

Note on Licence Obligations in Respect of CDCM Governance and Documentation in DCUSA

Distribution Licence Condition	Licence Requirement	DCUSA Provision
50.25 & 50A.27	The modification arrangements must provide for DNOs to meet periodically with AEOs and affected persons to discuss further development of the CDCM.	A DCUSA Working Group could be formed to undertake this task, but there is <u>no obligation on the DCUSA Panel to undertake this task</u> . The modification arrangements that DNOs put to Ofgem will therefore need to provide this aspect outside of the DCUSA modifications.
50.26 & 50A.28	The modification arrangements must provide receipt of modification proposals, consultation with DNOs, AEOs and affected persons, and evaluation of proposals.	Clauses 10.2, 10.3 and 11.14. Note, however, that persons who are not a party to DCUSA (for example consumers whose interests may be materially affected by the CDCM) can only propose modifications where they have been designated by Ofgem.
50.27 & 50A.29	The modification arrangements must provide for a report on the modification proposal to be prepared.	Clause 11.20
50.28 & 50A.30	The modification arrangements must provide the potential review and future modification of the modification arrangements.	Clause 5.3.7 and Section 1C generally.
13A.3 & 13B.4	DNOs must implement and comply with CDCM	DNOs obliged by condition 22 to comply with DCUSA.
13A.4 & 13B.5	DNOs must review the CDCM against the applicable objectives at least once every year	A DCUSA Working Group could be formed to undertake this task, but there is <u>no obligation on the DCUSA Panel to undertake this task</u> . Each DNO will need to ensure that it complies with this licence

		obligation.
13A.5 to 13A.10 & 13B.6 to 13B.11	The applicable objectives of the CDCM.	Clause 3.2
13A.11 & 13B.12	Proposals to modify the CDCM are to be capable of being raised by AEOs and materially affected persons.	Clause 10.2. Note, however, that persons who are not a party to DCUSA can only propose modifications where they have been designated by Ofgem.
13A.11 & 13B.13	Proposals to be handled by DNOs in accordance with modification arrangements.	Section 1C generally.
13A.12 & 13B.14	Arrangements approved by Ofgem under conditions 50 and 50A to apply.	See above.
13A.13 & 13B.15	Modification report to be prepared for benefit of Ofgem	Clause 11.20.
13A.14 & 13B.16	Ability of Ofgem to direct that normal modification process need not apply.	Not clear why or exactly how Ofgem would direct a DNO. The DCUSA does not expressly provide for such a scenario, but the Ofgem direction would (logically) have to also constitute a derogation from compliance with the DCUSA.
13A.15 & 13B.17	Revision of CDCM in line with accepted changes, and sending a copy to Ofgem.	Clause 11.27. The updated text will form part of the Change Register which the Secretariat will send to Ofgem (on behalf of DNOs).
13A.16 & 13A.18	Ofgem's veto approach to modifications.	Clause 13.10 has been included to provide for this approach.
13A.17 & 13B.19	Publication of CDCM	Clause 5.3.10
13A.18 & 13B.20	Derogations	Clause 56. Derogations are granted by the Panel, but

		the Panel is required to act consistently with any representations may by Ofgem.
22A.2	Inclusion of the Charging Methodologies within DCUSA.	Schedules 16, 17 and 18.
22A.3	Application of CDCM Objectives.	Clause 3.2.
22A.6 to 22A.10	CDCM Objectives	Clause 3.2
22A.14(a)	The DCUSA must provide for the requirements of Part C of each of conditions 13A and 13B to be met.	See above.
22A.14(b)	The DCUSA must allow Ofgem to veto any modification proposal made prior to 1 April 2015 that has as its effect substitution of one charging methodology for another.	Ofgem has the ability to veto all Part 1 Matters under DCUSA, and the Charging Methodologies are Part 1 Matters. Clause 11.4.3 highlights this obligation as a matter to be considered by Working Groups.
22A.14(c)	CDCM Objectives	Clause 3.2

Note: conditions 50 and 50A currently impose obligations in respect of the modification arrangements that the DNOs are to propose, but will cease to be of effect once Ofgem has approved the modification arrangements. Thereafter, conditions 13A, 13B and 22A will apply (but, by virtue of conditions 13A.13 and 13B.14, the same arrangements must be maintained).