



DCUSA Change Report

DCP 192 - Costs v. Budget

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 192 'Costs v. Budget'.
- 1.2 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.
- 1.3 Parties are invited to consider the proposed amendments provided as Attachment A and submit votes using the form provided as Attachment B to dcusa@electralink.co.uk by **17 January 2013**.

2 BACKGROUND AND SUMMARY OF DCP 192 - COSTS v. BUDGET

- 2.1 DCP 192 has been raised by Eastern Power Networks following discussions by the DCUSA Panel, which had undertaken a project to review certain aspects of the change process. The Change Proposal (CP) seeks to clarify that the DCUSA Panel may approve costs that are of the nature of Recoverable Costs included in the Approved Budget but that the total value of these at budget line item level may exceed the value in the approved budgeted line item so long as the total budget is not materially exceeded (i.e. where offsetting underspends also arise).
- 2.2 This change is designed to recognise that the budget is a best estimate up to one year ago and that movement in actual costs between line items should be permissible without recourse to the Parties. Any material change to the total budget would still need approval by DCUSA Parties.
- 2.3 Additional details on the proposed change can be found in the CP form provided as Attachment C.

3 PROPOSED LEGAL DRAFTING

- 3.1 The draft legal text for DCP 192 has been reviewed by Wragge & Co and is provided as Attachment A.
- 3.2 The legal drafting will amend DCUSA Clause 8.7 as follows:

"Where the Panel, the Panel Secretary, any Working Group, the Secretariat or DCUSA Ltd wishes to recover any cost or expense under this Clause 8, details of the cost or

expense in question shall be submitted to the Panel (or a named person approved by the Panel) for approval. Such cost or expense shall only be approved to the extent that it falls iswithin a category of Recoverable Cost provided for in an Approved Budget, and only if such cost or expense:

8.7.1 will not (in aggregate with those costs and expenses previously approved for the Financial Year, and those likely to be approved for the remainder of the Financial Year) cause the total Approved Budget to be exceeded to a material extent; and

8.7.3 ~~it~~ is submitted in a timely manner (and in any event on or before the 20th Working Day following the end of the relevant Financial Year).

Once approved, details of the cost or expense shall be submitted to the Secretariat or DCUSA Ltd (as directed by the Panel or such named person) for payment.”

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

4.1 DCP 192 has been assessed against the DCUSA Objectives:

- Objective 1¹ – No Impact.
- Objective 2² – No Impact.
- Objective 3³ – No Impact.
- Objective 4⁴ – Better Facilitated. The CP will ensure that the DCUSA Panel is able to run the affairs of DCUSA Ltd with a sensible degree of flexibility but only so long as it is not materially increasing the Parties’ overall contribution.
- Objective 5⁵ – No Impact.

5 IMPLEMENTATION

5.1 This CP is classified as a Part 1 matter in accordance with Clause 9.5 of the DCUSA. It will therefore require Authority approval.

5.2 The proposed implementation date for DCP 192 is the first release following authority approval.

6 IMPACT ON GREENHOUSE GAS OMISSIONS

¹The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System

²The 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

³The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.

⁴The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.

⁵Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

- 6.1 No material impact on greenhouse gas emissions from the implementation of this CP have been identified.

7 PANEL RECOMMENDATION

- 7.1 The DCUSA Panel approved the DCP 192 Change Report at its meeting on 18 December 2013.
- 7.2 The timetable for the progression of the Change Proposal is set out below:

Activity	Target Date
Change Report Issued for Voting	20 December 2013
Party Voting Closes	17 January 2014
Change Declaration Issued	20 January 2014
Authority Approval	24 February 2014
Implementation	Next DCUSA Release following Authority Approval

- 7.3 Parties are invited to vote using the Form provided as Attachment B.

8 APPENDICES:

- Attachment A – DCP 192 Proposed Legal Drafting
- Attachment B - DCP 192 Voting Form
- Attachment C – DCP 192 Change Proposal