

2018/19 DCUSA Budget

1. INTRODUCTION

- 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.
- 1.2 The 2018/19 budget provides details of the DCUSA work plan and the key business drivers for the company for the coming year, together with a good-faith estimate of the likely associated costs. The draft budget was approved by the DCUSA Panel on 20 December 2017 and in accordance with Clause 8.2 of the DCUSA Parties were invited to comment on the draft budget for a period of 20 Working Days.

2. DCUSA OPERATIONAL PLAN

- 2.1 The current DCUSA Operational Plan is attached at Appendix 1. The Finance and Audit Committee (FAC) carried out an initial review of the current position, considered any potential matters for 2018 and assessed the likely impact on resources of each of these matters.

3. KEY CONSIDERATIONS FOR 2018/19 BUDGET

- 3.1 The key cost considerations for the coming year are:
 - **Secretarial services:** The agreement makes provision for “RPI+1%; provided that in any event such increase shall not be less than 3% or exceed 4%”. *The recommendation would be to apply an increase of 4% based on latest RPI data in terms of preparation of the budget.*
 - **Secretarial services – Quality Bonus:** We will need to consider budgeting for the quality bonus provision as contained within the Secretariat and Administration agreement with ElectraLink. The agreement makes provision for a 4% Quality Bonus based upon the contract value in the event of achievement of meeting all of its quality targets. It is recommended this is provided for in full for prudence.
 - **Legal Fees – General:** An allowance of £50k has been made for legal fees to cover development within the DCUSA. These costs are for legal consultation required in relation to the operation of the DCUSA – primarily standard Change Proposals.
 - **Professional Fees – General:** Nothing has been budgeted for this in the 2018 budget as the amounts budgeted in prior years have not been used.
 - **DCUSA Parties’ Training:** An allowance of £9k has been included which will cover external venues for 3 training sessions.
 - **Audit:** Audit costs have been budgeted at £9.5k as per the cost for audit fees in respect of 2017. The costs include statutory audit and corporation tax compliance.
 - **Charging Methodologies:** The 2018 budget includes an allowance of £193k reflecting the pro-rata annual service charge for the Reckon Charging Methodology Support (end May 2018) and the pro-rata annual service charge for the new Charging Methodology Model (from June 2018).

- **CACoP Support:** The 2018 budget includes £25k for the support of the Secretariat duties, as well as the provision of a Chair for 6 CACoP meetings during 2018.
- **Meeting costs:** We have included an allowance of £52k for meeting costs. The budget has allowed for 200 meetings for the year, in line with the Secretariat Contract. The 200 meeting allowance has been allocated on the following assumptions:
 - 12 Panel/ Board/ AGM meetings;
 - 3 Finance and Audit Committee meetings;
 - General allowance for an additional 185 meetings
 - The cost of hiring external meeting rooms has been included for 12 DCMDG meetings and 4 DCUSA reviews;
- **Regulatory Engagement and Change:** £106k has been included in the 2018 budget to cover projects anticipated to be undertaken during 2018. HH Settlement Support (£15k), Faster Switching (£50k), Annual Strategy Session (£6k), Support to Smart Grids and Transition to DSO (15k) and Extend Self Service Portal to update Operational Contact Details (£20k).
- **Project Contingency:** £100k has been included in the 2018 budget to cover any unforeseen costs which may arise during 2018.
- **TRAS Service Provider:** £1.9m has been included in the 2018 budget for the annual service provider cost. This is in line with the average actual cost for the first 6 months of 2017/18.
- **Theft Performance Assurance Reporting:** An amount of £44k for a performance report as agreed through the TSG to ensure TRAS provides value for money and to monitor Experian service delivery. The DCUSA Secretariat envisages that the best approach will be to employ a third party provider to complete this report by applying statistical analysis and value for money metrics.
- **Theft Escalation Project:** An amount of £27k is included to implement and manage a theft escalation process, to help ensure parties comply with TRAS.
- **ETTOS (Tip-off Line):**
 - **Service Operation:** £76k annual charge for the running of the service as per the ETTOS agreement. This includes the annual running costs, user management fees and additional licences.
 - **Marketing Costs:** £76k has been included for ETTOS Marketing costs to cover Crimestoppers marketing campaigns throughout the year.
- **Theft Contingency:** A contingency allowance of £360k of total TRAS costs has been included in the budget to provide for any unknown costs overruns for the TRAS and ETTOS Service. This provision is based on projected TRAS and ETTOS costs for the year. This contingency will also be used to cover the Theft related costs of any new accessions.

4. 2018/19 BUDGET

4.1 The table below includes estimated 2018/19 costs as agreed by FAC members with a point of reference against the main cost headings for the company. The 2017/18 Budget and Forecast 2 are shown for comparison purposes.

| DCUSA Limited Income & Expenditure Account | TOTAL | TOTAL | TOTAL |
|---|-------------------|-------------------|------------------|
| | 2018/19 BUDGET | 2017/18 BUDGET | 2017/18 F2 |
| DCUSA Agreement Charges | 1,557,444 | 1,347,093 | 1,347,093 |
| TRAS Charges | 2,779,240 | 2,696,032 | 2,615,049 |
| DCUSA Charges Rebate | - | - | -132,399 |
| TRAS Charges Rebate | - | - | -20,022 |
| Other Sales | - | - | - |
| INCOME | 4,336,684 | 4,043,125 | 3,809,721 |
| Secretarial Services | 720,229 | 761,643 | 687,382 |
| Web-site Support & Maintenance | 41,600 | 40,000 | 40,000 |
| DIRECT COSTS | 761,829 | 801,643 | 727,382 |
| | - | - | - |
| GROSS PROFIT | 3,574,855 | 3,241,482 | 3,082,339 |
| Legal Fees- General | 50,000 | 50,000 | 41,586 |
| Professional Fees - General | - | 3,000 | 1,500 |
| General Administration Costs | - | 1,800 | 900 |
| Meeting Costs | 52,360 | 50,000 | 46,463 |
| Bank Charges | 300 | 300 | 280 |
| Insurance | 10,000 | 9,700 | 9,700 |
| Audit Fees | 9,500 | 9,250 | 9,250 |
| Charging Methodologies | 192,948 | 150,000 | 120,000 |
| DCUSA Parties Training | 9,000 | 6,400 | 3,200 |
| Secretariat - CCCM | - | 23,000 | - |
| TOTAL OPEX | 324,107 | 303,450 | 232,879 |
| Website Development | 10,000 | 10,000 | 7,500 |
| Modelling Support Contract Management | 41,507 | - | 31,600 |
| DCUSA Newsletter | 13,500 | - | 13,500 |
| Reprocurement of Charging Model | 150,000 | 50,000 | 55,600 |
| Regulatory Engagement and Change | 106,000 | 75,000 | 39,500 |
| Data Protection | - | - | 6,000 |
| CACoP Support | 25,000 | - | 1,106 |
| Introduction of DCMDG | - | - | 3,000 |
| DCUSA Brexit Prep | 6,000 | - | 6,000 |
| DCUSA Charging Futures Forum Support | 19,000 | - | 22,500 |
| Theft Assesment Calculator | 500 | 2,000 | 2,500 |
| Legal Fees | - | 5,000 | 2,500 |
| Contingency | 100,000 | 100,000 | 63,127 |
| TOTAL PROJECTS | 471,507 | 242,000 | 254,434 |
| Theft Legal Fees | 20,000 | 20,000 | 11,569 |
| ElectraLink Live Running | 253,315 | 230,448 | 243,925 |
| Other | - | 80,000 | 3,621 |
| TSP Live Operation | 1,920,000 | 1,826,191 | 1,856,194 |
| ETOS Live Operation | 151,925 | 176,294 | 134,404 |
| Theft Performance Assurance Reporting | 44,250 | - | 12,886 |
| Theft Escalation project | 26,550 | - | - |
| Insurance | 3,200 | 3,100 | 3,100 |
| Theft Contingency | 360,000 | 360,000 | 329,328 |
| TOTAL THEFT | 2,779,240 | 2,696,032 | 2,595,027 |
| | - | - | - |
| TOTAL COSTS | 3,574,855 | 3,241,482 | 3,082,339 |
| | - | - | - |
| Operating profit / (loss) | - | - | - |

5. COST RECOVERY / BUDGET REVISIONS

- 5.1 The full budget costs can either be recovered quarterly in advance or split into 'operational' and 'project' costs. Under the latter, project costs will only be recovered from Parties if the projects are initiated. This option allows the Panel to give foresight to Parties of what they might be expected to pay in the year but not recover costs unless they are going to be utilised. Parties essentially approve the costs up front and therefore the Panel can decide whether or not to recover them from Parties without further consultation.
- 5.2 In addition, in accordance with Clause 8.6 of the DCUSA, the Panel may also revise the budget part way through the year. This option allows the Panel to wait until there is more certainty around costs before putting them into the Budget. A revised budget would require the same approval process (i.e. consultation with Parties) as the original budget.
- 5.3 TRAS costs will only be recoverable from Supplier Parties.

6. RECOVERY OF COSTS

- 6.1 In accordance with DCUSA, the Panel is required to provide its good-faith estimate of the Recoverable Costs that it anticipates will be invoiced in each Quarter of the Financial Year to which the Draft Budget relates, split between each Party Category. The Panel must also provide its best estimate of the dates on which it will raise invoices for each Quarter of the Financial Year. The following table sets out this information.

| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | TOTAL |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Payment Date | 15 May 2018 | 15 August 2018 | 15 November 2018 | 15 February 2019 | |
| Total Amount recoverable from Distributors | £239,871 | £172,416 | £177,166 | £189,269 | £778,722 |
| Total Amount recoverable from Suppliers | £933,881 | £866,426 | £874,376 | £883,279 | £3,557,962 |
| TOTAL | £1,173,752 | £1,038,842 | £1,051,542 | £1,072,548 | £4,336,684 |

7. THREE YEAR EXTENDED FORECAST

- 7.1 To assist DCUSA Parties in planning for future DCUSA budgets a three-year forecast has been compiled as detailed below.
- 7.2 The 2019/20 and 2020/21 forecasts are for information only, and the actual agreed budgets will vary. For the purpose of compiling these forecasts, all costs have been increased by an assumed RPI of 3%, excluding costs which will not recur.

Three-year extended forecast

| DCUSA Limited | TOTAL | TOTAL | TOTAL |
|---------------------------------------|------------------|------------------|------------------|
| | 2018/19 | 2019/20 | 2020/21 |
| Income & Expenditure Account | BUDGET | ESTIMATE | ESTIMATE |
| DCUSA Agreement Charges | 1,557,444 | 1,449,667 | 1,493,157 |
| TRAS Charges | 2,779,240 | 2,862,617 | 2,948,496 |
| DCUSA Charges Rebate | - | - | - |
| TRAS Charges Rebate | - | - | - |
| Other Sales | - | - | - |
| INCOME | 4,336,684 | 4,312,284 | 4,441,653 |
| Secretarial Services | 720,229 | 741,836 | 764,091 |
| Web-site Support & Maintenance | 41,600 | 42,848 | 44,133 |
| DIRECT COSTS | 761,829 | 784,684 | 808,224 |
| | - | - | - |
| GROSS PROFIT | 3,574,855 | 3,527,601 | 3,633,429 |
| Legal Fees- General | 50,000 | 51,500 | 53,045 |
| Professional Fees - General | - | - | - |
| General Administration Costs | - | - | - |
| Meeting Costs | 52,360 | 53,931 | 55,549 |
| Bank Charges | 300 | 309 | 318 |
| Insurance | 10,000 | 10,300 | 10,609 |
| Audit Fees | 9,500 | 9,785 | 10,079 |
| Charging Methodologies | 192,948 | 198,736 | 204,698 |
| DCUSA Parties Training | 9,000 | 9,270 | 9,548 |
| Secretariat - CCCM | - | - | - |
| TOTAL OPEX | 324,107 | 333,831 | 343,846 |
| Website Development | 10,000 | 10,300 | 10,609 |
| Modelling Support Contract Management | 41,507 | 42,753 | 44,035 |
| DCUSA Newsletter | 13,500 | 13,905 | 14,322 |
| Reprocurement of Charging Model | 150,000 | - | - |
| Regulatory Engagement and Change | 106,000 | 109,180 | 112,455 |
| Data Protection | - | - | - |
| CACoP Support | 25,000 | 25,750 | 26,523 |
| Introduction of DCMDG | - | - | - |
| DCUSA Brexit Prep | 6,000 | 6,180 | 6,365 |
| DCUSA Charging Futures Forum Support | 19,000 | 19,570 | 20,157 |
| Theft Assesment Calculator | 500 | 515 | 530 |
| Legal Fees | - | - | - |
| Contingency | 100,000 | 103,000 | 106,090 |
| TOTAL PROJECTS | 471,507 | 331,153 | 341,087 |
| Theft Legal Fees | 20,000 | 20,600 | 21,218 |
| ElectraLink Live Running | 253,315 | 260,915 | 268,742 |
| Other | - | - | - |
| TSP Live Operation | 1,920,000 | 1,977,600 | 2,036,928 |
| ETTOS Live Operation | 151,925 | 156,483 | 161,177 |
| Theft Performance Assurance Reporting | 44,250 | 45,578 | 46,945 |
| Theft Escalation project | 26,550 | 27,347 | 28,167 |
| Insurance | 3,200 | 3,296 | 3,395 |
| Theft Contingency | 360,000 | 370,800 | 381,924 |
| TOTAL THEFT | 2,779,240 | 2,862,617 | 2,948,496 |
| | - | - | - |
| TOTAL COSTS | 3,574,855 | 3,527,601 | 3,633,429 |
| Operating profit / (loss) | - | - | - |
| | | | |
| Distributor share of costs | 778,722 | 724,833 | 746,578 |
| Supplier share of costs | 3,557,962 | 3,587,451 | 3,695,074 |

APPENDIX 1 - DCUSA OPERATIONAL PLAN 2018/19

ACTIVE PROJECTS

| No | Task | Status |
|----|---|--|
| 1 | Ofgem Code Governance Review Phase 3 (CGR3) Final Proposals | <p>On 31 March 2016, Ofgem set out its Final Proposals as part of CGR3. The third phase of the review has sought to review the effectiveness of the key measures introduced under previous phases of the CGR, in order to identify further reforms. The reforms put forward by Ofgem seek to both ensure that the governance arrangements of all industry codes deliver both non-material self-governance changes and more complex changes in an efficient and timely way and that the governance arrangements also promote transparency and accessibility for all industry participants.</p> <p>Since April 2016 the Secretariat has been providing the Panel with monthly project updates on the implementation of CGR3 outcomes in the closed session Panel meetings. This item has been moved to the Open Session and updates on the CGR3 activities will be added to the Operational log going forward.</p> <p>October 2016 – The Panel noted the Secretariat issued an email requesting Parties who do not wish to be contacted by the Ofgem selected research agency to notify the Secretariat accordingly. Parties were given a two-week period to respond and where Parties either opt out or an out of office notification is received, the Panel agreed that such Party details should not be passed on to research agency.</p> <p>DCUSA Voting Process – The Panel reviewed the DCUSA Voting Process response email and agreed for this to be issued to the DCUSA Parties.</p> <p>December 2016 - The Panel requested for the CGR3 Action Plan Attachment to be updated in the following manner:</p> <ul style="list-style-type: none"> • A check on the progress of all items and correcting status' as required. • Completed items need to be updated to blue status colour. <p>February 2017 - The CGR3 Paper and Action log were provided to the Panel who subsequently review the action log and requested for the action log to be updated in line with the minutes above.</p> <p>June 2017 – The Panel noted that the DCUSA Action Plan on Ofgem’s CGR3 Final Proposals is now a standing agenda item for the DCUSA Panel Open Session.</p> |

MONITORING ACTIVITIES

| No | Task | Status |
|----|---|---|
| 1 | Distributed Generation and Demand Side Response | <p>Monitoring activity on distributed generation, including updates on developments relating to low-carbon technologies. In the past, this included to monitor activities of the DE Working Group Work on hold – likely to re-start with DCPR 5, the Renewable Heat Incentive Items (which are unlikely to affect the DCUSA but to remain an area to be monitored), December 2012 – Ofgem-led Working Group on socialising connection charges for low-carbon technologies.</p> <p>June 2013 – CA advised of a problem in regards to photovoltaic installations at domestic premises that could affect the smart meter roll-out.</p> <p>July 2015 – An Ofgem consultation on Distributed Generation will be issued during the summer. The Panel is to keep up to date with any developments under Work Stream 6.</p> <p>March 2013 – CA pointed to sub-groups dealing with connection charges changes to socialise reinforcement costs and Ofgem’s working programme. Any developments would also come to the attention of the Panel via the Connection Charges Methodologies Forum.</p> <p>September 2013 – Ofgem to confirm current status of the discussions.</p> <p>October 2013 – Ofgem update received: Working group, including the chair of the COG, set up to identify necessary changes to the connection charges with RIIO-ED 1. No decisions taken at this point yet, with draft changes undergoing refinement.</p> <p>January 2014 – Work Stream 6 is closed; still need to be confirmed by what it will be replaced. There will be a consultation on this in the future. Ofgem’s conclusions from the April consultation ‘Creating the right environment for demand-side response’ published on 16 December 2013 proposed to start a project in early 2014 building on work undertaken by WS6.</p> <p>February 2014 – The Ofgem representative advised that Work Stream 6 reconvened on 18 February, but no update was available yet. Panel members also advised that a DCP on Radio Teleswitching might be raised.</p> <p>March 2014 – DCP 204 has been raised for initial assessment at March Panel.</p> <p>April 2014 – The first meeting of the DCP 204 Working Group took place on 15 April 2014.</p> <p>May 2015 –Awaiting the Authority decision on DCP 204</p> <p>Ofgem and DECC updates on demand side response</p> <p>August 2015 – Ofgem sent back DCP 204 to the industry for further work, including the addition of a cost benefit analysis.</p> <p>September 2015;</p> <ul style="list-style-type: none"> • It was noted that the DCP 204 Working Group will be issuing a second consultation and holding a dialling in session where market participants can ask the Working Group questions on the Change Proposal. It was highlighted that the Working Group is taking action to engage with Suppliers. |

- It was highlighted that Ofgem will be publishing a strategy document on Demand Side Response.

October 2015

- AS informed the Panel that Ofgem has been working to understand the issues which may be inhibiting flexibility and that their focus in the next 12 months will be to work on specific interventions which help realise the benefits of flexibility as early as possible.
- Ofgem have published a paper on flexibility issue and that this can be found at the following link: <https://www.ofgem.gov.uk/publications-and-updates/position-paper-making-electricity-system-more-flexible-and-delivering-benefits-consumers>.

January 2016 – the Panel noted that DECC issued the following a Consultation and a Report in December

- DECC issued a report on Smart Energy systems and it sets out how smart, more flexible energy solutions could help meet the challenges faced by energy system. The report can be found at the following link: <https://www.gov.uk/government/publications/towards-a-smart-energy-system>
- DECC issued a consultation on regulation and innovation and this can be found at the following link <https://www.gov.uk/government/consultations/consultation-on-ensuring-regulation-encourages-innovation>

March 2016 – The Panel that the DCP 204 was approved by the Authority and will be implemented on 1 September 2016. It was noted that DCP 204 is intended to prevent coincidence of load on networks as a result of the smart metering roll out and to bring clarity for timeswitching arrangements through smart metering. Avoiding coincidence of load on networks can help minimise the requirement for additional distribution infrastructure and associated investment.

April 2016 - The Panel noted that at the DCMF meeting held on 07 April Franck Latremoliere presented on Virtual micro - grids and highlighted that virtual micro - grids are an arrangement over licensed networks which matches local demand with local generation on a half hourly basis. A solution was put forward which involves Suppliers or customers informing DNOs of the amount of consumption which is matched to generation. It was noted that the new DUoS tariffs would take account only of the lower-voltage parts of the network that are actually used, so that they would be a zero or proportionally reduced generation credit to matched generation units, and a zero or proportionally reduced unit rate to matched consumption units.

May 2016 – The Panel noted that at the last Methodologies Issues Group (MIG) Open Utility provided further insight on a proposal which seeks to ensure that consumers only pay for the respective part of the network which had been used for distributing the electricity. Open Utility will run trials on Virtual micro-grids and are inviting DNOs to participate.

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| | | <p>September 2016 – The Panel noted that there is a cross between the EU and demand side response and that updates on EU development relating to demand side responses should be added to this section of the update.</p> <p>November 2016 - The Panel members noted that the Joint Ofgem and BEIS consultation on “Smart Flexible Energy System Call for Evidence” closes in January. Ofgem will respond to the evidence in Spring 2017.</p> <p>March 2017 - the Panel requested that the four CPs relating to Distribution Generation be noted against this item. The CPs are outlined below:</p> <ul style="list-style-type: none"> • DCP 283 ‘The calculation of generation credits in the CDCM’ • DCP 284 ‘The application of scaling to generation credits in the CDCM’ • DCP 287 ‘Generation credits in the EDCM’ • DCP 291 ‘Application of Generation Credits to EDCM Customers’ <p>May 2017 – the Panel noted the Withdrawal of DCP 284 due to Ofgem proposing a TCR on the same areas covered by DCP 284.</p> <p>July 2017 – The Panel noted that UK Power Networks have issued a consultation on the transition from Distribution Network Operator to Distribution System Operator. ElectraLink took an action to share this with Panel Members to determine if any action needs to be taken by DCUSA</p> |
| 2 | European Code Development | <p>Industry Working Group (led by BSC / CUSC) to determine impact on industry.</p> <p>Ofgem/IDNO & DNO meeting 23 July to discuss impact of the wider industry.</p> <p>PW to circulate note to DNOs and Distributors</p> <p>November 2012 – Ofgem consultation on EU Third Package was published. No impact on DCUSA expected.</p> <p>December 2012 – Slight delay in the Requirements for Generators Code expected (now to enter comitology together with the Demand Connection Code in April 2014).</p> <p>January 2013 – Impact on National Terms of Connection to be analysed once requirements for generators are known.</p> <p>June 2013 – National Grid Presentation on GB Implementation</p> <p>July 2013 – National Grid presented draft Terms of Reference (ToR) for European Code Coordination Application Forum (ECCAF). Final ToR to be presented to August Panel.</p> <p>August 2013 – Final ToR for ECCAF presented to the DCUSA Panel.</p> <p>September 2013 – National Grid confirmed the ECCAF is in the process of being set up and noted nominations of the DCUSA Panel representatives.</p> <p>October 2013 – First invitation to the ECCAF issued with meeting date yet to be determined.</p> |

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| | | <p>November 2013 – First ECCAF meeting on 21 November 2013. Clarification to be sought whether current DCUSA Panel representative can continue without being Panel member.</p> <p>January 2014 – Next ECCAF meeting to take place on 30 January 2013.</p> <p>February 2014 – ECCAF meeting took place on 30 January. Note on structural options for implementation was brought to February Panel.</p> <p>March 2014 – The next ECCAF meeting will take place on 27 March 2014.</p> <p>April 2014 – The next ECCAF meeting will take place on 29 April 2014.</p> <p>September 2015 – Peter Waymont confirmed he will speak to Chris Allanson to get an update on the European code update.</p> <p>October 2015</p> <ul style="list-style-type: none"> • Peter confirmed that Chris Allanson is still the DCUSA representative on European Codes and will provide the Panel with any updates on European Side demand connection code activities. <p>January 2016 – The National Grid update circulated prior to the meeting highlighted that that there would be a change to settlement periods. It was noted that Electricity Balancing Code will provide the rules for procurement and exchange of balancing energy, reservation of capacity for balancing purposes and greater harmonisation of settlement arrangements.</p> <p>March 2016 – The Panel noted that the Electricity Balancing Code is currently with the Commission for Comitology preparations post ACER’s qualified recommendation. It is anticipated the Network Code will enter inter-service consultation in April 2016, Comitology in May with potential voting in June.</p> <p>April 2016 – Abid Sheikh informed the Panel that the Grid Code Change 48 (CG0048)¹ is looking to introduce banding. PW took an action to investigate whether there are any consequential updates required to the DCUSA as a result of Grid Code Change 48 which introduces bandings for generators.</p> <p>May 2016 - PW informed the Panel that the Grid Code Change 48 is less likely to have an impact on the DCUSA as the change is mainly related to the D-code. PW agreed to review this further and check whether any consequential changes will be required to the DCUSA.</p> <p>August 2016 – The Panel noted that National Grid will no longer be providing the European Codes industry updates to the DCUSA Panel meetings. A member of the Panel pointed out that the EU codes updates are useful as they provide industry</p> |
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¹ GC0048 - Application / Implementation of the Requirements for Generators European Network Code

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| | | <p>timescales and potential impacts on DCUSA. It was noted that the Panel might benefit from getting a simplified version of the simplified version of the EU codes updates. ElectraLink took an action to inform National Grid that the Panel found their update useful and request whether they can provide a simplified version of the report.</p> <p>September 2016 – The Panel noted that the ENA is currently looking at EU development matters including any commercial issues that may impact codes.</p> <p>December 2016 – The Panel noted that the ENA are monitoring the European Network Code impacts on DCUSA and have not identified any at this time. There are approximately 70 changes identified across all codes.</p> <p>February 2017 – The Panel noted that the COG is looking at the 70 changes.</p> <p>May 2017 – The Panel Chair noted that he has spoken with the COG and it has been determined that the main impacts will be to the Grid Code and the DCode and that the DCUSA may not be impacted.</p> <p>July 2017 – The Panel noted that the ENA is continuing their work in this area and no DCUSA impacts are expected.</p> |
| 3 | Implementation of CMA changes | <p>Item to Monitor – ongoing discussions on the Energy industry code governance.</p> <p>February 2015 – The CMA issues statement published on 18 February 2015. The statement highlighted the effects of Code governance in the Energy industry.</p> <p>May 2015 – Ofgem Open Letter on Further Review of Industry Code Governance was published on 15 May 2015.</p> <p>July 2015 – Ofgem will be holding a workshop on code Governance on 22 July 2015. Details of the workshop can be found at the following link: https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-workshop-22-july-2015</p> <p>February 2016 – It was noted that that the DCUSA Panel has responded to the Ofgem Consultation on Code Governance Review 3.</p> <p>March 2016 – The CMA update highlighted that on 10 March 2016, the CMA set out its provisional decision on a wide-ranging package of remedies based on over 80 responses to its consultation and further analysis been undertaken.</p> <p>July 2016 – The Panel noted that the CMA published its final report on the Great Britain energy market investigation on 24 June 2016. The Final Report details the CMA’s package of over 30 remedies which seek to ‘revitalise the energy market’ and bring about technical and regulatory changes to ‘intensify competition’ between energy companies and ensure the market works in consumers’ interests.</p> <p>The Panel agreed for ElectraLink to support Ofgem in the delivery of the CMA remedies and agreed to a CRF for ongoing CMA support activity.</p> |

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| | | <p>August 2016 - The Panel noted that on 3 August 2016, Ofgem released its CMA Remedy Implementation Strategy² which outlined that there are over 30 remedies, with a substantial proportion of these in the form of recommendations to Ofgem.</p> <p>October 2016 - The Panel noted that Ofgem is planning to publish the CMA outputs by November 2016.</p> <p>November 2016 - A Request for Information (RFI) is expected to be issued in January regarding on governance options.</p> <p>December 2016 – Ofgem’s industry code governance consultation was issued on the 09 November 2016 with a closing date of the 01 February 2017. The Panel considered that it would be beneficial to provide information on the code and its impact to inform the code governance remedies decisions.</p> <p>January 2017 – The Panel are formalising their response to the Ofgem consultation.</p> <p>February 2017 – The Panel noted that they provided their response to the Ofgem consultation.</p> <p>March 2017 - Panel noted that they are awaiting the outcomes from the Ofgem consultation.</p> <p>May 2017 - it was noted Ofgem’s consultation response document on the Implementation of the CMA remedies was available. The Secretariat will circulate to Panel members. It was also noted that Ofgem can attend a Panel meeting regarding its Implementation of CMA remedies consultation response document.</p> <p>June 2017 – The Panel noted that Ofgem provided a representative at the June Panel meeting to present their initial response to their Industry Code Governance Initial consultation.</p> <p>August 2017 – The Ofgem representative noted that Ofgem have launched the next steps and issued their initial findings from the consultation responses. It was also noted that Ofgem are planning an industry workshop which is expected to be held in the Autumn 2017. It was highlighted to the Panel that Ofgem don’t expect licencing will progress until government has formed after the next general election.</p> <p>October 2017 - On the ‘Implementation of CMA changes’ item, the Panel noted that dates have been confirmed for an industry workshop on the Implementation of CMA changes.</p> |
| 4 | Significant Code Review: Ofgem consultation on Central Registration Service provision | <p>September 2015 – The Panel agreed for the consultation should be added to the Log as it might have an impact on the DCUSA, details of the consultation can be found at the following link: https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/crs_dcc_licence_consultation_final3.pdf</p> <p>October 2015 – It was noted that Ofgem has had presentations on the consultation at other Panels and AS took an action to find out if Ofgem would be carrying out a presentation on their consultation to the DCUSA Panel.</p> <p>December 2015 – the Panel noted Ofgem presented on their consultation at the November Panel meeting</p> |

² https://www.ofgem.gov.uk/system/files/docs/2016/08/ofgem_implementation_strategy.pdf

February 2016 – The Panel noted that the Ofgem Workshops have are now in progress and the DCUSA Panel should be aware of the discussions at the workshops as there may be changes that might have an impact on the DCCUSA.

May 2016 – The Panel noted that a CMA presentation took place at the DCUSA Panel April Panel meeting. The Panel requested that Ofgem provide periodical updates on the progress of the faster switching project. AS took an action to confirm whether Ofgem can establish formal communication routes for industry bodies that are not represented on the Central Registration Project (faster switching) Workgroups. This would give these bodies insight into the development of the project and potential impacts.

June 2016 – It was noted that AS is to organise a presentation on the Central Registration Project (faster switching) Workgroups. It was noted that this would be useful towards the end of the year so that the impacts of the project can feed into the DCUSA budget setting processes for 2017/18.

July 2016 – AS informed that the Panel that Ofgem will be providing a presentation on the Central Registration Project (faster switching) later on in the year.

September 2016 - The Panel noted that Ofgem will provide a general update on the Central Registration Project (faster switching) at the October meeting.

October 2016 - Ofgem presented on the Central Registration Project (faster switching). It was noted that the purpose of the presentation was to:

- Request views on Ofgem’s proposed reform packages;
- Test initial thinking on the RFI; and
- Set out Ofgem’s next steps

December 2016 – The Panel noted that a Request for Information (RFI) is expected to be issued in January regarding faster switching.

January 2017 – The Panel agreed to wait and see if any impacts are identified as a result of the RFI

February 2017 – Panel members noted that they will review responses once they become available. The Chair noted that there appears to be limited impact to DCUSA however will wait for outcome as it is dependent upon the what the scope is.

June 2017 – The Panel noted that the EDAG are meeting with Ofgem on 22 June 2017.

July 2017 – The Panel noted that Ofgem are favouring Option Model 2A.

[October 2017 - the Panel noted that a consultation titled ‘Delivering Faster and More Reliable Switching: proposed new switching arrangements’ has been issued. It was also noted that the scope of a Retail Energy Code \(REC\) relating to the](#)

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| | | <p>provision of faster switching is set out within the document. The Panel requested that the Secretariat review the consultation and confirm if there are references to TRAS and if so can be noted in the log. It was noted that the SPAA EC plan to speak with Ofgem about TRAS going into a single REC.</p> |
| 5 | <p>Significant Code Review: Half Hourly Settlement.</p> | <p>January 2016 - Ofgem has initiated a review to establish cost effective half hourly settlement for all consumers.</p> <p>February 2016 – The Panel noted that the Ofgem Open letter on Half Hourly Settlement was issued in December 2015 and is now closed. Ofgem is reviewing the responses and the next step is to publish the responses in March 2016.</p> <p>March 2016 – The Panel noted that Ofgem published the responses to their Open letter on Half Hourly Settlement on 09 March 2016. The responses can be found at the following link: https://www.ofgem.gov.uk/publications-and-updates/elective-half-hourly-settlement-publication-responses-december-open-letter</p> <p>May 2016 - AS informed the Panel that conclusions on Half Hourly Settlement will be published at the end of May 2016.</p> <p>June 2016 – The Panel noted Ofgem’s conclusions on ‘HH Elective Settlement’ in relation to the impact on DCP 268 ‘DUoS Charging Using HH Settlement Data’.</p> <p>The Panel noted that Ofgem expects the change to be implemented by early 2017. The Panel noted that there is no immediate barrier under DCP 268 and agreed that the CP should run its normal course.</p> <p>September 2016 – It was noted that DCP 268 was raised to facilitate a transition to half-hourly (HH) settlement for non-half hourly (NHH) customers by moving to a time band charging basis, based on the HH (profiled) data used in settlement. This is a standalone change. The DCP 268 Working Group is developing the CP solution and the proposed implementation date is 1 April 2019.</p> <p>November 2016 - The DCUSA Panel agreed to not provide a response to Ofgem’s consultation on Half-Hourly (HH)Settlement as it was considered that Parties responses to this consultation should be sufficient.</p> <p>December 2016 - Panel agreed to discuss the results of the consultation once they are available.</p> <p>January 2017 – The Panel will review the outcomes of the Ofgem HH settlement consultation and noted Ofgem’s response to this is due to be published shortly.</p> <p>February 2017 – The Panel noted that they will wait for Ofgem to publish the results of the consultation.</p> <p>March 2017 – The Panel noted that they are awaiting the outcomes from the Ofgem consultation on a Significant Code Review</p> <p>May 2017 – It was noted that the outcome is expected in the first quarter of 2018. The Ofgem representative noted that Ofgem expect to publish a launch statement after the UK general election.</p> <p>June 2017 – The Panel noted that Ofgem expect to publish a launch statement in December.</p> <p>July 2017 – The Panel noted that industry is awaiting the next Ofgem launch statement.</p> <p>August 2017 – The Ofgem representative noted that Ofgem issued a launched statement on 24 July 2017. The statement Included a timeline for the project and set out a revised scope. The statement also provides responses to Novembers consultation and sets out the proposed operating model for Half Hourly Settlement. It was noted that Elexon will lead the</p> |

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| | | <p>Target Operating Model Design Working Group. VM noted that feedback on the operating model and applications to join the Working Group are being sought by 1 September 2017.</p> <p>October 2017 - An ELEXON representative noted that a high-level plan has been produced for progression of ELEXON led work to support Ofgem in its Significant Code Review (SCR) on Mandatory Half-Hourly Settlement (HHS). It was noted that documents are available on the ELEXON website but is considered an external group and not a BSC committee. The DWG has had its first meeting where they discussed three strawman options. It was noted that a link is available to access the DWG page on the ELEXON website and the Panel requested for the Secretariat to add the link to the Monitoring Activities Log.</p> |
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