
Meeting Name	DCUSA Panel
Meeting Date	20 August 2008
Paper Title	Initial Assessment Report – DCP 034
Purpose of Paper	For Decision
Synopsis	This paper presents a Change Proposal that has been submitted to the DCUSA Secretariat and requests agreement on its progression.

1 INTRODUCTION

- 1.1 This paper refers a DCUSA Change Proposal (DCP) to the DCUSA Panel for agreement on its progression.
- 1.2 The CP has been assessed by the Secretariat in accordance with Section 10.11 of the DCUSA. The CP has met the requirements and ElectraLink has prepared a recommendation for consideration by the Panel.

2 SUMMARY OF CHANGE PROPOSAL FOR CONSIDERATION

- 2.1 DCP 034 – ‘Credit Cover Arrangements for small Suppliers’ is attached as Appendix A. The following table shows a summary of the CP:

Raising Party	The Electricity Network Company
CP Status	Standard
Parties Impacted	Distributors and Suppliers
Part 1 / Part 2 ¹	Part 1
Authority Consent	Required
Proposed Implementation	February 2009 Release

3 DCP 034 – CREDIT COVER ARRANGEMENTS FOR SMALL SUPPLIERS

- 3.1 DCP 034 has been raised by The Electricity Network Company following on from the work undertaken by the DCUSA List of Registered Credit Assessment Agencies (LORCAA) Project Group which submitted its final report for DCUSA Panel consideration at the Panel meeting on the 16 July 2008.
- 3.2 The Electricity Network Company considers that the proposed change improves upon the drafting submitted by the LORCAA Project Group whilst leaving the intent of the original drafting materially unchanged. The Company considers that the change proposal will bring greater clarity, transparency and consistency to the processes used by Distributors in determining Credit Assessment Scores for Parties that do not have a Credit Rating from an Approved Credit Referencing Agency.
- 3.3 The proposal also incorporates Housekeeping Amendment 008 - the definition of RAV. At present paragraph 2.3 of Schedule 1 defines RAV as being the figure in the latest audited price control information. The price

¹ As defined by the proposer.

control information is not audited on a year on year basis. It is therefore proposed to delete the word "audited" from the definition

- 3.4 The Electricity Network Company considers that the implementation of DCP 034 will ensure better facilitate Objectives 2² and 3³ of the DCUSA as set out in the Change Proposal.

4 PROGRESSION OF DCP 034

- 4.1 The Proposer has recommended that the CP be progressed as a Part 1 matter although the CP does not impact any Part 1 provisions in accordance with Clause 9.5 of the Agreement or seek to introduce any new Part 1 provisions. The Panel is therefore asked to consider whether the CP should be progressed as a Part 1 matter in accordance with Clause 9.4 or a Part 2 matter in accordance with Clause 9.6.
- 4.2 It is recommended that the CP should be entered into the Definition Phase and that a Working Group be established to assess and develop the CP as the drafting has been altered from that proposed by the LORCAA Project Group and neither set of drafting has been consulted on by Parties.
- 4.3 A proposed timetable for the progression of the proposal is outlined below:

Activity	Latest Date
Panel Meeting – IA agreed	20 August 2008
Definition Period & Legal Review	01 September – 12 November
Panel Meeting – Change Proposal agreed	19 November 2008
Party Voting	24 November – 08 December
Change Declaration	09 December 2008
Implementation	February 2009 Release

5 RECOMMENDATIONS

The DCUSA Panel is invited to:

- Consider whether to accept the referral of DCP 034;
- Consider whether the CP should be treated as a Part 1 or Part 2 matter;
- Agree that the CP should be progressed through the Definition Phase; and
- Agree the progression of the CP in accordance with the timetable set out in Section 4.3.

6 APPENDICES

- Appendix A – DCP 034
- Appendix B – DCP 034 Legal Drafting

² The 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

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