

DCUSA CHANGE REPORT	
<b>CHANGE PROPOSAL</b>	DCP 057 'Flexible Funding Model'
<b>DATE OF ISSUE</b>	04 January 2010
<b>ISSUED TO</b>	DCUSA Contract Managers
<b>PARTIES ENTITLED TO VOTE</b>	All Parties
<b>RETURN DEADLINE (Voting End Date)</b>	18 January 2010 – <a href="mailto:DCUSA@electralink.co.uk">DCUSA@electralink.co.uk</a>

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 057 'Flexible Funding Model'. The voting process for the proposed variation and the timetable of the progression of the Change Proposal (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 submit votes using the form attached as Appendix B to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by 18 January 2010.

## 2 INTENT DCP 057 - FLEXIBLE FUNDING MODEL

- 2.1 DCP 057 has been raised by E.ON UK following discussions at the DCUSA IDNO/DNO Billing Group which is considering portfolio billing. The CP seeks to amend the DCUSA to allow the Panel to recover the costs incurred in accordance with Clause 8.1 of the Agreement using a model other than that described in clause 8.9 where appropriate.
- 2.2 DCP 057 seeks to introduce this change as a general principle to the DCUSA to future proof the Agreement but is raised in specific relation to portfolio billing. The portfolio approach is deemed (by the industry and Ofgem) to be an activity that falls within the scope of DCUSA. Although a change to DCUSA to enable portfolio billing has not yet been formally put forward the IDNO/DNO Billing group is looking at the nature of such a change and the best mechanism for implementation.
- 2.3 The portfolio billing solution proposes that DCUSA Ltd contracts with a third party agent for the provision of services. The costs associated with the procurement and potential management of the agent will be recovered from DCUSA Parties. The IDNO/DNO Billing group has agreed that Suppliers and Generators should not be required to fund the portfolio billing solution and DCP 057 therefore proposes that the Panel should also be able to vary the funding model used to recover DCUSA costs to ensure that the costs for projects can be recovered from the parties directly affected by the work.
- 2.4 The originator considers that the Change Proposal will better facilitate DCUSA Objective 1<sup>1</sup> as the change will mean that DNO and IDNO parties will not have to face inappropriate costs for projects or activities that are not appropriate for them to. The proposal may also facilitate DCUSA objective 2<sup>2</sup> as the change will mean that Supplier and Generator parties will not have to face inappropriate costs for projects or activities that are not appropriate for them to fund.

## 3 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 3.1 The proposed legal drafting of DCP 057 has been reviewed by Wragge and Co and is attached as Appendix A.

## 4 PANEL RECOMMENDATION

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<sup>1</sup> The development, maintenance and operation by each DNO parties and IDNO parties of an efficient, co-ordinated, and economical Distribution system

<sup>2</sup> The facilitation of effective competition in the generation and supply of electronic and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity;

- 4.1 The Panel approved the DCP 057 Change Report on 16 December 2009.
- 4.2 In accordance with Clause 12.4 of the DCUSA the Panel has determined that DCP 056 should be issued to all Parties for voting for a period of 10 Working Days.
- 4.3 The timetable for the progression of the Change Proposal is set out below:

<b>ACTIVITY</b>	<b>DATE</b>
Party Voting	04 January – 18 January
Change Declaration	19 January
Authority Consent	19 January – 23 February
Implementation	25 February 2010

**Appendices:**

- A. DCP 057 – Legal Text
- B. Voting Form