



## **DCUSA Change Report**

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### **DCP 218 - Licence Derogation Notification**

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 218 'Licence Derogation Notification'.
- 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 (Attachment 2) and submit their votes using the form attached as Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than **5 December 2014**.

## 2 BACKGROUND

- 2.1 DCP 218 was raised by Electricity North West with the intent to:
  - Rectify the misconception that a Licence derogation issued to a DCUSA Party member that relates to any aspect of compliance with DCUSA is only effective once notified to the DCUSA Panel; and
  - Identify the party responsible for submitting a notification to the DCUSA Panel when such derogation to the Licence has been granted.
- 2.2 Approved DCUSA Change Proposal DCP 207 'Amending Licence & DCUSA Derogation Scope' sought to widen the scope and amend the wording of Clause 56 to reflect the fact that the Authority may grant a derogation from the Licence to any licensed party who is a Party to the DCUSA, and not just a Distributor requesting derogation from charging methodologies.
- 2.3 In the Authority's approval of DCP 207 it stated that part of the Working Group's legal submission was omitted from the legal text submitted as part of the change report. The additional change had sought to amend DCUSA Clause 56.7 which currently states that for a derogation to be effective for the purposes of the DCUSA, a copy of it must be sent to the Panel. The Working Group's legal text deleted the reference 'to be effective' and also identified the party who should submit the derogation.
- 2.4 The Authority also stated that:

*“the DCUSA document is part of and subsidiary to the licensing framework. We consider it is potentially misleading to suggest that a derogation issued by the Authority is ‘not effective’ for the purposes of the DCUSA unless sent to the DCUSA Panel. It is also ambiguous as it does not state who should notify the Panel, although we note that such derogations are published on our website and are therefore available to the Panel. It is disappointing that this issue was not explained in the Change Report and that the legal text was not submitted to the Panel in the form previously agreed by the working group. We expect a further housekeeping change could be raised in order to clarify this clause.”*

- 2.5 The DCUSA Panel included the concern on the housekeeping amendment log and issued it as number 79. DCP 218 has been raised to meet the Authority’s expectations of a future change to address the concern raised.
- 2.6 The CP was raised by the Proposer as a Part 1 matter. During the Initial Assessment of the change, with reference to DCUSA Clause 9.4, the DCUSA Panel agreed that DCP 218 should be classed as a Part 2 matter as it is a housekeeping change. The DCUSA Panel also agreed that the CP did not require a Working Group and instead should be progressed straight to the Report Phase, in accordance with DCUSA Clause 11.5.

### **3 PROPOSED LEGAL TEXT**

- 3.1 The DCP 218 proposed legal drafting has been reviewed by the DCUSA legal advisors and is provided as Attachment 2.

### **4 EVALUATION AGAINST THE DCUSA OBJECTIVES**

- 4.1 DCP 218 has been assessed against the DCUSA General Objectives:

- Objective 1<sup>1</sup> – No Impact
- Objective 2<sup>2</sup> – No Impact
- Objective 3<sup>3</sup> – No Impact
- Objective 4<sup>4</sup> – Better Facilitated

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

<sup>2</sup> 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

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

- Objective 5<sup>5</sup> – No Impact

4.2 The Proposer explains that DCUSA General Objective 4 is better facilitated as DCP 218 will improve efficiency in the implementation and administration of the DCUSA arrangements by changing the misconception that any Licence derogation made in relation to DCUSA is subject to the DCUSA Panel being in receipt of such derogation and it clarifies the notification process by identifying who is responsible for notifying the DCUSA Panel when one is granted. This will avoid any administrative burden in and around this area.

## 5 IMPACT ON GREENHOUSE GAS OMISSIONS

5.1 It is not believed that there is any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

## 6 IMPLEMENTATION

6.1 DCP 218 will be implemented following the next DCUSA Release after approval by Parties. The CP has been classed as a Part 2 Matter and therefore does not require Authority consent.

## 7 PANEL RECOMMENDATION

7.1 The DCUSA Panel approved the DCP 218 Change Report at its meeting on 19 November 2014. The timetable for the progression of the CP is set out below:

Activity	Target Date
Change Report Approved by DCUSA Panel	19 November 2014
Change Report Issued For Voting	21 November 2014
Party Voting Ends	5 December 2014
Change Declaration	9 December 2014
Implementation	Next Release following Approval

7.2 Parties are invited to vote on DCP 218 using the voting form provided as Attachment 1.

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<sup>4</sup> The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it

<sup>5</sup> Compliance 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.

## **8 ATTACHMENTS:**

- Attachment 1 – DCP 218 Voting Form
- Attachment 2 – DCP 218 Proposed Legal Text
- Attachment 3 – DCP 218 Change Proposal