
Meeting Name	DCUSA Panel
Meeting Date	18 June 2008
Paper Title	Initial Assessment Report – DCP 027
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 027 – *'Invoicing'* is attached as Appendix A. The following table shows a summary of the CP:

Raising Party	EDF Energy Networks
CP Status	Standard
Change Synopsis	This change seeks to add clarity to the DCUSA drafting by better describing the practical and accounting processes that have been adopted to date and have been recommended by the DCUSA Auditors.
Parties Impacted	Distributors, Suppliers & IDNOs
Part 1 / Part 2	Part 1
Authority Consent	Required
Proposed Implementation	November 2008

3 DCP 027- INVOICING

- 3.1 DCP 027 has been raised by EDF Energy Networks following a recommendation from the DCUSA Auditors. The DCUSA drafting currently DCUSA states that invoices for a quarter should be raised in advance of the quarter. This requirement is not pragmatic or efficient for accounting purposes as the income and costs are out of line by a quarter and in practice DCUSA Ltd has raised invoices at the start of each quarter.
- 3.2 The Auditors have also highlighted that there is a degree of incoherence between Clauses 8.9.2 and 8.10. This change seeks to better clarify the drafting to reflect that Clause 8.9 is backward looking in terms of the actual costs incurred (and which each Party should bear), whereas Clause 8.10 is forward looking in terms of the budget to be invoiced (and which each Party

should pay). Any differences between the two different points of view are taken care of in the year end reconciliation process under Clause 8.12.

- 3.3 This change therefore seeks to add clarity to the DCUSA drafting by better describing the practical and accounting processes that have been adopted to date and are recommended by the DCUSA Auditors.
- 3.4 The Proposer considers that this CP will better facilitate Objective 4¹ of the DCUSA as it will ensure that the Agreement accurately reflects the practical accounting processes that are followed by DCUSA Limited.

4 PROGRESSION OF DCP 027

- 4.1 It is recommended that the Panel accept the referral of the CP and that it be categorised as a Part 1 matter in accordance with Clause 9.5 of the Agreement as it impacts section 1B – Governance.
- 4.2 It is recommended that the CP should be entered directly into the Report Phase in accordance with Clause 11.6 as it is concerned solely with the technical drafting of the Agreement. The drafting has been reviewed and approved by the DCUSA Auditors and will be issued for further legal review from Wragge and Co as part of this process.
- 4.3 A proposed timetable for the progression of the proposal is outlined below:

Activity	Latest Date
Panel Meeting – IA agreed	18 June 2008
Legal Review of proposed drafting	23 June – 07 July 2008
Panel Meeting – Change Proposal agreed	16 July 2008
Party Voting	17 July – 31 July 2008
Change Declaration	01 August 2008
Authority Determination	01 August – 05 September 2008
Implementation	November 2008

5 RECOMMENDATIONS

The DCUSA Panel is invited to:

- Consider whether to accept the referral of DCP 027;
- Agree that the CP should be treated as a Part 1 matter;
- Agree that the CP should be progressed through the Report Phase; and
- Agree the progression of the CP in accordance with the timetable set out in Section 4.4.

6 APPENDICES

- Appendix A – DCP 027

¹ The promotion of efficiency in the implementation and administration of this Agreement.