

DCUSA CHANGE REPORT	
CHANGE PROPOSAL	The Creation of a DCUSA Issues Resolution Working Group
DATE OF ISSUE	18 September 2008
ISSUED TO	DCUSA Contract Managers Ofgem
PARTIES ENTITLED TO VOTE	All Parties
RETURN DEADLINE (Voting End Date)	02 October 2008 – DCUSA@electralink.co.uk

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 023 - The Creation of a DCUSA Issues Resolution Working Group. 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 amendment attached as Appendix A and submit votes using the form attached as Appendix C to dcusa@electralink.co.uk by 02 October 2008.

2 BACKGROUND

- 2.1 DCP 023 was raised by E.ON UK and was considered by the DCUSA Panel at its meeting on 21 May 2008. The Panel determined that the CP was a non-urgent Part Two change that should be progressed through the Definition Procedure. The DCUSA Panel established a Working Group to consider the Change Proposal.

3 SUMMARY OF DCP 023

- 3.1 DCP 023 was raised by E.ON UK following discussions at the DCUSA Panel. The CP seeks to formalise the creation of an issues working group within a new Schedule of the DCUSA. E.ON UK considered that the purpose DCUSA Issues Group (DIG) should be to address issues, develop solutions and make recommendations to the DCUSA Panel and Parties regarding the DCUSA document.
- 3.2 E.ON UK considered that the introduction of an issues working group will benefit DCUSA Parties by creating a structured environment for the focused addressing of issues raised by either the DCUSA Panel or by Parties to the Agreement and that the establishment of this group will facilitate the promotion of efficiency in the implementation and administration of the DCUSA Agreement.

4 DCP 023 WORKING GROUP

- 4.1 The DCUSA Panel established a Working Group to consider the Change Proposal. The DCP 023 Working Group comprised the following members:
 - Derek Weaving – British Energy
 - Glenn Sheern – E.ON UK
 - John Lawton – Electricity North West Limited
 - John Lees – RWE Npower
 - Lorna Gibb – ScottishPower Energy Retail
 - Peter Waymont – EDF Energy Networks

5 WORKING GROUP CONSIDERATIONS

- 5.1 The Working Group met twice to consider the CP and assess it against the DCUSA Objectives. The minutes of the Working Group meetings are available on the DCUSA website – www.dcusa.co.uk
- 5.2 At its first meeting the Working Group noted that DCP 023 seeks to establish a forum for discussing DCUSA matters or issues potentially with a view to raising a Change Proposal. Under the current process the only way for Parties to raise issues is by submitting a formal change proposal to the Panel. In some cases this has resulted in poorly drafted or incomplete CPs being raised which are then withdrawn or require significant work by Working Group members.
- 5.3 The Working Group considered that by giving parties the opportunity to discuss matters in an open forum there may be a reduction in the number of CPs raised (parties may consider that the change is not required after discussing it open forum or find that it can be resolved on an operational level) and that the quality of the CPs raised may be improved.
- 5.4 Members noted that similar forums exist under other codes (e.g. the MRA and SPAA) and provide a useful forum for the discussion of issues by all parties on a regular basis and agreed that the principle of DCP 023 was valid.
- 5.5 In accordance with Clause 11.17 of the DCUSA the Working Group agreed that DCP 023 should be put forward for consultation.

6 DCP 023 CONSULTATION

- 6.1 The DCP 023 Consultation was issued to all DCUSA Contract Managers for a period of 15 Working Days and 11 responses were received. The consultation responses are attached as Appendix B.

Does the proposed CP better facilitate the DCUSA Objectives?

- 6.2 The majority of respondents indicated that Objective 4¹ was better facilitated by DCP 023. Respondents considered that the introduction of an issues group will allow matters to be discussed before a CP is raised resulting in better quality Change Proposals being developed which should speed up the change process and reduce the amount of administration required to process each CP.
- 6.3 1 party objected to the progression of the CP noting that it believed it would result in a duplicated cost to parties. 1 party indicated that it considered that the CP was neutral when measured against the DCUSA objectives and that the success of the DIG could only be measured by experience.

¹ The promotion of efficiency in the implementation and administration of this Agreement.

- 6.4 1 party indicated that it supported the introduction of the DCUSA Issues Group, although considered that Objective 2 rather than Objective 4 was better facilitated, but that it did not believe it was necessary for the CP to be raised to establish the DIG.

Are there any other alternative solutions you would like to be considered by the DCP 023 Working Group?

- 6.5 1 respondent recommended that additional drafting be added to the CP to formally allow the Panel to establish the DCUSA Issues Working Group. Another respondent considered that the Panel already has the Authority to establish a Working Group for the purpose of the activities set out in DCP 023 and that therefore the CP was not required and should be withdrawn. The party noted its support for the creation of the DIG but considered that it could be established under the existing Panel powers.
- 6.6 The Working Group considered that an amendment to the DCUSA is required to give the Panel the vires to establish the DIG. Clause 5.3.4 requires the Panel to "manage and co-ordination the modifications process" and Clause 7.24 of the DCUSA allows the Panel to establish Working Groups "for the purposes of doing, or assisting the Panel in doing, anything to be done by the Panel pursuant to this Agreement". However the Working Group considered that the DIG sought to consider matters outside of the Change Process, i.e. before a Change Proposal is formally raised and that the development of issues is not captured currently within the Agreement and therefore under the current DCUSA the Panel has no powers to establish such a Working Group.

Give views on the proposed make up and membership of the meeting

- 6.7 The majority of respondents indicated that they favoured the creation of a standing group of industry members to be established with the option for other attendees, including non party members, to participate as required. A number of respondents recommended that the drafting of DCP 023 be clarified. One party indicated that membership should be open to correspondence input to allow smaller parties to contribute.
- 6.8 The Working Group agreed to amend the drafting to better reflect the intent of the proposal. It agreed that membership would comprise a standing group of party representatives with appropriate knowledge or expertise across the DCUSA Party categories. The Working Group agreed that additional attendees could participate where specific knowledge or expertise was required including non Party members such as the AMO or BSC representatives. The Working Group agreed that it was pragmatic to allow parties to contribute via correspondence where appropriate.

Give views as to whether you consider that the drafting set out as Schedule XX and the DCUSA Issues Form should be maintained as part of the DCUSA or maintained outside the Agreement by the Panel.

- 6.9 Responses to this question were divided with some parties considering that the information should be maintained as part of the DCUSA and subject to Change Control and others considering that the Panel could maintain both documents.
- 6.10 The Working Group considered that the Terms of Reference and procedure for the DIG should be maintained within a DCUSA schedule but that the

Issues Form should be maintained by the Panel in accordance with the model used under the DCUSA Change Process. The Working Group agreed that this provided visible terms of reference of the DIG to all industry parties. The Working Group agreed that the Schedule will be categorised as a Part 2 matter.

Please indicate if you expect to incur any costs to support the CP

- 6.11 Respondents indicated that, with the exception of the cost of sending a representative to meetings, they would not incur costs to support the CP. The Working Group considered that the introduction of the DIG should introduce efficiencies into the change process by addressing a number of issues at each meeting rather than holding a separate meeting for each matter raised as operates under the Change Process and that potentially the overall costs to Parties of supporting the Change Process could reduce.
- 6.12 The Working Group recognised the comment of one Party that the CP could result in a duplication of costs and effort by Parties if issues were discussed at both the DIG and a subsequent CP Working Group. Members agreed that if DCP 023 is accepted the Change Proposal form would be amended to indicate whether the issue had previously been raised, Working Groups would be required to consider the debate held at the DIG and the Panel would direct Working Groups to minimise duplication.

Do you support the proposed implementation date of 06 November 2008

- 6.13 100% of respondents supported the proposed implementation date.

Please state any other comments or views on the Change Proposal

- 6.14 7 respondents put forward additional comments. 2 reiterated their support for the CP noting that it would assist the Panel in assessing matters of detail and allow parties to openly discuss issues before raising CPs. The parties considered that CPs may be developed more quickly resulted in a reduced administrative burden for Parties. 1 respondent noted that a similar model successfully introduced within other industry codes.
- 6.15 1 party provided a counter argument stating that the CP could result in an unnecessary duplication of work already carried out by the Panel and another Party also referenced concerns regarding duplication of effort. 2 parties requested that the frequency of meetings be clarified noting that the group should only convene on an 'as required' basis.

7 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 7.1 The Working Group considered that the Panel determined that DCP 023 should be progressed as a Part 2 matter when it entered the CP into the Definition Phase. The Panel considered that the Change Proposal did not seek to amend the existing governance or change control processes but to work within them and to introduce a new Part 2 schedule.
- 7.2 In developing DCP 023 the Working Group proposed that two clauses of Section 1C of the DCUSA be amended, noting that Section 1C is a Part 1 provision. In accordance with Clause 11.21 the Working Group asked the

Ofgem representative on the group whether it considered the CP could be progressed in accordance with the Part 2 process.

- 7.3 The Ofgem representative considered that the intent of the CP is to improve a process not to modify a governance mechanism and therefore could be progressed as Part 2 and did not require Authority determination.
- 7.4 The legal drafting, as reviewed by Wragge & Co is attached as Appendix A. Wragge's advice is that it is within the Panel's existing power to constitute a working group to discuss any specific issues that have been raised to the Panel about the operation of DCUSA. However they advise that there is no harm in changing DCUSA to formalise the DIG mechanisms if Parties so desire.

8 WORKING GROUP CONCLUSIONS

- 8.1 The Working Group concluded that DCP 023 would better facilitate Objective 4² of the DCUSA. The Working Group considered that the creation of the DIG should result in efficiencies for parties. The Working Group agreed with the majority of respondents that the CP would introduce opportunity for discussion of issues before a CP which may result in the resolution of issues without the requirement for a CP or for better drafted CPs be entered into the Change Process.
- 8.2 It noted that the group would be able to consider more than one issue at each meeting where as Working Group meetings are convened individually for each CP. The Working Group agreed that the opportunity to discuss issues before a CP is raised should prevent 'spurious', poorly drafted or incomplete changes from being forward and reduce the amount of time required by Working Groups to consider them.
- 8.3 The Working Group considered that in some cases the change process cycle will be truncated and Working Groups will need to meet less frequently. The DIG will also allow parties to consider issues outside the change route and possibly develop best practice models and to discuss interpretation issues in an open forum.
- 8.4 The Working Group noted that parties had expressed concern that the creation of the DIG may result in a duplication of work but noted that this was a minority position and would be mitigated by the Panel's management of the DIG and the Change Process. The Working Group agreed that the CP should be progressed to aid the development of an efficient DCUSA document and change process.
- 8.5 Although there is the view that the Panel can establish the DIG anyway, as its creation has been raised as a DCUSA change proposal with no specific issues being raised to the Panel, the Working Group agreed that DCP 023 should be put forward to the Panel and issued to all Parties for voting for a period of 10 Working Days and if accepted be implemented on 06 November 2008.

² The promotion of efficiency in the implementation and administration of this Agreement.

9 PANEL RECOMMENDATION

9.1 The content of this Change Report was approved by the Panel on 17 September 2008.

9.2 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 10 Working Days.

9.3 The timetable for the progression of the Change Proposal is set out below:

Date	Activity	Purpose	Responsibility
18 September	Change Report Issued	Change Report issued to all parties for 10 WD	Secretariat
02 October	Voting End Date	Last date for submission of votes	parties
11 October	Change Declaration	Outcome of voting published	Secretariat
06 November	DCUSA Release	DCUSA updated to reflect CP drafting	Secretariat

Appendices:

- A. DCP 023 Legal Drafting
- B. Consultation Responses
- C. DCP 023 - Voting Form