

Proposed variation:	<b>Distribution Connection and Use of System Agreement (DCUSA) DCP014: Amendment to Clause 8 "Cost of the DCUSA" (DCP014)</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:	26 February 2008	Implementation Date:	28 February 2008

## Background to the proposed variation

Clause 8 of the Distribution Connection and Use of System Agreement (DCUSA) sets out the financial arrangements for administering the DCUSA, including the recovery of costs, which are apportioned to Parties based on the number of meter points registered to them. These charges are invoiced quarterly, based on the DCUSA Panel's best estimate of the Party's individual contribution, though they are reconciled at the end of the financial year against the Party's actual due contribution.

## The proposed variation

This proposal seeks to extend the post-financial year period in which the Panel is required to calculate and reconcile each Party's actual cost contribution, from 20 to 40 days following the end of the financial year. The proposer considers that this will allow sufficient time for actual data to become available i.e. registered MPAN count. The proposer considers that this will ensure that costs are accurately assigned to responsible Parties in accordance with DCUSA requirements.

## 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.

28 February 2008 was proposed as the implementation date, again with unanimous support.

## The Authority's decision

The Authority has considered the issues raised by DCP014 and the final Change Report (CR) dated 23 January 2008. The Authority has considered and taken into account the responses to ElectraLink's<sup>3</sup> consultation which are attached to the CR<sup>4</sup> 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

<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> 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 9B(9), see:

[http://epr.ofgem.gov.uk/document\\_fetch.php?documentid=12773](http://epr.ofgem.gov.uk/document_fetch.php?documentid=12773)

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 that the benefits of this proposal are largely self evident, insofar as DCUSA Ltd will bear costs associated with tax liabilities and that those costs should be recovered on the same basis as any other, as set out in Clause 8. To the extent that the actual data required to perform end of year reconciliations cannot be made available sooner, we would also agree that the extension of the relevant period to 40 days following the financial year is sensible, as it will ensure each Party's costs contribution is accurately calculated and settled for each financial year. The prolonged use of estimates may result in Parties providing an undue contribution to costs and/or reconciliations extending beyond one financial year. We therefore consider that this change will improve the accuracy of DCUSA charges, and limit the number and extent of reconciliations, therefore better facilitating Applicable Objectives (d) *'the promotion of efficiency in the implementation and administration of the DCUSA arrangements.'*

### **Decision notice**

In accordance with Standard Condition 9B of the Distribution Licence, the Authority hereby directs that the proposed variation set out in DCP014: *Amendment to Clause 8 "Cost of the DCUSA"* be made, and that it shall be implemented on 28 February 2008.



**Mark Feather**

**Associate Director, Industry Code and Licensing**

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

---

<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.