

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP015: Limitation on claiming DCUSA expenses to one attendee per group within a Party Category		
Decision:	The Authority ¹ rejects this variation		
Target audience:	Parties to the DCUSA and other interested parties		
Date of publication:	10 April 2008	Implementation Date:	Not applicable

Background to the proposed variation

The Distribution Connection and Use of Systems Agreement (DCUSA) allows for reasonable costs incurred by the Panel Secretary, any other member of the Panel, or members of any working group to be recovered. These arrangements are set out in Clause 8 of the DCUSA. Currently, there is no limit on the number of claimants per meeting for a given organisation.

The proposed variation

The proposer seeks to limit the number of individuals claiming expenses for attending DCUSA meetings to one from each Group within a Party Category. The proposer considers that this will reduce uncertainty in assessing the level of budgetary allowance required to meet expenses, thereby promoting efficiency in the implementation and administration of the DCUSA.

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), 100% of Supplier participants were in favour of implementation, as were 91% of DNOs.

There was unanimous support for the implementation of this variation to coincide with the June 2008 DCUSA release.

The Authority's decision

The Authority has considered the issues raised by DCP015 and the final Change Report (CR) dated 07 March 2008. The Authority has considered and taken into account the responses to ElectraLink's² consultation which are attached to the CR³ and the recommendation of the DCUSA Parties. The Authority has concluded that implementation of the proposed variation will not better facilitate the achievement of the Applicable DCUSA Objectives⁴.

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

² The role, functions, and responsibilities of Electralink are set out in Section 1B of the DCUSA.

³ DCUSA change proposals, modification reports and representations can be viewed on the DCUSA website at <http://dcusa.co.uk/Public/Default.aspx>

⁴ As set out in the Distribution Licence Standard Condition 9B(9), see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=12773

Reasons for the Authority's decision

Although this variation was supported by the majority of respondents, we agree with the comments of the one respondent opposed, who stated that there is already governance associated with the membership of Working Groups. In particular they noted that the membership of Working Groups is at the discretion of the DCUSA Panel, from a list of applicants who agree to act independently as industry experts in accordance with Clause 7.33 of the DCUSA, rather than as representatives of their company.

We therefore agree with the respondent opposed to implementation, who suggested that placing a limit on which individuals can submit a valid claim based on the company they 'represent' undermines the principle of group members being independent. Moreover, we consider that such a rule may be counter productive should there be situations where two or more individuals who are genuinely experts in the issue at hand, and recognised as such by the DCUSA Panel, happen to be employees of the same group. Insofar as they have agreed to act as independent experts and in a manner designed to achieve the panel objectives, we consider that it would be inappropriate to treat them differently to other Working Group members in respect of expense claims, or potentially deter their attendance.

We note that of the 15 variation proposals that have been raised to the DCUSA so far, 4 have related to its administrative costs and of those 3 have been in relation to expense claims. Whilst we accepted DCP013 on the basis of it being good housekeeping, more generally we do not consider that the current arrangements have been proven to be detrimental or otherwise defective, and would therefore question the proportionality of seeking to vary them so early in the life of DCUSA. We also note that there are guidelines in place under the DCUSA that are applied to all expense claims which should assist in ensuring that the claims process is not abused. That said, it is of course open to any Party to propose variations and they will be considered on a case by case basis, particularly in light of operational experience.

For these reasons, we have decided not to direct the implementation of DCP015 '*Limitation on claiming DCUSA expenses to one attendee per Group within a Party Category*'.



Mark Feather
Director, Industry Code and Licensing

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