

DCUSA DCP 214 CHANGE DECLARATION

VOTING END DATE: 14 APRIL 2015

| DCP 214 - VOTING | WEIGHTED VOTING | | | | |
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| | DNO | IDNO | SUPPLIER | DISTRIBUTED GENERATOR | GAS SUPPLIER |
| CHANGE SOLUTION | Accept | Reject | Reject | n/a | n/a |
| IMPLEMENTATION DATE | Accept | Reject | Reject | n/a | n/a |
| RECOMMENDATION | <p>Change Solution – Reject. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was not more than 50% in all Categories.</p> <p>Implementation Date – Reject. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation was not more than 50% in all Categories.</p> | | | | |
| PART ONE / PART TWO | Part One – Authority Determination Required | | | | |

| PARTY | SOLUTION (A / R) | IMPLEMENTATION DATE (A / R) | WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED? | COMMENTS |
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| DNO PARTIES | | | | |

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| <p>Electricity North West Limited</p> | <p>Reject</p> | <p>Accept</p> | <p>General Objective 1 – neutral General Objective 2 – it is difficult to understand the working group’s view that this ‘truly represents the interests of parties rather than the interests of a few parties.’ If all support change that surely represents the interest of parties. In our opinion the two tiered approach may jeopardise competition where a majority rather than a unanimous decision across parties is the outcome. This may be protected for Part 1 matters but not for Part 2 matters. This change can therefore only have a negative impact on competition. General Objective 3 – under certain circumstances this change may, dependent upon interpretation, put distributors in breach of their licence obligations by accepting a majority decision to implement change. It would therefore have a negative impact on this objective. General Objective 4 – neutral General objective 5 - neutral Overall - negative impact</p> | <p>We do not believe a change to the voting system is required. All votes cast represent the views of companies and the parties who responded to the change proposal. When compared with the rest of the codes this is by far the best governance arrangement. Whilst we understand that DCUSA is covered by open governance, the governance arrangements reflect the Ofgem ‘Governance in the Electricity Distribution Commercial arrangements - conclusions and final proposals’ document dated 23rd November 2005. The key message in the document being that parties would vote in their constituent classes and a consensus across all constituents being required for the change to be recommended to Ofgem if a Part one change and implemented if a Part two change. The arguments used for change surround less than a handful of change proposals where only one party member voted in a party constituency. The issue is more to do with apathy of party members in engaging in the change process and as such number of instances where this occurs does not justify a change to the existing process</p> |
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| | | | | <p>neither does it improve the DCUSA objectives.</p> <p>The constituent approach protects the smaller parties (both in the generation and the IDNO party constituents) by ensuring that “they have meaningful participation” and are equally protected from change being forced upon them by weight of other party votes or other party constituencies.</p> <p>Such a decision is reflected in the distribution licence clause 22.14 which states:</p> <p>“No amendment of the DCUSA may be made unless:</p> <p>(a) the parties to the DCUSA have voted, pursuant to paragraph 22.12(a), in favour of the amendment described in the relevant amendment report.”</p> <p>This change proposal seeks a majority view across the party constituents and should it be approved, and a party constituent rejects a decision to recommend acceptance but the overall majority across the constituents was to accept this may, dependent upon interpretation, put distributors in breach of their licence because each party constituent has not accepted the change.</p> |
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| Northern Powergrid Northeast | Reject | Reject | <p>We like the current arrangement and the analysis shows that it gives a representative answer in the vast majority of cases. We do not support any of the options for change, but would highlight our suggestion:</p> <p>that at five days post-delivery of the consultation, the DCUSA Secretariat could ring around smaller suppliers to encourage them to respond to the consultation and small supplier representatives could be used in this process. The WG agreed that this would be a good procedure and this should be sent to the DCUSA Panel for consideration.</p> | <p>We note the working group has suggested that Option 3 should be taken forward. This solution would comply with the change intent of the recommendation representing a majority view but it is quite conceivable that a party group majority does not represent the view of the majority if viewed as individual parties. For example, if 5 DNOs and 5 IDNOs vote "Yes" and 20 suppliers vote "No" the recommendation would be to accept but the actual majority of the individual parties would be to vote No.</p> |
| Northern Powergrid Yorkshire <input type="checkbox"/> | | | | |
| Southern Electric Power Distribution plc | Reject | Reject | <p>We do not feel that any of the DCUSA Objectives are better facilitated by this CP with sufficient clarity or strength to justify replacement of the existing arrangements.</p> | <p>The established DCUSA voting arrangements have generally worked well and should, in our view, continue unchanged. The proposal made by this CP would not in our view result in greater levels of engagement in the DCUSA change process and voting by Parties, which is the primary concern.</p> |
| Scottish Hydro Electric Power Distribution plc | | | | |
| Eastern Power Networks plc | Accept | Accept | <p>Objective 4 is better facilitated by moving the voting procedures</p> | n/a |
| London Power Networks plc | | | | |

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| South Eastern Power Networks plc | | | towards an outcome that better reflects parties' views. While the solution does not go as far in reflecting parties' views as our original concept, we understand the constraints on achieving that and believe this is a step towards reducing the risk of undue influence by single a party. | |
| Western Power Distribution (East Midlands) plc | Accept | Accept | We agree with the change report that this change supports General Objectives 2 & 4 and with the reasons given in the change report. | None |
| Western Power Distribution (West Midlands) plc | | | | |
| Western Power Distribution (South Wales) plc | | | | |
| Western Power Distribution (South West) plc | | | | |

IDNO PARTIES

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| ESP Electricity Ltd | Accept | Accept | Objective 3. Licensees have an obligation under paragraph 22.13 of the licence to <i>"ensure that all votes cast [...] are compiled so that the panel may take such steps as are necessary [...] to put forward a recommendation to the Authority"</i> . ESPE believes the proposal in DCP214 better meets this requirement, providing a | n/a |
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| | | | 'headline' recommendation that better reflects the views of the majority of parties – leading to the more efficient discharge of licensees' obligations. | |
| GTC | Reject | Reject | n/a | <p>Upon review we do not believe that a change to the voting process is required and that the issue lies with parties not engaging with the process. This area is the one which should be tackled more directly as changing the voting process in this way will diminish the IDNO voice in an environment where IDNO's are already heavily outweighed both in number and resources. This change will therefore be in conflict with DCUSA General Objectives 1, 2, & potentially 4 due to potentially contentious decisions.</p> <p>We would also state that the voting process already gives a clear indication of parties viewpoints on an accept or reject basis and that there is a basis for the determination of these decisions. The analysis conducted by the working group under option 4 demonstrated that there would be greater consensus if more parties were involved and potentially less contention in the results of the recommendation. The group failed however to establish if minority</p> |

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| | | | | <p>voices are being voiced by larger parties in their own category with more resources. Therefore it may be unfair to say that parties who do not exercise their vote are not interested. They may well have a voice and be contented for other parties to take the lead.</p> <p>We also note that the working group wished to explore the distributor weighted voting process but the data around this was never really provided. We understand that there is a degree of commercial sensitivity around this data however we are still unclear on why this could not have been provided in an anonymised or even a "fictional" basis?</p> <p>In addition the working group did not demonstrate that any negative impact had been felt by the current arrangements. Responses to the consultation generally state that parties were/are happy with the current arrangements in the majority. We are therefore unclear on what benefit this change actually brings to the process than the status quo.</p> <p>In summary having reviewed the above areas we think that the working group could have done</p> |
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| | | | | more to investigate this issue to a greater extent. As demonstrated above there are several areas which were not explored fully by the group even though they may have provided a firmer basis for making or not making this change. We also remain unconvinced that this change would not mute smaller parties voices and that this is change is of benefit to anyone except the larger parties. |
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| SUPPLIER PARTIES | | | | |
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| EDF Energy | Reject | Reject | n/a | I fail to see how this proposal improves the current process. |
| GDF SUEZ Marketing Limited | Reject | Reject | n/a | We do not see an obvious improvement on the current process from the option proposed and by potentially creating two voting outcomes it adds uncertainty and complexity. |
| Npower Limited | Accept | Accept | Objective 4 – the promotion of efficiency in the implementation and administration of the agreement. The change will ensure that voting outcomes are more reflective of the majority of party views on change proposals. | n/a |

| DISTRIBUTED GENERATOR PARTIES | | | | |
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| n/a | | | | |

| GAS SUPPLIER PARTIES | | | | |
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| n/a | | | | |