

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP065 – Impact of any licence changes as a consequence of DPCR 5		
Decision:	The Authority ¹ directs that proposal DCP065 be made ²		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested Parties		
Date of publication:	20 August 2010	Implementation Date:	6 September 2010

Background to the modification proposal

The Authority published its final proposals on the electricity Distribution Price Control Review 2010-15 (DPCR 5) in December 2009³, followed by a consultation on the proposed changes to the licences of the electricity distribution companies to bring the final proposals into effect. The licence changes came into force on 1 April 2010⁴.

An issue was added to the DCUSA housekeeping log shortly after to assess whether the licence changes have a consequential impact on the DCUSA. In May 2010, EdF Energy Networks raised the issue as a DCUSA change proposal (DCP065).

The modification proposal

The proposal follows a review of the DCUSA to ensure that any impact from the DPCR 5 licence changes such as relevant licence obligations and their terms are captured in the DCUSA legal text. In the proposer's view, DCP065 would better facilitate both Objective c (the efficient discharge by each of the DNO and IDNO parties of the obligations imposed on them by their distribution licence) and Objective d (the promotion of efficiency in the implementation and administration of the DCUSA and the arrangements under it) of the General DCUSA Objectives, by ensuring there is consistency between the electricity distribution licences and the DCUSA after the DPCR 5 licence changes were made.

The DCUSA was reviewed by a working group and a number of technical changes identified, mainly in Schedule 15. DCP065 was re-categorised by the DCUSA Panel from a standard to an urgent change as it is linked to an imminent date-related event, namely, the requirement to provide cost information in October 2010. An implementation date of 6 September 2010 was recommended.

DCUSA Parties' recommendation

The Change Declaration for DCP065 shows that DNO, IDNO, Supplier and DG parties were eligible to vote on DCP065. In each party category where votes were cast (no votes were cast in the DG party category), there was unanimous support for the proposal and its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP065 is accepted. The outcome of the weighted vote is set out in the table below:

DCP065	WEIGHTED VOTING (%)							
	DNO		IDNO		SUPPLIER		DG	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100	0	100	0	100	0	n/a	n/a
IMPLEMENTATION DATE	100	0	100	0	100	0	n/a	n/a

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ The final proposals are published on the Ofgem website:

http://www.ofgem.gov.uk/Networks/ElecDist/PriceCntrls/DPCR5/Documents1/FP_1_Core%20document%20SS%20FINAL.pdf.

⁴ The statutory notice of the licence changes are published on the Ofgem website:

<http://www.ofgem.gov.uk/Networks/ElecDist/PriceCntrls/DPCR5/Documents1/CRCs%20master%20merged.pdf>.

The Authority's decision

The Authority has considered the issues raised by the proposal and the Change Declaration received on 30 July 2010. The Authority has considered and taken into account the responses to the consultation on the proposal which are attached to the Change Declaration. The Authority has concluded that:

1. implementation of the change proposal DCP065 will better facilitate the achievement of the General DCUSA objectives; and
2. directing that the change is approved is consistent with the Authority's principal objective and statutory duties⁵.

Reasons for the Authority's decision

We note the unanimous support for the proposal from those parties that voted. We also note that some respondents commented on the continued use of one defined term in Schedule 15, 'Relevant Year', when a different term is used in the electricity distribution licence. All the respondents that commented on this issue considered that the correct defined term to be used should be 'Regulatory Year'.

We note that since this drafting issue was highlighted an urgent Part 2 change proposal (DCP070) has been raised by CE Electric to change the relevant references in the DCP065 legal drafting from 'Relevant Year' to 'Regulatory Year'.

General objective (c) – the efficient discharge by each of the DNO parties and IDNO parties of the obligations imposed upon them by their Distribution Licences

We agree that there should be consistency between the obligations of licensees under the electricity distribution licences and their code obligations under the DCUSA. Updating the code provisions to reflect what is in the licence, in particular references to the correct terms, removes any risk of confusion between the two and is an efficient way of making DCUSA parties fully aware of their licence obligations, thereby better facilitating this objective.

General objective (d) - the promotion of efficiency in the implementation and administration of the DCUSA and the arrangements under it

We agree that updating the DCUSA when licence changes are made is beneficial to the efficient administration of the DCUSA. This will ensure that code obligations will remain in step with the licence, thereby ensuring that actions taken under the DCUSA are consistent with licence obligations.

Decision notice

In accordance with standard condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP065: *Impact of any licence changes as a consequence of DPCR 5* be made with effect from 6 September 2010.

Mark Cox

Associate Partner, Licensing and Industry Codes

Signed on behalf of the Authority and authorised for that purpose.

⁵ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.