



## **DCUSA Consultation**

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### DCP 078 – Reciprocal DUoS Payment Arrangements

## 1 PURPOSE

- 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. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 078 'Bilateral Payment Options'.
- 1.3 Parties are invited to consider the proposed drafting set out as Appendix A and submit comments using the form attached as Appendix B to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by **28 February 2011**.

## **2 DCP 078 – RECIPROCAL DUoS PAYMENT ARRANGEMENTS**

- 2.1 DCP 078 has been raised by Smartest Energy Limited. The CP seeks to allow payments from Company to User and to create equality between the Parties in the arrangements in terms of timing of payment and interest charges on late payments.
- 2.2 The current DCUSA does not facilitate the payment of charges from the Company to the User. Although some Suppliers have bi-lateral agreements in place with DNOs for the payment of Use of System charges where there is a net positive position due to embedded generation, there is no documented common standard. This has resulted in an inconsistent approach and a delay to some payments and causes issues for Suppliers who have obligations to pass payments on to embedded generators.
- 2.3 DCP 078 seeks to introduce a reciprocal relationship between the Company and the User in the DCUSA for the payment of money owed. It does not seek to specify any netting off arrangements between Suppliers and Distributors recognising that it would impractical to document all the possible scenarios for netting off arrangements in the DCUSA. The CP proposes a backstop approach in which the DCUSA will specify the baseline payment terms but this does not prevent parties from developing their own practices for netting off and to agree separate terms bi-laterally.
- 2.4 The CP is classified as a Part 2 matter in accordance with Clause 9.6 of the Agreement and will not require Authority Consent.

## **3 ASSESSMENT AGAINST THE DCUSA OBJECTIVES**

- 3.1 The proposer considers that the Change Proposal will better facilitate General DCUSA Objective 2<sup>1</sup> by providing certainty and transparency of process and ensuring that fair and equitable payment terms are in place for all parties.

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<sup>1</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

## 4 LEGAL DRAFTING

4.1 The proposed legal drafting is attached as Appendix A.

## 5 IMPLEMENTATION

5.1 The proposed implementation date for DCP 078 is **01 April 2011**.

## 6 CONSULTATION

6.1 Parties are asked to consider the following consultation questions:

- Do you understand the intent of the CP?
- Are you supportive of the principles established by this proposal?
- Are there any unintended consequences of this proposal?
- Do you consider that the proposal better facilitates the DCUSA objectives?
- Do you have any comments on the proposed legal text?
- Are there any alternative solutions or matters that should be considered?
- Are you supportive of the proposed implementation date of 01 April 2011?
- Please state any other comments or views on the Change Proposal.

- 6.2 Responses should be submitted using Appendix B to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than **28 February 2011**.
- 6.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## **7 NEXT STEPS**

- 7.1 Following the end of the consultation period the DCP 078 Working Group will consider the responses. The Working Group will liaise with the DCUSA Legal Advisers to ensure that any proposed changes to the text are robust and in keeping with the current DCUSA drafting. The DCP 078 Change Report will then be submitted to the DCUSA Panel before being issued to all Parties for a vote.
- 7.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) or telephone 020 7432 3011.

## **APPENDICES**

- Appendix A – Proposed legal text
- Appendix B – Consultation response form