

Proposed variation:	<b>Distribution Connection and Use of System Agreement (DCUSA) DCP042: De-registration following disconnection</b>		
Decision:	The Authority <sup>1</sup> directs that this proposed variation be accepted		
Target audience:	Parties to the DCUSA and other interested parties		
Date of publication:	25 June 2009	Implementation Date:	26 June 2009

## Background to the variation

Distributors receive a number of requests from Suppliers to physically disconnect properties that no longer require their existing connection to their network. Clause 25.20 of the DCUSA requires Distributors to send a message to the Metering Point Administration System (MPAS) Provider or the Central Registration Agent (CRA) (as appropriate) to de-register a Metering Point Administration Number (MPAN) associated with a property, five Working Days after being asked to disconnect a Metering Point or Metering System<sup>2</sup> by a Supplier. Distributors have indicated that, in practice, physical disconnection of a Metering Point or Metering System may take time to plan and implement and is likely to exceed five Working Days. If the MPAN is de-registered within five Working Days but physical disconnection works take longer there is a risk of consumption on site without a valid MPAN.

The process for disconnection provided in DCUSA is inconsistent with that provided under the Balancing and Settlements Code (BSC). Custom and practice appears to be that distributors follow the process provided under the BSC.

## The proposed variation

The proposed amendment seeks to amend Clause 25.20 of the DCUSA to accurately reflect the existing industry practice and in particular to align the wording of Clause 25.20 of the DCUSA with the requirements of the Balancing and Settlements Code Procedure (BSCP) 515<sup>3</sup> to ensure consistency of instruction to Distributors and Users.

The new drafting of Clause 25.20 of the DCUSA would remove the rigidity of the five Working Day rule associated with the Distributor being requested to deregister the MPAN five Working Days after being asked to disconnect the property. The Distributor would still carry out the physical disconnection of a Metering Point, but the Metering Point or Metering System would remain registered until a formal notification is sent from the Distributor to the Supplier stating that the metering point has been physically disconnected. The supplier, once having received the formal disconnection notice, would then notify the Central Registration Agent of the physical disconnection and request the Central Registration Agent to de-register the MPAN .

## Recommendation to Ofgem

In the final Change Declaration for the proposed declaration, dated 21 May 2009, the DCUSA Parties recommended to the Authority that DCP042 be implemented, having voted by a majority in favour. The Parties also recommended, by majority in favour, that the change proposal should be implemented on 26 June 2009.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> Means a metering system registered in the Central Meter Registration Service in accordance with the provisions set out in the BSC.

<sup>3</sup> [BSCP515 - Balancing and Settlement Code - BSC Procedure, Page 19](#)

## The Authority's decision

The Authority has considered the issues raised by DCP042 and the final Change Declaration dated 21 May 2009. The Authority has considered the recommendation of the DCUSA parties and has concluded that:

1. Implementation of the proposed variation will better facilitate the application of DCUSA objectives<sup>4</sup>, and
2. directing the variation is consistent with the Authority's principal objective and statutory duties<sup>5</sup>.

## Reasons for the Authority's decision

We agree with the views expressed in the DCUSA Change Report dated 5 May 2009 and associated responses that the process for physical disconnection of premises and removal of the MPAN from industry systems should be consistent across industry codes. We note that the process for disconnections set out in the DCUSA is currently inconsistent with that set out in the BSC. We consider that aligning the DCUSA and the BSC will better meet DCUSA objective (d) *the promotion of efficiency in the implementation and administration of the DCUSA arrangements* by providing for a consistent industry process.

We also note that the current drafting of Clause 25.20 of the DCUSA may currently lead to a risk of consumption at premises after the MPAN has been removed from industry systems but prior to physical disconnection. Such consumption would not therefore be correctly recorded against the Metering Point or Metering System. We note that the report does not quantify this risk or impact. Nonetheless, we agree with the views expressed that this scenario is possible and that where consumption is not correctly recorded, it may result in any associated costs being smeared back to industry participants. By amending Clause 25.20 such that an MPAN will only be removed from industry systems once a physical disconnection has been made, the risk of any associated unrecorded consumption is reduced. We therefore agree that the variation will better facilitate DCUSA objective (b) *the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution, and purchase of electricity* by ensuring that MPANs are not removed from industry systems prior to physical disconnection. This ensures that the registered suppliers remain responsible for any consumption associated with them and other parties do not pick up charges for any associated unrecorded consumption and thereby facilitates competition.

We also agree with the views of the working group that the variation will better facilitate DCUSA objective a) *the development, maintenance and operation by the licensee of an efficient, co-ordinated, and economical Distribution System* by ensuring that live MPANs

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<sup>4</sup> The Applicable DCUSA Objectives are these:

- (a) the development, maintenance and operation by the licensee of an efficient, co-ordinated, and economical Distribution System;
- (b) the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution, and purchase of electricity;
- (c) the efficient discharge by the licensee of the obligations imposed upon it by this licence; and
- (d) the promotion of efficiency in the implementation and administration of the DCUSA arrangements.

<sup>5</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

remain registered thus giving Distributors knowledge of all connections to their systems and allowing them to maintain and operate the system efficiently.

### **Decision notice**

In accordance with Standard Condition 9B of the Electricity Distribution Licence, the Authority hereby directs that the proposed variation set out in DCP042: *'De-registration following disconnection'* be made.

**Ian Marlee**

**Director, Trading Arrangements**

Signed on behalf of the Authority and authorised for that purpose.