

DCUSA Change Proposal Form

This form is provided in accordance with Clause 10.5 of the DCUSA.

Please return completed forms to DCUSA@electralink.co.uk for assessment by the DCUSA Panel.

Document Control	
CP Status	Standard / Urgent
Date Submitted	4/2/09
CP Number	DCP 040
Version Number	1.0
CP Ref	09/02
Attachments	None

Originator Details	
Party Name	EDF Energy Networks (EPN) plc
Originator Name	Peter Waymont
Party Category	Distributor / Supplier / IDNO / DG
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Change Proposal Details	
CP Title	Part 2a Change to clarify number and timing of changes to charges to Suppliers.
Impacted DCUSA Parties	Distributor / Supplier / IDNO / DG
Impacted Clause / Schedule	Clause 19.1
Authority Consent Required	Yes
Summary of Change	To clarify that if reasonable endeavours have been made to only change prices twice, on 1 April and 1 October but circumstances exist where more price changes need to be made or changes effective on other dates need to be made, these are permissible.
Related Change Proposals	<i>Please indicate if this CP is related to or impacts any other CP already in the DCUSA or other industry Change Process</i> DCP039 drafting (only) is likely to inform this CP's

Change Proposal Intent	
<i>Please set out the intent of the CP and the issue it is seeking to address</i>	
<p>The intent of this CP is to clarify the drafting of the penultimate sentence (only) of Clause 19.1 to make it clear that distributors may, after making reasonable endeavours not to, make more than two price changes per year and/or may make price changes on dates other than 1 April or 1 October.</p> <p>Its intent is also to ensure consistency with the relevant wording of Clause 43.1 as changed by DCP039.</p>	

Business Justification & Market Benefits

The intent of Clause 19.1 is that distributors must use reasonable endeavours to only make two price changes per year and these should be effective from 1 April and 1 October. However it is not the intent that Clause 19.1 restricts distributors to only two price changes per year nor does it restrict all changes only to those dates. This is evidenced by the words early on in the Clause "may vary such charges at any time".

DCP039 has been raised to clarify similar wording in Clause 43.1. The proposer of DCP039 believes that "DCUSA places undue barriers on DNOs implementing new and revised charges on dates other than those prescribed". This interpretation is incorrect (as confirmed by DCUSA lawyer's) but given that doubt has been raised, the proposer of DCP039 prudently seeks to clarify the position.

If such doubt exists in Clause 43.1 that it requires clarification, then the intent of this DCP is that Clause 19.1 should be clarified in the same way to remove any potential doubt there.

Proposed Implementation Date

Please specify and give a reason if proposed date is outside the release schedule (February / June / November)

June (unless not practicable due to offshore designation, in which case first post-designation release)

Proposed Solution

Please insert proposed change marked legal drafting here. The Change Proposal Intent will take precedence in the event of any inconsistency

Alter the penultimate sentence of Clause 19.1 as follows:

Notwithstanding that the Company may vary such charges at any time, the Company shall use reasonable endeavours to: (1) vary such charges no more than two times per year; and (2) vary such variations-to-apply charges with effect from 1st April or 1st October. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.

DCUSA Objectives

Please state which DCUSA Objective(s) will be better facilitated by this CP and give supporting reasons

- 1. ~~The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, coordinated, and economical Distribution Networks;~~
- 2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity;
- 3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in

their Distribution Licences; and

~~4. The promotion of efficiency in the implementation and administration of this Agreement.~~

Objective 2

It is unclear how new entrant distributors might be affected by a restriction to only change (or introduce??) prices on 1 April or 1 October if they cannot give the required notice prior to wishing to commence trading – could they be exposed to being unable to bill for X months until such an effective date passes? This would not be good facilitation of competition in distribution.

Objective 3

The distribution license places certain obligations on distributors that are discharged via their pricing strategy.

Firstly the requirement to manage its under/over recovery position may require additional or timely changes to prices.

The supplier of last resort conditions may also require distributors to make additional or timely changes to prices.

Environmental Impact

Please indicate whether you consider that there may be any environmental impact as a consequence of this CP being implemented

None