

Proposed variation:	<b>Distribution Connection and Use of System Agreement (DCUSA) DCP018/018A: Clarification of provision of metering data</b>		
Decision:	The Authority <sup>1</sup> directs that DCP018 be implemented, and therefore rejects the alternative proposal DCP018A		
Target audience:	Parties to the DCUSA and other interested parties		
Date of publication:	10 November 2008	Implementation Date:	February 2009 Scheduled release

## Background to the proposed variation

Clause 29 of the DCUSA specifies the Metering Data that will be provided by Suppliers to Distributors without charge.

## The proposed variations

Both **DCP018** (“the Proposal”) and **DCP018A** (“the alternative Proposal”) seek to clarify the existing obligations for data provision set out in Clause 29. Neither the Proposal nor the alternative seeks to change those obligations at this time; rather, both seek to clarify the scope of the current requirements, and therefore future requests. The variations between these alternatives are as follows:

### DCP018

The Proposal seeks to introduce a new definition of “Metering Data” into the DCUSA, clarifying the requirement that Suppliers shall provide without charge any data that the Distributor may reasonably require for the calculation of system charges or system planning. This Metering Data may include any Meter Technical Details together with any measurements of energy at that Metering Point.

Rather than introduce a completely new definition of Metering Technical Details into the DCUSA, they will be as currently defined in the Balancing and Settlement Code (“the BSC”). The proposal will further confirm that it shall be considered reasonable for the Distributor to require any data which the User or its agent would ordinarily be required to provide to it or the Meter Point Administrator Service (“MPAS”) under the BSC and/or the Master Registration Agreement (“MRA”). To facilitate this and recognise the source of some of this data, the Proposal seeks to introduce a defined term of “BSC Party Agent” which again refers to the meanings given in the BSC.

The Proposer considers that DCP018 will better facilitate applicable objective (b)<sup>2</sup> of the DCUSA as it clarifies the requirements of that agreement and better reflects the diversity of roles, responsibilities and relationships that prevail in the competitive supply and metering markets.

### DCP018A

The key difference between the Proposal and the alternative Proposal is that that latter effectively seeks to ring fence the data that the Distributor may currently require from the Supplier under existing provisions, and introduce a principle that the Supplier may levy a charge to reflect its reasonable costs in providing any additional data.

<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> Applicable Objective (b): 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

The alternative Proposal does not introduce a new defined term for Metering Data but does improve upon the explanation of the items required under the existing provisions. As with the original Proposal it removes obsolete references and expands upon those relating to unmetered supplies. It also allows for estimates to be provided in the place of actual data, in accordance with provisions under the BSC.

Both the Proposal and the alternative Proposal stipulate that where the provisions of the BSC or MRA do not specify the timescales in which data should be provided, it shall be in accordance with any timescales set out in the Distributors' Relevant Charging Statement.

### **Recommendation to Ofgem**

Although the majority of Distributors were in favour of implementing DCP018, the Supplier Party Category voted against implementation. The overall recommendation therefore was that DCP018 be rejected.

Suppliers were in favour of implementing DCP018A, however the Distributor Party Category voted against implementation. Therefore, the overall recommendation was that DCP018A also be rejected.

Notwithstanding their views on the variations themselves, Parties were also asked to vote separately on the proposed implementation date of February 2009. Parties recommended that this implementation date be accepted.

### **The Authority's decision**

The Authority has considered the issues raised by the original Proposal DCP018 and the alternative Proposal DCP018A, as set out in the final Change Declaration Report dated 06 October 2008. The Authority has considered and taken into account the responses to ElectraLink's<sup>3</sup> consultation which are attached to the Change Declaration<sup>4</sup> and the recommendation of the DCUSA Parties. The Authority has concluded that:

1. implementation of either of the proposed variations would better facilitate the achievement of the Applicable DCUSA Objectives<sup>5</sup>, but of the two the original Proposal would best meet them; and
2. directing that DCP018 be made is consistent with the Authority's principal objective and statutory duties<sup>6</sup>.

### **Reasons for the Authority's decision**

We note that the majority of respondents agreed with the workgroup that either proposal could be demonstrated to better facilitate the relevant objectives of the DCUSA due to the greater level of information and clarity that would be provided to Parties. However, preferential voting resulted in neither proposal securing sufficient support to be recommended for implementation.

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<sup>3</sup> The role, functions, and responsibilities of Electralink are set out in Section 1B of the DCUSA.

<sup>4</sup> DCUSA change proposals, modification reports and representations can be viewed on the DCUSA website at <http://dcusa.co.uk/Public/Default.aspx>

<sup>5</sup> As set out in the Distribution Licence Standard Condition 22.2, see: [http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=13701](http://epr.ofgem.gov.uk/document_fetch.php?documentid=13701)

<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.

We agree that either proposal would add a degree of clarity to the existing arrangements. Given the different approaches to defining Metering Data, we consider these proposals to be mutually exclusive; Ofgem must therefore decide which of the two would best meet the relevant objectives.

Whilst introducing a new defined term for Metering Data, the Proposal makes several references to definitions and obligations elsewhere, particularly the BSC and MRA. We note the working group's intention that the drafting of the definition tie in with the governance procedures of other industry codes, ensuring that the DCUSA remains consistent with those codes in the event that changes are made to them in relation to data provision or metering definitions. We agree that that this consistency will benefit Parties by clarifying the obligations upon them, reducing the potential for duplication or misunderstanding and allowing for more efficient compliance.

We also note the intent that by referring to the other codes in this way, any additional data requirements which are approved under those codes will continue to be provided free of charge as they will be captured under the prevailing DCUSA definition. The working group's rationale was that the industry would have approved and paid for the development of such provisions through those other agreements.

We understand from comments received that these DCUSA proposals may have been prompted in part by our decision of 25 June 2009 to direct the implementation of BSC modification P222<sup>7</sup>, which expanded the range of data provided by Suppliers to Distributors. Some concerns were raised in relation to that proposal given the inability of suppliers to recover the costs of providing this additional data. It was also noted that the data was not required by all Distributors, with some having access through their relationship with a relevant metering business. It was also suggested by some respondents to the BSC proposal that this change would have been better raised under the DCUSA.

Whilst we had sympathy with these comments, we considered that the BSC modification would lead to improvements in network planning, with consequential benefits to competition between network users. We also noted that Suppliers may still have been exposed to the costs of implementation without a defined means of recovery even if the proposal had been progressed under the DCUSA, given the prevailing provisions of Clause 29 which require the data to be provided without charge.

Although it is understandable that Suppliers would like to draw a line under the data requirements of Distributors where they impose additional costs, we consider that any reasonable requests should be facilitated if the benefits of provision outweigh those costs and they are in line with the objectives of the relevant code. These requests should therefore be considered on a case by case basis, as will the appropriate means of cost recovery.

Several respondents commented that the DCUSA had not been created with the intent of introducing provisions allowing Suppliers to charge Distributors. These respondents queried whether DCP018A was therefore out of scope. Although we agree that the DCUSA has been drafted to reflect Distributors providing services to Suppliers, we do not consider that this should of itself preclude it from including reciprocal arrangements. We have also noted the comments that Suppliers could come to an arrangement on a bi-lateral basis with one or more Distributors.

We note that the alternative Proposal does not clarify how the charging arrangements would work. We therefore do not consider that the provisions that allow for suppliers to charge Distributors add any value at this time, but could appropriately be included as

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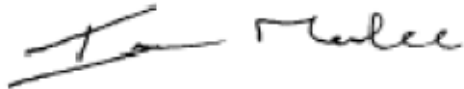
<sup>7</sup> P222: Provision of EAC and AA data to Distributors

part of a future proposal around additional data provision, i.e. data which is not considered to be a fundamental requirement of all Distribution businesses, but commercially desirable. However, the benefits of standardising this approach in the DCUSA would need to be balanced against the commercial freedom and flexibility of individual agreements.

For the reasons above, we consider that either proposal could be considered to better facilitate applicable objective b): *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*; though absent any specific requirements for further data, on balance the original proposal is more appropriate than the alternative.

#### **Decision notice**

In accordance with Standard Condition 9B of the Distribution Licence, the Authority directs that the proposed variation set out in DCP018: '*Clarification of provision of metering data*' be made, and that it shall be implemented as part of the February 2009 DCUSA release.

A handwritten signature in black ink, appearing to read 'Ian Marlee', with a horizontal line drawn underneath the signature.

**Ian Marlee, Director, Trading Arrangements**

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