BACKGROUND

- 4.1 DCP 022 was raised by EDF Energy Networks following a recommendation from the DCUSA Board at its meeting on 16 April 2008. The CP seeks to amend the DCUSA to allow the annual rebate to be reimbursed to Parties by either a cheque or a credit note.
- 4.2 In accordance with the terms of the DCUSA, at the end of each Financial Year the Panel must calculate the total cost contribution that was due from each Party in that Financial Year. The Panel then compares the actual cost contribution that should have been paid with the amount actually paid by the each Party. Where there is an overpayment, the Panel is required to arrange for a reimbursement of the overpayment by means of a credit note against the next invoice. Essentially this is a mechanism by which the actual costs (determined at the end of the year) are reconciled to the year's budget (which is set at the start of the year).
- 4.3 During 2007/08, the efficient governance of DCUSA (compared to the budget approved by the Parties at the start of that year) has resulted in an overpayment that is significant. The DCUSA Board has recommended that in the interests of good governance and economic efficiency, it should be permissible that any overpayment may be reimbursed by cheque payments. This will ensure that any overpayment is returned to Parties as quickly as possible and that Parties receive an immediate benefit. As such it is considered that this CP will better facilitate Objective 4 of the DCUSA - the promotion of efficiency in the implementation and administration of this Agreement.
- 4.4 The Panel agreed that the CP should be considered as an Urgent Change Proposal as it is linked to a time-related matter. Clause 8.12 of the DCUSA mandates that the DCUSA reconciliation process must take place within 40 working days of Financial Year end (31 March 2008). If the change is not progressed in this manner, DCUSA will be required to raise credit notes with or before the next set of DCUSA invoices (July 2008), nullifying the ability to reimburse by cheque for this year efficiently.
- 4.5 The Panel agreed that the CP should be entered into the Assessment Phase and progressed directly through to the Report Phase as it was unlikely to be the subject of significant controversy between the Parties.

5 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 5.1 The proposed legal drafting of DCP 022 has been reviewed by Wragge and Co and is set out in Appendix B. There are no consequential changes to the DCUSA.

6 TIMETABLE

- 6.1 In accordance with Clause 12.4 of the DCUSA the Panel has determined a 5 Working Day voting period.
- 6.2 The timetable for the progression of the Change Proposal is set out below:

Activity	Date
Party Voting	21 April – 28 April 2008
Authority Determination Period	29 April – 04 June 2008
Implementation	ASAP following Authority Consent

Appendices:

- A. DCP 022 v1.0
- B. DCP 022 Legal Drafting
- C. DCP 022 - Voting Form