

Proposed variation:	<b>Distribution Connection and Use of System Agreement (DCUSA) 021 (DCP021): Distribution Standard Licence Condition 4a review (DCP009) affecting Section 2B</b>		
Decision:	The Authority <sup>1</sup> directs that this variation be made <sup>2</sup>		
Target audience:	Parties to the DCUSA and other interested parties		
Date of publication:	01 October 2008	Implementation Date:	06 November 2008

## Background to the proposed variation

When it was originally designated on 5 October 2006, the DCUSA was drafted to cover the commercial arrangements for use of system (UoS) between a distributor and supplier, CVA traded generator or customer. At the same time it was agreed that common arrangements for governing the relationship between distributors (previously captured in bilateral Connection and Use of System Agreements (CUoSAs)) would be developed at a later date.

On 21 February 2008 the Authority gave its consent for DCP009<sup>3</sup>: '*Distribution Standard Licence Condition 4A review*' to be made; DCP009 was subsequently implemented on 28 February 2008.

DCP009 aligned the drafting of the DCUSA with the product of a project lead by the Electricity Networks Association (ENA). In particular the ENA project concluded with the development of a common template for the Standard Licence Condition (SLC) 4A statement, and that services that are ancillary to use of system (UoS) would be provided for in a separate statement outside of the scope of the SLC4A statement.

Subsequently, on 20 March 2008 the Authority directed the implementation of DCP012, which introduced standard arrangements for governing connection and UoS between distributors. These arrangements apply where one distributor (a downstream distributor who is referred to as a User) connects its network to and uses another distributor's network (an upstream distributor who is referred to as a Company). These arrangements, which replaced the previous bilateral CUoSAs, are set out in a new Section 2B.

## The proposed variation

DCP021 seeks to reflect the same changes introduced into Section 2A by DCP009, which covers distributor to supplier/generator relationships, within Section 2B as they are considered to be equally valid to the inter-distributor relationships covered in that section. The proposer considers that the proposal will better facilitate the promotion of efficiency in the implementation and administration of the DCUSA, by ensuring that it accurately reflects the changes made to the SLC 4A statement and the rest of the DCUSA document.

<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> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> <http://www.dcusa.co.uk/Extranet/ViewDocument.aspx?id=352>

## Recommendation to Ofgem

The recommendation of DCUSA Parties was for the proposed variation to be accepted. Of the Party Classes which voted (DNO, IDNO, and Supplier) participants were unanimously in favour of implementation. There was also unanimous support for the implementation date to be the 06 November 2008 scheduled release.

## The Authority's decision

The Authority has considered the issues raised by DCP021 and the results of voting as set out in the DCUSA change declaration dated 27 August 2008. The Authority has considered and taken into account the responses to ElectraLink's<sup>4</sup> consultation and the recommendation of the DCUSA Parties. The Authority has concluded that:

1. implementation of the proposed variation will better facilitate the achievement of the Applicable DCUSA Objectives<sup>5</sup>; and
2. directing that the proposed variation be made is consistent with the Authority's principal objective and statutory duties<sup>6</sup>.

## Reasons for the Authority's decision

We consider this change to be largely good housekeeping, ensuring a greater degree of consistency throughout the DCUSA and therefore agree with the rationale put forward by the proposer and subsequently by Parties in favour of the proposal, i.e. that it will better facilitate the achievement of Applicable Objective (d) *'the promotion of efficiency in the implementation and administration of the DCUSA arrangements.'*

We note that one respondent recommended that a more robust DCUSA change process should be put in place to handle concurrent changes to the same area of code. This is an issue we have previously touched upon in our decision letter for DCP020. However, we note that the legal text provided for DCP021 is again out of date, for instance referencing SLC4A for UoS charges, despite the Distribution licence having been modified on 1 June 2008, such that the UoS charges now come under SLC14.

We note that there is a further proposal, DCP035, looking at consequential changes from the Distribution and Supply licence reviews and would anticipate that any further obsolete references can be picked up as part of that proposal. We therefore do not consider that the accuracy of the cross references in legal text would warrant rejection in this particular instance. However we would repeat the view that the development of legal text cannot operate in a vacuum and should as far as practicable have appropriate regard to any changes that are approved in the meantime. We therefore welcome the fact that this issue is now being looked at by the DCUSA Panel, and would anticipate that the text introduced by DCP021 is incorporated into the text which will be submitted for DCP035.

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<sup>4</sup> The role, functions, and responsibilities of Electralink are set out in Section 1B of the DCUSA.

<sup>5</sup> As set out in the Distribution Licence Standard Condition 9B(9), see: [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=12773](http://epr.ofgem.gov.uk/document_fetch.php?documentid=12773)

<sup>6</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.

## Decision notice

In accordance with Standard Condition 22 of the Distribution Licence, the Authority hereby directs that the proposed variation set out in DCP021: '*Distribution Standard Licence Condition 4a review (DCP009) affecting Section 2B*' be made.



**Mark Feather**

**Associate Director, Industry Code and Licensing**

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