

DCUSA Change Report		At what stage is this document in the process?
<h1 data-bbox="119 353 550 443">DCP 289</h1> <h2 data-bbox="119 481 1077 622">Creation of Distribution Charging Methodology Development Group</h2> <p data-bbox="119 638 917 683"><i>Raised on the 16 December 2016 as an Urgent Change</i></p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<p><b>Purpose of Change Proposal:</b></p> <p>DCP 289 seeks to formalise the creation of a new single standing issues working group for the use of system charging methodologies and related topics within DCUSA.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details <i>DCP 289 ‘Creation of Distribution Charging Methodology Development Group’</i></p> <p>Parties are invited to consider the proposed amendments (Attachment 2) and submit their votes using the Voting form (Attachment 1) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <i>14/07/2017</i></p> <p>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.</p> <p>DCP 289 has been designated as a Part 1 Matter as the proposed change impacts the governance arrangements under DCUSA.</p> <p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3011.</p>	
	<p>Parties Impacted: All Parties</p>	
	<p>Impacted Clauses: Section 1A and Section 1B and new Schedule xx</p>	

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<b>Timetable</b>		 Any questions? Contact: <b>Claire Hynes</b>  <a href="mailto:claire.hynes@electralink.co.uk">claire.hynes@electralink.co.uk</a>  0207 432 3017 Proposer: <b>Chris Ong</b>  <a href="mailto:chris.ong@ukpowernetworks.co.uk">chris.ong@ukpowernetworks.co.uk</a>  07875 110134
The timetable for the progression of the CP is as follows: <b>Change Proposal timetable</b>		
Activity	Date	
Initial Assessment Report Approved by Panel	21 December 2016	
Change Report Approved by Panel	21 June 2017	
Change Report issued for Voting	23 June 2017	
Party Voting Closes	14 July 2017	
Change Declaration Issued to Parties and Ofgem	18 July 2017	
Authority Decision	22 August 2017	
Implementation	5 Working Days Following Authority Approval	

## 1 Executive Summary

### What?

1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the

DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.

- 1.2 The creation of a Distribution Charging Methodology Development Group (DCMDG), as a forum for discussion/development of Distribution Use of System (DUoS) related charging methodologies and their application. This will benefit industry participants including DCUSA Parties by creating a structured environment for the focused addressing of issues raised by either the DCUSA Panel, parties to the Agreement or other interested participants.

## Why?

- 1.3 The new arrangements would better reflect Ofgem's views detailed in the Code Governance Review (Phase 3) (CGR3) Final Proposals<sup>1</sup> which were published on 31 March 2016. In particular paragraph 5.7 which welcomed the strong support for the use of a pre-modifications process which would result in well-developed modifications and therefore reducing the time spent in the formal process.

## How?

- 1.4 The new Working Group, the DCMDG will undertake the activities which were previously carried out by the Distribution Charging Methodology Forum (DCMF), the Methodologies Issues Group (MIG) and the Distribution Charging Managers (DCM) group. This will be undertaken as a single monthly meeting which any interested party is welcome to attend.

## 2 Governance

### Justification for Part 1 or Part 2

- 2.1 DCP 289 has been classed as a Part 1 Matter and therefore will go to the Authority for determination after the voting process has completed.
- 2.2 This CP has been designated as a Part 1 Matter as the proposed change impacts the governance arrangements under DCUSA.
- 2.3 DCP 289 will be treated as an urgent change due to the timescales for implementation.

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[https://www.ofgem.gov.uk/system/files/docs/2016/03/code\\_governance\\_review\\_phase\\_3\\_final\\_proposals\\_2.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/03/code_governance_review_phase_3_final_proposals_2.pdf)

## Requested Next Steps

- 2.4 The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 289.
- 2.5 The DCUSA Panel recommends that this CP:
  - Be issued to Parties for Voting

## 3 Why Change?

### Background of DCP 289

- 3.1 As part of the Code Governance Review 3 Phase 2 (CGR3), Final Proposals, Ofgem encouraged parties to look at the governance arrangements for any meeting which discussed charges and related to charge setting.
- 3.2 As a result, the work of the ENA Commercial Operations Group (COG) and its subgroup, Distribution Charging Managers (DCM), as well as the Distribution Charging Methodology Forum (DCMF) and the Methodologies Issues Group (MIG) were considered.
- 3.3 It was ultimately agreed that the COG was out of scope as it does not discuss DUoS charge setting. During November 2016, a consultation was issued by the ENA to all DCUSA Contract Managers and all participants of the DCMF, MIG and DCM. This sought feedback on the preferred approach to the three meetings and also gave an opportunity to raise any wider issues or concerns prior to this DCUSA change being raised. The consultation considered two options:
  - To place just the MIG under DCUSA (option 1); or
  - To place all three groups under DCUSA (option 2).
- 3.4 Feedback from parties was requested by Ofgem to assist them in making a decision. Parties were strongly in favour of moving the MIG and DCMF into DCUSA, but were split on the DCM. Ofgem were however strongly in favour of Option 2, as they felt that all discussions relating to charges should take place under the open governance regime, so that the process is open to all. This approach would also see an independent chair appointed and the agenda, minutes and papers will be published on the DCUSA website.

## 4 Solution

### DCP 289 Assessment

- 4.1 The DCUSA Panel directed that this urgent change proceed directly to change report to ensure that it can meet the implementation timescales of the 01 April 2017. A change report was submitted to the DCUSA Panel ex-committee in January 2017 for decision and it was determined that a Working Group should be set up to analyse this change and determine whether an alternate solution should be incorporated.
- 4.2 The DCUSA Panel established a Working Group to assess DCP 289. This Working Group consists of DNO, Supplier, consultant, and Ofgem representatives. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website –[www.dcusa.co.uk](http://www.dcusa.co.uk).
- 4.3 DCP 289 was raised by UK Power Networks and seeks to formalise the creation of a new single standing issues working group for the Use of System charging methodologies and related topics within DCUSA.
- 4.4 The DCMDG will provide a structured environment under which parties can discuss and address issues and develop solutions related to the charging methodologies.
- 4.5 It is proposed to modify DCUSA Section 1A and Section 1B to accommodate the DCMDG in the governance arrangements and for a new Schedule to set out the structure and operation of the group. The high level objectives of the group are part of the drafting. The detailed Terms of Reference (ToR) will be developed separately to this DCUSA change to assist the group, giving flexibility.
- 4.6 It should be noted that under DCP 289 the costs of this meeting are intended to be picked up by all DCUSA parties (in line with non-TRAS/ETTOS costs under the code). When the ENA consulted on bringing these matters under DCUSA governance, there were 20 responses of which only two raised any concerns about who should pay the costs of this new working group, stating that in their view this should be solely paid for by DNOs. Other respondents felt that moving to a single meeting under DCUSA would see an overall reduction in costs.
- 4.7 It is important to note that the DCMDG is a new group which will replace DCMF, MIG and DCM, and this change is not a case of merely moving those three existing groups across into DCUSA, but instead brings the work which they would have historically undertaken under a DCUSA governance framework.
- 4.8 DCP 289A was raised by British Gas which captures an alternative view that the activities carried out by the Distribution Charging Methodology Forum (DCMF), the Methodologies Issues Group (MIG) and the Distribution Charging Managers (DCM) group assist DNOs to discharge their licence obligation to keep the charging methodology under review and are 100% paid for by DNOs, funded through their price control revenue allowances. DCP 289A does not seek to change this

arrangement and requires that the activities of the DCMDG be 100% funded by the DNOs. Please see DCP 289A which acts as Attachment 2.

- 4.9 It is noted that when the ENA consulted on bringing these matters under DCUSA governance, there were 21 responses. The ENA consultation did not seek views on funding arrangements however two responses did raise concerns about who should pay the costs of this new Working Group, stating that in their view this should be solely paid for by DNOs. Please see the responses in Attachment 4.

## DCP 289 and 289A Consultation One

- 4.10 The Working Group carried out a consultation (Attachment 4) to give DCUSA Parties and other interested organisations an opportunity to review and comment on the proposed DCP 289 and 289A solutions. The Working Group issued consultation one to DCUSA Contract Managers, on 06 March 2017 to determine whether Parties agreed with the DCMF, DCMF MIG and DCM being consolidated in to the DCMDG and incorporated in to DCUSA.
- 4.11 There were nine responses received to the consultation. Two respondents were Suppliers, five respondents were Distributors and two respondents were IDNOs. The Working Group discussed each response and its comments are summarised alongside the collated consultation responses in Attachment 4.
- 4.12 A summary of the responses received, and the Working Group's conclusions are set out below:

### Question 1: Do you understand the intent of DCP 289?

- 4.13 All respondents understood the intent of the CP. One respondent highlighted that they supported an end to end process *“incorporating the raising, development and the decision on change proposals. DCP289 would see all elements of the charging methodology in a single place, creating a single efficient process”*.
- 4.14 The Working Group noted the responses.

### Question 2: Do you understand the intent of DCP 289A?

- 4.15 Eight respondents understood the intent of the CP. One respondent did not support the alternate modification *“as it treats costs differently for the same area of work. DCP289A sees the costs relating to the development and raising of changes being treated differently (under DCMF and DCMF MIG), to costs relating to the ongoing development of a change proposal (taken forward as a DCP)”*.
- 4.16 The Working Group noted the responses.

### Question 3: Do you agree with the principle that these groups (DCMF, DCMF MIG and DCM) should be consolidated and brought under DCUSA?

Respondent Party Type	DCMF	DCMF MIG	DCM	NONE
Suppliers	2	2	2	0
DNOs	3	4	2	0
IDNOs	1	1	1	0
Total	6	7	5	0

4.17 The above table provides a summary of respondents support for the groups that should be consolidated as the DCMDG and be brought under the DCUSA.

4.18 The Working Group reviewed these responses and there was a consensus that the DCMF, DCMF MIG and DCM should sit under DCUSA. It was noted that three Parties suggested a preference for the DCM not to be included, but are happy with the Working Group view that this should be included under DCUSA as part of this change.

### Question 4: Do you have any comments on the proposed legal text for DCP 289?

4.19 There were no comments on the DCP 289 draft legal text.

### Question 5: Do Parties have a view on whether the DCMDG should be funded by all DCUSA Parties or by DNOs?

4.20 All Supplier and IDNO respondents advised that they considered that the DCMDG should be solely funded by the DNOs and some of the reasons behind this choice are highlighted below:

- For DCP 289A, the *“negative impacts on the consumer are removed without affecting the rewards (additional profit) which should be achievable by DNOs for the genuine efficiency savings which are to be expected by consolidating these 3 groups. The RIIO totex incentive should reward genuine efficiency savings, not revised industry funding arrangements”*.
- *“The activities of the DCMF, DCMF MIG and DCM assist DNOs in discharging their licence obligation to keep the charging methodology under review and are currently funded through DNO price control revenue allowances. We do not believe this proposal does anything to warrant a change in funding arrangements”*.

4.21 The majority of DNO respondents considered that the DCMDG should be funded by all Parties and one of these responses is highlighted below:

- *“The DCMDG is an open forum for the discussion of potential changes to the charging methodologies embedded within DCUSA. Although DNOs are individually and collectively responsible for the common methodologies as defined by the obligations in the distribution licence any DCUSA party and/ or stakeholder is able to seek clarity on the application of charging and propose changes to the charging methodologies under the DCUSA governance framework. Consequently, it would seem appropriate for the DCMDG to be funded collectively by all parties. We have an opportunity here to structure this new group, for the benefit of all parties, including what the Terms of Reference should be”.*

4.22 The Working Group noted that there was a clear division of support for DCP 289 and DCP 289A. Supplier and IDNO respondents highlight that they consider it an obligation of the DNO under Distribution Licence Condition 13A to review and maintain the charging methodologies. However, the DNO respondents contend that they have a responsibility to review the charging methodologies annually and that the pre-modification process will be open to all Parties for the purpose of receiving support to raise formal charging methodology changes under the DCUSA and should therefore be supported by all Parties.

4.23 The Working Group considered respondent’s views that DNO Parties had received funding under the RIIO ED1 licence obligation and that as a result moving these groups would cause extra costs under DCUSA that would be incurred by all Parties and ultimately incurred by the Customer through an increase in DUoS to pay for the DCMDG.

4.24 The Working Group considered the proposal that the DCMDG be funded under the RIIO ED1 Price Control by DNO Parties as DNOs have been assigned the allowance. However, from RIIO ED2 Price Control, the DCMDG would be funded by all Parties.

4.25 The Working Group noted that the costs for the three existing groups did not exist as a line item in the RIIO ED1 Price Control as when it was split between DNO Parties it came to less than £20,000. Members considered that the DNOs would have factored it in to their calculations in RIIO ED1 and could remove it for the RIIO ED2 Price Control even if the transparency of a line item being removed was not available.

## Question 6: Do you have any comments on the proposed legal text for DCP 289A?

4.26 Seven respondents had no comments on the legal text and one DNO respondent reiterated why they did not support DCP 289A. One IDNO respondent requested the proposer of DCP 289A to consider amending Clause 8.9 B.2 which uses the same definition for ‘TN’ as 289. This respondent believed that *“this should not include IDNO parties metering points, as the denominator should only include DNO parties’ MPAN counts, rather than all electricity distribution licences. The current legal*

text would not recover 100% of the costs as the total DNO metering points would be lower than the total metering points, 'TN'.

- 4.27 DCP 289 Working Group investigated this point and concluded that no change was required. Whilst the same term 'TN' is used in 8.9B2 that is also used in 8.9.2 (for the allocation of DCUSA Recoverable costs) the interpretation of the 'TN' term is dependent on the paragraph it relates to. With regards to DCP289A, paragraph 8.9B.2 begins with "in the case of each DNO Party" and therefore 'TN' is to be interpreted as applying to DNO Parties only. The Working Group also notes that the same approach is currently applied for the allocation of TRAS costs in paragraph 8.9A of DCUSA (where the 'TN' term is interpreted to apply in respect of Supplier Parties only).

## Question 7: Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.

- 4.28 All respondents agreed that DCP 289 would better facilitate DCUSA General Objective 4, with the majority of respondents also agreeing that DCUSA General Objective 3 would also be better facilitated by this change. One respondent believed that DCUSA General Objective 3 would be adversely impacted by this change:
- *"However General Objective three will be adversely affected. DNOs have licence obligations to keep the charging methodology under review to ensure that it continues to achieve the Relevant Objectives. As is set out in the relevant terms of reference for the DCMF and the DCMF MIG, DNOs have used these groups to help fulfil this obligation. DNOs have also been provided with an allowance on the basis of funding the activities of the DCMF, DCMF MIG (and DCM) through the RIIO ED1 price control.*
  - *DCP 289 will result in customers paying twice for the activities being moved to the new group as supplier industry costs would increase with no full corresponding reduction in DNO allowed revenues. We do not believe that increasing costs for customers can be viewed as efficient.*

4.29 The majority of respondents noted that DCP 289A DCUSA General Objectives 3 and 4 would be better facilitated by this change as the creation of the DCMDG would bring a more coordinated and efficient approach to the running of DCUSA and discharging LC 13A, with one respondent believing that DCP289A would have an adverse impact on DCUSA General Objective 4:

- *“DCP289A has a negative impact on general objective 4 as the administration of the agreement will be compromised by the need to continually identify specific costs to be charged to DNOs, and other costs to all (in line with standard DCUSA arrangements).”*

## Question 8: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

4.30 The majority of respondents were not aware of any wider industry developments that may impact upon or be impacted by this CP, however two respondents noted:

- Potential changes resulting from work of the Charging Review Workstream under the ENA's TSO-DSO Working Group
- The DCMF MIG's review of the EDCM and CDCM

## Question 9: Are there any alternative solutions or unintended consequences that should be considered by the Working Group?

4.31 A number of comments regarding alternates were received from respondents to this question:

- *The working group may wish to consider an alternative approach whereby an end date of 31 March 2023 is included in DCUSA for the sole funding of the DCMDG by DNOs. This would ensure that the funding included in DNOs price control agreements for RIIO ED1 is used for funding the DCMDG during RIIO ED1 but will provide certainty to DNOs and industry that the funding will be shared from RIIO ED2 and so can be captured in DNO Business Plans and in supplier cost forecasts. The DCMF MIG's review of the EDCM and CDCM*
- *As we stated above we see the potential for the DCMF being retained as a wider stakeholder forum as we believe this forum has highlighted many potential issues over the years' which would otherwise have gone under the radar. If this group is moved under DCUSA we would like to understand how wider industry developments are going to be covered.*
- *We would seek assurances that parties will retain the right to independently raise charging related DCPs outside of the DCMDG. We believe that it would be counterproductive such DCPs have to be passed through the DCMDG before they can be raised at the DCUSA Panel. We understand that the DCMDG Terms of Reference have not been drafted as of yet, but it is of our opinion that the remit of the new DCMDG should remain the same as the current DCMF/MIG/DCM meetings.*
- *DCP289A introduces inconsistencies between raising a change and the ongoing development of that change, as in the future all elements will be part of the open*

*governance arrangements. Furthermore we have significant concerns that DCP289A is moving away from the standard DCUSA costing arrangements, and whether this sets a precedent for the future, and would likely see other changes where its believed only a particular sector of the industry is impacted, paying all those costs.*

- 4.32 As a result of these comments the Working Group agreed that a second alternate, DCP 289B, be raised in order reach a compromise between the two Working Group views, and that the DCMDG be paid for 100% by DNOs until 31 March 2023 until such a time that RIIO ED1 comes to an end. From the 01 April 2023 onwards, the proposed standard DCUSA funding mechanism would be applied in which costs are shared across all Parties and would be implemented as part of RIIO ED2.

**Question 10: The proposed implementation date for both variations (DCP 289/DCP289A) is 5 Working Days after Approval. Do you agree with the proposed implementation date?**

- 4.33 All respondents agreed with the proposed implementation date.

### **Consultation Conclusion**

- 4.34 Due to the varying responses in support of both DCP 289 and DCP 289A, the Working Group agreed that a second alternate should be drafted as a compromise to ensure that the concerns of both the supporters and opponents of both DCP 289 and DCP 289A were alleviated. As such, DCP 289B was drafted in which the DCMDG is paid for 100% by DNOs until 31 March 2023 and until such a time that RIIO ED1 comes to an end. From the 01 April 2023 onwards, the proposed standard DCUSA funding mechanism would be applied in which costs are shared across all Parties and would be implemented as part of RIIO ED2.

## **5 Legal Text**

### **DCP 289 Legal Text**

- 5.1 The following existing legal text has been modified to accommodate the DCUSA Charging Methodologies Development Group:
- Section 1A has been modified to add two new definitions; and
  - Section 1B has been modified in regards to the *'Establishing Working Groups'* under Clause 7.24 and 7.26, *'Membership of Working Groups'* under Clause 7.28 and *'Duties of those Serving on Working Groups'* under Clause 7.33 and 7.34. As a point of process, it is highlighted that in regards to those *'Serving on the Working Groups'* that persons attending the DCMDG will not be required to act independently or be required to sign a Working Group membership letter stating that they will comply with Clause 7.33.

- 5.2 This CP uses the existing Schedule 7 *'DCUSA Standing Issues Group'* structure as the basis for the new schedule setting out how the DCMDG will operate. The new Schedule sets out the:
- Scope
  - Objectives
  - Membership
  - Requirements of Members
  - Meeting Frequency
  - Secretariat
  - Summary of Process
  - Decision Making
  - Reporting
  - Funding
  - Other Matters
- 5.3 The proposed DCP 289 legal text has been reviewed by the DCUSA Legal Advisor and acts as Attachment 2.

#### **DCP 289A Proposed Legal Text**

- 5.4 DCP 289A proposed legal text differs from the DCP 289 legal text by making amendments to Clause 8 (Cost of the DCUSA) so that the funding of the activities of the DCMDG is 100% paid for by DNOs and introduces a DCMDG liabilities definition.
- 5.5 Another Working Group Member felt that this approach reflects the fact that the activities of the DCMF, DCMF MIG and DCM are currently 100% paid for by DNOs, funded, to some extent, through their RIIO-ED1 price control allowances, albeit this is subject to the Annual Iteration Process and therefore totex cost variations to allowances would be shared with customers via DUoS. The proposed mechanism is based on the existing mechanism in place for the Theft Risk Assessment Service Arrangements and/or the Energy Theft Tip-Off Service (which are 100% funded by Suppliers).
- 5.6 The proposed DCP 289A legal text has been reviewed by the DCUSA Legal Advisor and acts as Attachment 2.

#### **DCP 289B Proposed Legal Text**

- 5.7 DCP 289B proposed legal text differs from the DCP 289 and DCP 289A legal text by making amendments to Clause 8 (Cost of the DCUSA) so that the funding of the activities of the DCMDG is 100% paid for by DNOs up until the 31 March 2023 and then fully funded by all Parties from the start of the RIIO ED2 Price Control on the 01 April 2023.
- 5.8 The proposed DCP 289B legal text has been reviewed by the DCUSA Legal Advisor and acts as Attachment 2.

## 6 Impacts & Other Considerations

6.1 This change impacts all Parties as it modifies the governance arrangements that sit under DCUSA. It will cause additional costs to be incurred by DCUSA that will either be recharged to all Parties under DCP 289, all DNO Parties under DCP 289A or DNO Parties up until the 31 March 2023 and all Parties from the 01 April 2023 under DCP 289B.

### Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

6.2 This change has been submitted as a result of Code Governance Review 3 recommendations.

### Consumer Impacts

6.3 The proposer of the alternate CP considers that should the DCMDG be funded by all Parties through DCUSA then the consumer would be adversely affected. This is because DNOs will have been funded through their price control for the activities of the DCMF, DCMF MIG and the DCM and whilst efficiencies should be achievable by bringing these activities under DCUSA, to change the funding arrangements would result in customers paying more than they should (as supplier industry costs would increase with no full corresponding reduction in DNO allowed revenues).

6.4 A number of potential consumer impacts were identified by members of the Working Group, as highlighted below:

#### DCP 289

- DNOs will have been provided an allowance for funding activities such as the DCMF, DCMF MIG and DCM. With costs spread across all DCUSA parties their actual expenditure should therefore be less than the allowance. However, it should be noted that any cost savings will be shared (relative to whatever the DNO totex incentive strength rate is) between DNOs and suppliers via DUoS charges. This will be reflected in the Ofgem directed MOD terms which are as a result of the Annual Iteration Process (note: there is a two year lag on when this impacts revenue allowances i.e. the true-up of cost v allowances in 2015/16 impacted 2017/18 allowances). DNOs would therefore retain some cost saving relative to their allowances and this would continue for the remainder of RIIO-ED1; and
- DNO business plans for RIIO-ED2 will not need to include these costs, to the same extent, with the forums funded by all DCUSA parties.

#### DCP 289A

- DNOs have an allowance for funding the activities and would continue to fund them;

- Any difference (greater or less) in cost to what has already been allowed will be shared between DNOs and suppliers via DUoS charges (this only goes away if the cost and allowance match); and
- DNOs would retain some cost savings and bear some cost increases relative to their allowances and this would continue until the arrangement was changed. Therefore, DNO business plans for RIIO-ED2 and beyond will need to include a view of these costs.

#### DCP 289B

- DNOs receive an allowance for funding these activities which under this proposal would end with the RIIO ED1 Price Control on the 31 March 2023.
- DNO business plans will not include these costs for RIIO ED2 and instead these activities will be funded by all Parties from the 01 April 2023.

### Environmental Impacts

6.5 In accordance with DCUSA Clause 11.14.6, the proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 289, 289A or 289B were implemented. The proposer did not identify any material impact on greenhouse gas emissions from the implementation of these CPs.

## 7 Relevant Objectives

### Assessment Against the DCUSA Objectives

- 7.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General DCUSA Objectives. The full list of objectives is documented in the CP form provided as Attachment 3.
- 7.2 For DCP 289, the majority of the Working Group considers that the DCUSA Objective 4 is better facilitated by DCP 289. The reasoning against this objective is set out in the table below:

Impact of the Change Proposal on the Relevant Objectives:	
Relevant Objective	Identified impact
<b>General Objective 4</b> - The promotion of efficiency in the implementation and administration of the DCUSA	This objective will be better facilitated as a result of this change as it will ensure that current discussions and debates relating to Use of System Charge setting will be open to all.

- 7.3 For DCP 289A, the majority of the Working Group considers that the DCUSA Objectives 3 and 4 are better facilitated by DCP 289A. The reasoning against this objective is set out in the table below:

Impact of the Change Proposal on the Relevant Objectives:	
Relevant Objective	Identified impact
<p><b>General Objective 3</b> - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.</p> <p><b>General Objective 4</b> - The promotion of efficiency in the implementation and administration of the DCUSA</p>	<p>DNOs have licence obligations to keep the charging methodology under review to ensure that it continues to achieve the Relevant Objectives. General Objectives three and four are better facilitated as a result of this change as it will reduce fragmentation and ensure that current discussions and debates relating to Use of System Charge setting will be open to all.</p>

7.4 For DCP 289B, the majority of the Working Group considers that the DCUSA Objectives 3 and 4 are better facilitated by DCP 289B. The reasoning against this objective is set out in the table below:

Impact of the Change Proposal on the Relevant Objectives:	
Relevant Objective	Identified impact
<p><b>General Objective 3</b> - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.</p> <p><b>General Objective 4</b> - The promotion of efficiency in the implementation and administration of the DCUSA</p>	<p>DNOs have licence obligations to keep the charging methodology under review to ensure that it continues to achieve the Relevant Objectives. General Objectives three and four are better facilitated as a result of this change as it will reduce fragmentation and ensure that current discussions and debates relating to Use of System Charge setting will be open to all.</p>

## 8 Implementation

8.1 The proposed implementation date for DCP 289 is 5 Working Days following Authority Approval.

## 9 Code Specific Matters

### Reference Documents

9.1 [Ofgem's Code Governance Review \(Phase 3\) \(CGR3\) Final Proposals](#), published on 31 March 2016. In particular paragraph 5.7 where Ofgem states *"We welcome the strong support for the use of pre-modification processes (charging forums), which can help produce well-developed modification proposals for submission to the formal process"*.

## 10 Recommendations

## Panel's Recommendation

- 10.1 The Panel approved this Change Report on 21 June 2017. The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 289, 289A and 289B.
- 10.2 The Panel have recommended that this report is issued for Voting and DCUSA Parties should consider whether they wish to submit views regarding this Change Proposal.

## Voting Arrangements

- 10.3 As there are three proposed solutions to DCP 289, please note that there are specific voting arrangements unique to this Change Report.
- 10.4 The methods of voting are:
- **ACCEPT** one variation and **REJECT** the others; or
  - **ACCEPT** all variations with preference detailed on the vote form (1 – 3, with one being most preferable); or
  - **REJECT** all variations.

## Attachments

- Attachment 1 - DCP 289 Voting Form
- Attachment 2 - DCP 289 Draft Legal Text
- Attachment 2 – DCP 289A Draft Legal Text
- Attachment 2 – DCP 289B Draft Legal Text
- Attachment 3 - DCP 289 Change Proposal
- Attachment 3 – DCP 289A Change Proposal
- Attachment 3 – DCP 289B Change Proposal
- Attachment 4 – DCP 289 and DCP 289A Consultation