

DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to dcusa@electralink.co.uk for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

PART A – Mandatory for all Change Proposals

PART B – Mandatory for Non Charging Methodologies Proposals

PART C – Mandatory for Charging Methodologies Proposals

PART D – Guidance Notes

PART A - MANDATORY FOR ALL CHANGE PROPOSALS

| Document Control | |
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| CP Status | Standard / Urgent |
| CP Number | DCP 218 |
| Date of submission | 07/10/2014 |
| Attachments | [See Guidance Note 1] |
| Originator Details | |
| Company Name | Electricity North West |
| Originator Name | John Lawton |
| Category | DG / DNO / IDNO / OTSO / SUPPLIER / OTHER |
| Email Address | John.lawton@enwl.co.uk |
| Phone Number | 08433 114321 |
| Change Proposal Details | |
| CP Title | Licence Derogation Notification |
| Impacted parties | All |
| Impacted Clause(s) | 56.7 |
| Part 1 / Part 2 Matter | Part 1 |
| Provide your rationale why you consider this change is a Part 1 or Part 2 Matter | 9.4.5 – it relates to the governance or the change control arrangements applying to this agreement. |
| Related Change Proposals | DCP 207 |
| Change Proposal Intent | |
| <p>The Change Proposal intent is to:</p> <ul style="list-style-type: none"> 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. | |
| Business Justification and Market Benefits | |
| <p>DCP 207 was raised by ESP Electricity Ltd. The Change Proposal (CP) 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 as is currently worded.</p> <p>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</p> | |

the reference 'to be effective' and also identified the party who should submit the derogation.

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."

The DCUSA Panel have included the concern on the housekeeping amendment log and issued it has number 79.

This Change Proposal has been raised to meet the Authority's expectations of a future change to address the concern raised.

Proposed Solution and Draft Legal Text

The legal text is based on the DCP 207 legal text approved by Ofgem and to be implemented in the next DCUSA release. It is likely that the legal text associated with DCP 207 will therefore be in the DCUSA document by the time of the approval of this Change Proposal and as such it attempts to avoid any misalignment of the two Change Proposals.

Licence Derogations

56.7 Without prejudice to Clause 56.1, where the Authority grants a derogation to a Party under its Licence relieving that Party of certain of its licence obligations (including any derogation in respect of one or more of the Charging Methodologies (or any element of them), that derogation shall also be effective for the purposes of this Agreement in the same terms (to the extent relevant to this Agreement). ~~The Party, on receipt of In order for any~~ such derogation ~~to be effective for the purposes of this Agreement, must send~~ a copy of it ~~must be sent~~ to the Panel.

Proposed Implementation Date

First release after the Authority approval

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

| | |
|-----------|-------------------------------------|
| BSC | <input type="checkbox"/> |
| CUSC | <input type="checkbox"/> |
| Grid Code | <input type="checkbox"/> |
| MRA | <input type="checkbox"/> |
| SEC | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |
| None | <input checked="" type="checkbox"/> |

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| If other please specify |
| Consideration of Wider Industry Impacts |
| None identified |
| Environmental Impact |
| None identified |
| Confidentiality |
| No |

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

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| DCUSA Objectives |
| <p><u>General Objectives:</u></p> <p>Please tick the relevant boxes. [See Guidance Note 9]</p> <p><input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p><input type="checkbox"/> 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</p> <p><input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><input type="checkbox"/> 5 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.</p> |
| Detailed rationale for better facilitation of the DCUSA Objectives identified above |
| <p>This change 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 (which it obviously is not) and it improves 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.</p> |

PART C – MANDATORY FOR CHARGING METHODOLOGIES CHANGE PROPOSALS

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| DCUSA Charging Objectives |
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Please tick the relevant boxes. [See Guidance Note 11]

Charging Objectives:

- ☐ 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
- ☐ 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)
- ☐ 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
- ☐ 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
- ☐ 5 that compliance by each DNO Party with the Charging Methodologies facilitates 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.

General Objectives:

- ☐ 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- ☐ 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
- ☐ 4 The promotion of efficiency in the implementation and administration of this Agreement
- ☐ 5 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.

Detailed rationale for better facilitation of the DCUSA Objectives identified above

[See Guidance Note 10]

Charging Objectives:

General Objectives:

Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation

No.

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Guidelines for Working Group Members and Working Group Terms of Reference are available on the DCUSA Website and provide more information about the progression of the Change Process. www.dcusa.co.uk

| Ref | Data Field | Guidance |
|-----|---|--|
| 1 | Attachments | Append any proposed legal text or supporting documentation in order to better support / explain the CP. |
| 2 | Part 1 / Part 2 Matter | A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent. |
| 3 | Related Change Proposals | Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process. |
| 4 | Proposed Solution and Draft Legal Text | <p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions. The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p> |
| 5 | Proposed Implementation Date | <p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes in to consideration the deadlines for publishing indicative tariffs.</p> <ul style="list-style-type: none">• Submission of Company indicative tariffs is 31 December of each year.• Final tariffs are published on 1 April of each year. <p>Please select an implementation date that provides sufficient time for the change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected within the December indicative tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p> |

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| 6 | Consideration of Wider Industry Impacts | Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change. |
| 7 | Environmental Impact | Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance . |
| 8 | Confidentiality | Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem. |
| 9 | DCUSA General Objectives | Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal. |
| 10 | Detailed Rationale for DCUSA Objectives | Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified. |
| 11 | DCUSA Charging Objectives | Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives. |