DCUSA CONSULTATION DOCUMENT	
CHANGE PROPOSAL	DCP 044 – MOCOPA®
DATE OF ISSUE	01 July 2009
ISSUED TO	DCUSA Contract Managers BSC Qualified Meter Operators Ofgem Interested Parties (AMO, MOCOPA®, ELEXON)
RETURN DEADLINE	22 July 2009

1 PURPOSE

1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.

1.2 This document is a consultation issued in accordance with Clause 11.14 of the DCUSA and seeks industry views on Change Proposal DCP 044 - MOCOPA®.

2 BACKGROUND

2.1 DCP 044 was considered by the DCUSA Panel at its meeting on 18 March 2009. The Panel determined that the CP is a non-urgent Part One change and recommended its progression through the Definition Procedure to allow a Working Group to assess and develop the drafting.

2.2 The DCP 044 Working Group was established by the Panel and has met on 2 occasions. Minutes and papers of all the DCP 044 Working Group meetings are available on the DCUSA Website.

2.3 Parties are invited to consider the proposed amendment attached as Appendix A and submit comments using the form attached as Appendix B to dcusa@electralink.co.uk by 22 July 2009.

3 DCP 044 – MOCOPA®

3.1 Clause 27 of the DCUSA requires the User to procure that the Meter Operator appointed for each Metering Point shall (where relevant) comply with Schedule 5 of the Meter Operation Code of Practice Agreement (MOCOPA®).

3.2 Industry members have highlighted that the current drafting is not sufficiently robust and is ambiguous. Whilst Meter Operators must comply with the MOCOPA® they are not required to be party to it and therefore such compliance cannot be monitored or audited. Furthermore it is unclear from

the drafting which elements of the MOCOPA® are 'relevant' and as such may be open to interpretation.

3.3 There is a further risk that Meter Operators who are not party to the MOCOPA® cannot be contacted collectively to be notified of any issues or changes to industry practices which may have safety implications. This may limit the ability of Distributors to achieve their obligation to offer terms. The CP seeks to mandate accession to the MOCOPA® for Meter Operators and Distributors to address these areas of concern.

3.4 DCP 044 seeks to amend Clause 27 of the DCUSA to:

- oblige the User to procure that the appointed Meter Operator is a signatory to the MOCOPA®; and
- oblige Distributors to be a signatory to the MOCOPA®; and
- remove the ambiguity associated with the use of "where relevant".

4 DCP 044 – WORKING GROUP CONSIDERATIONS

4.1 The Working Group has met twice to consider the Change Proposal and to address questions raised by Ofgem.

4.2 The Working Group is supportive of the intent of the CP and agrees that it is pragmatic to update the DCUSA to remove ambiguity and make the current process more robust.

4.3 The Working Group acknowledges that Meter Operators complete the BSC Qualification process but that the BSC process focuses primarily on Settlement and does not deal with safety, permission issues or the competency of the meter operatives as these are addressed through MOCOPA®. The Working Group believes that there is currently one BSC Qualified Meter Operator who is not a signatory of MOCOPA® working on sites but that numbers could increase as new parties enter the market and if the obligation is not made clear.

4.4 Under the MOCOPA® Distributors have rights to challenge the quality of work and can be assured that competent operatives will be working on site. The Working Group agrees that this level of service and guarantee should be applied to all Meter Operators and can only be achieved through accession to the MOCOPA®.

4.5 Distributors have a Licence obligation (SLC 16 - Requirement to offer terms for the connection of Metering Equipment) to offer terms to anyone wishing to fit meters to their systems. In practice this is discharged through MOCOPA®. However the BSC Qualification and Supplier appointment of Meter Operators does not require that Meter Operators seek such terms from Distributors. There could therefore be Meter Operators working on distribution systems, in accordance with the BSC and Supplier appointment, without any form of agreement with the Distributor or even without the Distributor's knowledge in the short term. Distributors are concerned that safety rules and advice may not be followed or effectively communicated in such circumstances. This issue could be addresses by mandating accession the MOCOPA®.

4.6 The MOCOPA® was created to ensure a consistent requirement from Distributors to assist competitive Meter Operators operate efficiently across all Distribution areas. The Working Group recommends that whoever the Supplier appoints as Meter Operator for site should be required to be compliant with the MOCOPA® even where Meter Operators appoint sub-contractors. The Working Group also recommends that Distributors should be obliged to accede to the MOCOPA® on the basis that all the communication and safety issues apply both ways and that a joint obligation will result in an open and transparent process for both parties.

4.7 The Working Group considers that implementation of the CP will introduce a single point of contact for all Distributors and Meter Operators resulting in better communication, standardised arrangements, more robust and audited processes and reduced risk. The Working Group considered the benefits associated with accession to the MOCOPA® including an annual audit of Meter Operators, the distribution of information regarding healthy & safety issues, and the assurance that competent operatives will be working on site.

4.8 The costs of the MOCOPA® are split 50/50 between the Distributor and Meter Operator groups. Meter Operator costs are then split on an equal share basis which equates to approximately £2,650 per annum per Meter Operator (most of which covers the Meter Operator audit activity) plus an additional one off fee of £2,650 for the initial audit as part of the accession process[1]. Compliance with MOCOPA® is not thought to add any further significant overhead to the Meter Operators over the existing processes required to demonstrate safe methods of work in compliance with their general obligations under Health and Safety legislation. Accession to the MOCOPA® will also give Meter Operators voting rights and a say in the development of the MOCOPA®.

4.9 The Working Group acknowledge that the implementation of DCP 044 will not remove the right for Distributors to carry out their own checks on Meter Operators. However it considers that DCP 044 will maintain the status quo in terms of training and competency for existing parties and ensure that any new party is clear about the obligations. This will give Suppliers and Distributors assurance that any MOP working on a site can be identified and will be working to an agreed safety standard.

4.10 There are no audit requirements for Distributors under MOCOPA® and the annual fee for Distributors with less than 10,000 registered metering systems will be approximately £500. No fee is payable in the first year of membership. The Working Group considers that the benefits to industry outweigh the costs. With the exception of one IDNO, all current Distributor DCUSA Parties are also signatories to MOCOPA®.

4.11 Ofgem has asked that parties consider whether the CP could be considered a barrier to entry for new participants. Working Group members consider that the cost of entering bi-lateral agreements with each DNO would be a greater and agreed that the additional benefits – consistency, efficiency and awareness of safety issues, single point of contact, audited operatives etc, are greater. The Working Group believes that accession to the MOCOPA® would therefore be no more onerous or restrictive than the BSC Qualification process.

[1] This additional fee may not apply if the initial audit can be carried out at the same time as the annual audit.

4.12 The Working Group considers that the CP can also further develop competition in distribution and meter operation. Given the anticipated level of change and meter churn in the next few years it is vital to ensure that all MOPs are properly qualified and regulated with a robust governance and audit framework. Members considered that implementation of DCP 044 will minimise risk and increase competition to allow all MOPs to operate on a level playing field.

5 IMPLEMENTATION

5.1 Subject to Party and Ofgem approval, DCP 044 would be implemented in the February 2010 Release. Implementation of the CP may impact Suppliers contracting with Meter Operators that have not acceded to the MOCOPA® and / or require them to change existing contracts. The Working Group consider that implementation in February 2010 will allow such changes to be made. The MOCOPA® accession process can be completed in a short time period and applicants issued with a temporary (three months) certificate under which they can operate whilst they are audited and await the full certificate to be issued.

6 PROPOSED AMENDMENT AND LEGAL DRAFTING

6.1 The proposed legal drafting of DCP 044 has been reviewed by Wragge and Co and is set out in Appendix A.

6.2 The Working Group has sought legal opinion on whether obliging parties to sign up to MOCOPA® could be anti-competitive. Wragge and Co has advised that if the Authority approves the change there should not be any issues with competition or restricted trade. Parties will be obliged to comply with the DCUSA by their licences and cannot be accused of anti-competitive behaviour where their behaviour is mandated by law.

7 CONSULTATION

7.1 In accordance with the DCUSA any CP progressed through the Definition Process may be issued as part of a consultation exercise. The Working Group has agreed that there is value in consulting on the principle and proposed drafting of DCP 044.

7.2 Parties are asked to review the drafting attached as Appendix A and complete the consultation questions attached as Appendix B. Responses should be submitted to dcusa@electralink.co.uk no later than 22 July 2009.

7.3 Parties are asked to provide as much relevant detail as possible to enable the Working Group to understand the comments and the reasons behind them.

7.4 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

8 NEXT STEPS

8.1 Following the end of the consultation period the Working Group will meet to consider the responses and update the drafting accordingly. The Working Group will liaise with the DCUSA Legal Advisors to ensure that the drafting is legally robust and in keeping with the current DCUSA drafting. The DCP 044 Working Group will submit its final report setting out the proposed variations to the DCUSA to the DCUSA Panel before the CP is issued to all Parties for voting.

8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to dcusa@electralink.co.uk or telephone 020 7432 3017.

APPENDICES

- Appendix A – DCP 044 – Legal Drafting
- Appendix B – Consultation Questions