

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP092 – Deletion of Clause 13.10		
Decision:	The Authority ¹ directs that proposal DCP092 be made ²		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested Parties		
Date of publication:	8 August 2011	Implementation Date:	To be confirmed by DCUSA Limited

Background to the modification proposal

On 15 March 2011, the Authority approved DCUSA change proposal DCP081 'Authority Decision Making Process' which was implemented on 1 April 2011³. DCP081 amended the DCUSA to reflect changes made to the Electricity Distribution Licences of Distribution Network Operators (DNOs) and independent Distribution Network Operators (IDNOs) from 1 April 2011. The licence changes brought the process for the Authority's decision-making on Common Distribution Charging Methodology (CDCM) change proposals, which are subject to DCUSA governance, in line with the process for that of non-CDCM DCUSA change proposals. All CDCM change proposals raised on or after 1 April 2011 and for which a final report is issued to the Authority for determination are no longer subject to a veto/non veto process⁴.

While DCP081 removed the veto/non veto process for CDCM change proposals, it maintained the process for a transitional period for CDCM changes submitted prior to 31 March 2011. DCP081 amended clause 13.10 of the DCUSA to introduce the transitional provisions. Since 1 April 2011, the transitional provisions in clause 13.10 are redundant.

The modification proposal

DCP092 was raised by CE Electric in May 2011 and seeks to remove clause 13.10 entirely and makes consequential housekeeping changes to other clauses of the DCUSA to reflect the removal of clause 13.10. In the proposer's view, DCP092 would better facilitate DCUSA General Objective 3.1.4 by promoting efficiency in the implementation and administration of the DCUSA by removing a redundant provision.

DCUSA Parties' recommendation

The Change Declaration for DCP092 indicates that DNO, IDNO/OTSO, Supplier and Distributed Generation (DG) parties were eligible to vote on DCP092. 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 the proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP092 is accepted. The outcome of the weighted vote is set out in the table below:

DCP092	WEIGHTED VOTING (%)							
	DNO		IDNO/OTSO		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 DCP081 decision letter is available on the Ofgem website:

<http://www.ofgem.gov.uk/Licensing/ElecCodes/DCUSA/Changes/Documents1/DCP081D.pdf>

⁴ The Authority seeks to make decisions on change proposals in accordance with its Key Performance Indicator (a decision within 25 Working Days following receipt of the final change report or 25 working days following the close of a consultation on the proposal). Before 1 April 2011, any CDCM change proposal for which the final report had been issued to the Authority for determination would be considered as approved unless the Authority vetoed the proposal up to 28 calendar days after receipt of the final report.

The Authority's decision

The Authority has considered the issues raised by the proposal and the Change Declaration dated 1 July 2011. The Authority has considered and taken into account the vote of the DCUSA Parties on the proposal which is set out in the Change Declaration. The Authority has concluded that:

1. implementation of the change proposal DCP092 will better facilitate the achievement of the DCUSA General Objectives⁵; and
2. directing that the change is approved is consistent with the Authority's principal objective and statutory duties⁶.

Reasons for the Authority's decision

We note the unanimous support for the change proposal and for the proposed implementation date (the first DCUSA release following Authority approval).

DCUSA General Objective 3.1.4 'promotion of efficiency in the implementation and administration of the DCUSA'

We agree with the proposer and DCUSA parties that the proposal better facilitates the achievement of this Objective for two reasons:

- deleting clause 13.10 clarifies in the DCUSA that the veto/non veto process is no longer used by the Authority in its decision-making on CDCM change proposals and ensures consistency in the Authority's decision-making process for all change proposals raised under DCUSA governance (CDCM and non-CDCM proposals)
- deleting clause 13.10 also ensures that the licence changes implemented by DCP081 are appropriately implemented in the DCUSA and that the transitional provisions are now no longer applicable. This clarification will avoid any confusion for any party looking at the licence requirements and the DCUSA provisions in this respect

In our view, the improved consistency between Distribution licences and the DCUSA brought about by DCP092 ensures efficiency in the implementation and administration of the DCUSA.

Proposed legal text

We have considered the legal text provided with the change declaration and note that there are incorrect cross-references in both Clauses 11.9 and 11.21.4. While these errors do not affect our approval of DCP092, we would encourage DCUSA parties to address them as soon as possible to ensure clarity in the DCUSA text.

Decision notice

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP092: '*Deletion of Clause 13.10*' be made.

Declan Tomany

Associate Partner Legal - Smarter Grids and Governance

Signed on behalf of the Authority and authorised for that purpose

⁵ The DCUSA General Objectives (Applicable DCUSA Objectives) are set out in Standard Licence Condition 22.2 (a) to (d) of the Electricity Distribution Licence and are also set out in Clause 3.1 of the DCUSA.

⁶ 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.