



## **DCUSA Change Report**

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### DCP 101 - Notification of RAV Changes

## **1 PURPOSE**

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 101 – Notification of RAV changes. 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 legal text amendments (Appendix A) and submit their votes using the form attached as Appendix B to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by 02 March 2011.

## **2 SUMMARY**

- 2.1 DCP 101 - Notification of RAV changes – has been raised by Npower and seeks to ensure that Distributors and Suppliers make use of each Distributor's most up to date Regulatory Asset Value (RAV) when determining a user's credit allowance. This would be done by referencing the RAV projected by the Authority for each Distributor in its Price Control Final Proposals for the relevant price control period, updated annually in line with current year prices.
- 2.2 The CP will require all DNOs to apply the RAV at the same time. Once DNOs are aware of the RAV they will notify Suppliers informing them that the RAV is available and its effective date.

## **3 DCP 101 – WORKING GROUP**

- 3.1 The DCUSA Panel established a Working Group to assess DCP 101. The Working Group consisted of representatives from DNOs and Suppliers.
- 3.2 The group concluded that when the RAV is made available by Ofgem, it should be communicated by the Distributor to the User for the use of establishing a User's Credit Allowance. The Working Group agreed that the CP should not seek to consider any changes to how the RAV is calculated.
- 3.3 The majority of the Working Group concluded that a Consultation should not be issued to Parties, as the proposed solution is straight forward and there are not multiple options for implementation.

## 4 PROPOSED LEGAL DRAFTING

- 4.1 The DCP 101 legal drafting will amend Schedule 1 of the DCUSA. Clause 3.6 will be updates such that within 10 Working Days after the projected RAV is published by the Authority; DNOs shall give Suppliers written notice of the new value of RAV.
- 4.2 The proposed legal drafting of DCP 101 has been reviewed by Wragge & Co and is attached as Appendix A.

## 5 EVALUATION AGAINST THE DCUSA

- 5.1 The Working Group considered each of the DCUSA General Objectives and agreed the following:
- Objective 1<sup>1</sup> – No Impact.
  - Objective 2<sup>2</sup> – Better facilitated. This change will better facilitate competition in the supply of electricity by ensuring the appropriate maximum unsecured credit limit is afforded to Suppliers based on the most up-to-date RAV position of the Distributor(s).
  - Objective 3<sup>3</sup> – No Impact.
  - Objective 4<sup>4</sup> – Better Facilitated. The majority of Working Group concluded that a uniform approach to the use of the most relevant RAV would provide each Distributor with the same level of risk based on its most up-to-date RAV. This change will promote efficiency in the operation of Schedule 1 of the DCUSA by ensuring that RAVs are notified to Suppliers in a consistent and regular way. Suppliers will no longer need to contact DNOs to clarify the current RAV. Those members who did not agree that the objective was better facilitated considered it had 'no impact' on the basis that this Objective relates to the efficient governance of the DCUSA, and not to Parties' individual processes.

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<sup>1</sup> The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System

<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

<sup>3</sup> The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.

<sup>4</sup> The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.

## **6 IMPLEMENTATION**

- 6.1 This CP is classified as a Part 2 matter in accordance with Clause 9.6, as it does not impact any Part 1 clauses of the DCUSA.
- 6.2 The CP seeks to be implemented on 01 April 2012.

## **7 ENVIRONMENTAL IMPACT**

- 7.1 The DCP 101 Working Group concluded that there will be no material impact on greenhouse gas emissions as a result of the proposed variation being made.

## **8 PANEL RECOMMENDATION**

- 8.1 The Panel approved this Change Report at its meeting on 15 February 2012. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 101.
- 8.2 The DCP 101 Working Group and the DCUSA Panel agreed that the CP impacts all Parties and will therefore be issued to all DCUSA Parties for voting on the 17 February 2012.
- 8.3 The timetable for the progression of the Change Proposals is set out below:

<b>Activity</b>	<b>Date</b>
Change Report issued for voting	17 February 2012
Voting closes	02 March 2012
Change Declaration	06 March 2012
CP Implemented	01 April 2012

## **9 APPENDICES:**

Appendix A – DCP 101 - Legal Drafting

Appendix B – DCP 101 - Voting Form