

<b>DCUSA CHANGE REPORT</b>	
<b>CHANGE PROPOSAL</b>	Moving Meters with Service Alterations
<b>DATE OF ISSUE</b>	21 August 2008
<b>ISSUED TO</b>	DCUSA Contract Managers Ofgem
<b>PARTIES ENTITLED TO VOTE</b>	All Supplier and Distributor parties
<b>RETURN DEADLINE (Voting End Date)</b>	11 September 2008 – <a href="mailto:DCUSA@electralink.co.uk">DCUSA@electralink.co.uk</a>

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 019 – Moving Meters with Service Alterations. The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.2 Parties are invited to consider the proposed amendments attached as Appendices B and C and submit votes using the form attached as Appendix E to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by 11 September 2008.

## 2 BACKGROUND

- 2.1 DCP 019 was raised by EDF Energy Networks on 14 March 2008. The CP was considered by the DCUSA Panel at its meeting on 16 April 2008. The Panel assessed as a standard (non urgent) Part 1 matter in accordance with Clause 9.4 of the Agreement because of the potential impact on consumers and because the CP seeks to introduce the new obligations as Part 1 provisions.
- 2.2 The Panel directed that the CP should be progressed through the Definition Procedure and established the DCP 019 Working Group to assess and develop the proposal. The minutes of the Working Group meetings are available on the [DCUSA Website](#).

## 3 SUMMARY OF DCP 019

- 3.1 DCP 019 was raised by EDF Energy Networks to give permission to Distributors to move meters when making service alterations. Such activity already takes place but DCP 019 seeks to formalise a process in the DCUSA and thereby address any potential legal liability or permissions issues.
- 3.2 The proposer considers that the CP will better facilitate DCUSA Objective 1<sup>1</sup> as it will avoid the need for re-work where jobs have to be aborted due to the unavailability of Meter Operators to move meters. The proposer also considers that DCUSA Objective 2<sup>2</sup> will be better facilitated by the CP as competition in supply will be more effective as the customer experience is improved.

## 4 DCP 019 WORKING GROUP

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<sup>1</sup> The development, maintenance and operation by the DNO parties and IDNO parties of efficient, co-ordinated, and economical Distribution Networks

<sup>2</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

- 4.1 The DCUSA Panel established a Working Group to consider the Change Proposal. The DCP 019 Working Group comprised the following members:
- Gillian Horner – CE Electric UK
  - Glenda Simons – The Electricity Network Company
  - Glenn Sheern – E.ON UK
  - Helen Lees – RWE Npower
  - John Lawton – Electricity North West Limited
  - Mike Smith – Western Power Distribution
  - Peter Waymont – EDF Energy Networks
  - Stephen Giannini – ScottishPower Energy Retail
  - Tom Chevalier – Association of Meter Operators
- 4.2 The Working Group met 4 times to consider the CP and assess it against the DCUSA Objectives. The Working Group noted that the CP had been drafted following discussions with Distributors and Suppliers and members confirmed that they were supportive of the principle of the change, noting that it would improve the customer experience by reducing the number of visits required. The Working Group further noted that the Association of Meter Operators had also considered the issue under a separate activity in 2007 and was also broadly supportive of the principle.
- 4.3 The Working Group concluded that as not all Distributors currently provide a service alteration combined with a meter move service the drafting should not obligate them to do. Members agreed that provision of the service should be based on an 'agreement between the Customer and Company' so that Distributors would not be obliged to offer the service and Customers would not be obliged to take it.
- 4.4 The Working Group reached consensus on all areas of the proposed drafting with one exception that being an indemnity clause requiring the Company to indemnify the User in respect of costs incurred by the User as a result of the work carried out by the Company. This indemnity was proposed by RWE Npower, in an alternative variation DCP19A, as a fair balance in relation to the Indemnity being required of the User in Clause 29.18 in DCP 019. RWE Npower consider that this indemnity will help to provide a better customer experience by avoiding the customer being affected by liability discussions between the User and the Company, and facilitating early and appropriate settlement of any proper customer claims arising out of the works.
- 4.5 The Working Group considered that both the original proposal (DCP 019) and this alternative variation (DCP 019A) should be issued for consultation to determine which drafting parties considered to be more appropriate and better facilitate the DCUSA Objectives.

## **5 DCP 019 CONSULTATION**

- 5.1 The DCP 019 Consultation was issued to all DCUSA Contract Managers for a period of 10 Working Days and 12 responses were received. The consultation responses are attached as Appendix D.
- 5.2 All but 1 of the respondents considered that the DCUSA Objectives would be better facilitated by the introduction of DCP 019. Members noted that 11 parties considered that the CPs better facilitated the DCUSA Objective 1<sup>3</sup> and 5 of those also considered that Objective 2<sup>4</sup> was better facilitated by the proposal. 1 party considered that the impact of the CPs was 'neutral' overall but that they provided a 'pragmatic solution that allows Distributors to provide an efficient, cost effective service that will significantly improve individual customer experience and overall perception of the industry'. The Working Group concluded that it supported the view of Parties that DCUSA Objectives 1 and 2 are better facilitated by DCP 019.
- 5.3 11 respondents confirmed that there were no other alternatives they wished to be considered. 1 party noted that 'the proposal does not oblige distributors to carry out meter moves' and as such proposed that 'an industry wide process to manage meter moves to ensure a consistent customer experience' should be developed.
- 5.4 The Working Group agreed that the intent of the CP was to codify the existing practice and not to introduce a mandatory requirement for all DNOs. It agreed that any change the original scope of the CP to introduce a mandatory requirement would be a significant change with the potential for considerable impact on parties. Members noted that a considerable amount of re-drafting would be required cover the details of the obligation and that second consultation would be required due to the significant level of scope change. The Working Group considered that parties currently supporting the CP would be likely to chance stance if it sought to introduce a mandatory obligation possibly resulting in the CP being rejected or a number of variations being developed such as the case for DCP 008 – Provision of Urgent Metering Services.
- 5.5 9 of the 12 respondents, including the AMO, considered that the technical aspects and scope of the work associated with meter relocation should be captured in MOCOPA. Those supporting the proposal suggested that as a metering specific document the MOCOPA is better placed to capture such issues than the DCUSA. Parties considered that it would be easier to update the MOCOPA to keep up with changes as the market and technology develop and that inclusion of such provisions may mitigate potential competency issues across the distribution businesses.
- 5.6 1 respondent suggested that the scope of such meter relocation work should be restricted to single phase meters and another that the requirement for the relevant Meter Operator Agent to consent to the Company working on and relocating the metering equipment should also be included the MOCOPA to reduce the requirement for changes to be made to commercial contracts with agents. 1 respondent indicated that it would be

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appropriate to amend the MOCOPA but subject to a review of the proposed drafting.

- 5.7 2 parties stated that they did not support the proposal but only 1 provided an explanation for its response. 1 party proposed that the scope of the work should be captured in the DCUSA rather than the MOCOPA so that 'both Suppliers and Distributors know who is doing what, and who is being told about the work that has been done'. The respondent considered that a Distributor moving a meter on a service alteration is not related to the MOP/distributor interface and therefore not relevant to the MOCOPA. 1 respondent did not provide a preference but indicated that it was for MOCOPA signatories or its governance panel to determine.
- 5.8 The Working Group noted the comments received and concluded that the technical detail would be best placed in the MOCOPA. Members concluded that they could not mandate that an amendment be made and indicated that it was for MOCOPA signatories determine the requirement but agreed that it was a sensible suggestion<sup>5</sup>.
- 5.9 5 parties indicated that they were supportive of DCP 019 and 5 indicated that they were supportive of DCP 019A. 2 parties did not express a preference. The majority of respondents supporting DCP 019A indicated that it was appropriate to include an additional indemnity clause to provide reciprocal indemnities to the User and Company. 1 party noted that 'given that if the work was carried out negligently by the Distributor the Supplier could incur liability' and that the additional drafting is therefore required.
- 5.10 Respondents supporting DCP 019 noted that the intent of the proposal is to give the existing practise legitimacy and to improve the customer experience. 1 party considered that 'if DNOs have to give an indemnity, which is an unlimited liability, then given that this is an optional service, DNOs will merely cease to do this due to the perceived risk and the customer will be left having to co-ordinate the work'. Respondents expressed concern that this would defeat the underlying objective of the CP.
- 5.11 A number of respondents indicated that that the Working Group should seek to reach a consensus view so as not to split the vote and cause the CP, the broad principles of which are supported by all parties, to fail. Respondents suggested that the subject of indemnity is covered elsewhere in the DCUSA and asked the Working Group to investigate whether such drafting was appropriate in this case and whether such drafting could provide a solution to satisfy all parties.
- 5.12 The Working Group agreed to seek further legal advice to clarify whether the existing provisions of the DCUSA (Clause 53) provide adequate liability cover within the Agreement already and to work toward a consensus position as far as possible.
- 5.13 0 parties expected to incur any significant costs as a result of the CP although some respondents noted that there may be will be an administrative burden as part of the implementation. 1 party indicated that it did expect to incur some costs as a direct consequence of the CP but was unable to quantify them.

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<sup>5</sup> Note from TC – re. the progression via MOCOPA

- 5.14 11 respondents confirmed that they were supportive of the proposed implementation date of 06 November 2008. 1 party considered that the date should be revised to February 2009 to allow it time to review its commercial contracts with its agents. The Working Group agreed that the proposed implementation date would be amended to February 2009.
- 5.15 A number of parties asked for further clarification from the Working Group on specific matters. 1 party requested confirmation of the types of meters that will be covered by the proposal. The Working Group confirmed that as the provision of service is optional it will be up to Distributors to determine, based on their own competencies, the type of service provided and that this would not be set out in the DCUSA.
- 5.16 1 party suggested that the proposed drafting does not adequately address para 1 (1) of schedule 6 to the Electricity Act 1989 and the provisions relating to disabled customers. The party sought clarification as to how Suppliers would fund the work carried out by Distributors in such circumstances when the Supplier is obliged to provide the service free of charge. The Working Group considered that although Suppliers are not entitled to charge for the provision of the service to disabled customers DNOs would charge Suppliers for their activity as normal. The Working Group considered this was part of the established process for service alterations and that no amendment was required to the drafting but recommended that DNOs ensure that their internal procedures reflect the processes
- 5.17 1 party expressed caution at the inclusion of metering activity within the DCUSA. The Working Group noted that as the CP did not seek to mandate the provision of services, and therefore did not conflict with the licence, the Party had confirmed was satisfied with the proposal as drafted.

## **6 WORKING GROUP CONCLUSIONS**

- 6.1 Following a review of consultation comments the Working Group sought legal advice to determine whether the indemnity clauses included in DCP 019A were required or whether parties were sufficiently protected by the existing DCUSA drafting of Clauses 53.1 and 53.3.
- 6.2 The advice received indicated that the indemnities drafting proposed under within DCP 019A would not be consistent with the existing provisions of the DCUSA, noting that no comparable indemnity is given by the Company in relation to other obligations within the Agreement, e.g. its obligation to carry-out energisation / de-energisation works in accordance with Good Industry Practice. The Working Group considered that introducing the concept of uncapped liabilities was not consistent with the DCUSA.
- 6.3 The Proposer of DCP 019A indicated that it was unwilling to remove the requirement from its variation as it considered that it provided a necessary level of protection to Suppliers which was not sufficiently addressed through the limitation of liability drafting in Clause 53. The Proposer also suggested that the provision would assist in the smooth rectification of problems from the customer's perspective. This view was not accepted by the Working Group who considered that the difference between the current DCUSA and this drafting was one of financial risk and that the additional drafting would be of no benefit to customers. The Working Group concluded that the indemnity for consequential loss and limitation of liability in Clauses 53.1

and 53.3 was sufficient and consistent with the current DCUSA and agreed not to amend DCP 019.

- 6.4 The legal advice also recommended that the Working Group consider whether it would be appropriate to consider introducing a process to require the Supplier to give consent to the Distributor in each case before work was carried out. A number of Working Group members considered that this was an unnecessary administrative burden that does not exist within the current process. Members noted that Distributors would have to check with each Supplier before commencing work and potentially refuse to carry out work for a customer if the Supplier did not give consent. Members considered moreover there could be a change of supplier in the interim period between agreeing the work and carrying it out such that consent was in fact not given at the time of doing the work.
- 6.5 The majority of members agreed that the drafting of Clause 29.13 was sufficient and that DCP 019 should not be amended. The Proposer of DCP 019A considered that the additional requirement was valid and would result in more robust process going forward and minimise risks for Suppliers. The Proposer determined that the clause would be included in its variation and this was supported by some Working Group members.
- 6.6 The Working Group concluded that it was unable to reach a compromise position between DCP 019 and DCP 019A. It was agreed that both the Working Group variation and the alternative be put forward to Parties for voting with DCP 019 as the Working Group preferred option.

## 7 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 7.1 The proposed amendment to the DCUSA in support of DCP 019 and DCP 019A has been approved by Wragge and Co. The Legal Drafting is attached as Appendix B and Appendix C. The drafting in Appendix C sets out in blue the differences between DCP 019A and DCP 019.

## 8 PANEL RECOMMENDATION

- 8.1 The content of this Change Report was approved by the Panel on 20 August 2008.
- 8.2 In accordance with Clause 12.4 of the DCUSA the Panel has determined that the CP should be issued to all parties for a period of 15 Working Days. The Panel has directed that Parties may vote to accept one variation and reject the other, or to reject both variations. The voting form is attached as Appendix E.
- 8.3 The timetable for the progression of the Change Proposal is set out below:

Date	Activity	Purpose	Responsibility
21 August	Change Report Issued	Change Report issued to all parties for 15 WD	Secretariat
11 September	Voting End Date	Last date for submission of votes	parties

12 September	Change Declaration	Outcome of voting published to parties and Authority	Secretariat
17 October	Authority Determination	Authority to accept / reject CP following recommendation from parties	Ofgem
26 February	DCUSA Release	DCUSA updated to reflect CP drafting (if approved by Authority)	Secretariat

**Appendices:**

- A. DCP 019 Change Proposal
- B. DCP 019 Legal Drafting
- C. DCP 019A Legal Drafting
- D. Consultation Responses
- E. DCP 019 - Voting Form