

DCUSA Change Proposal Form

This form is provided in accordance with Clause 10.5 of the DCUSA.

Please return completed forms to DCUSA@electralink.co.uk for assessment by the DCUSA Panel.

Document Control	
CP Status	Standard / Urgent
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Originator Details	
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Change Proposal Details	
CP Title	Part 2b Change to notice period provisions for changes to charges to IDNOs
Impacted DCUSA Parties	Distributor / Supplier / IDNO / DG
Impacted Clause / Schedule	Clause 43
Authority Consent Required	Yes
Summary of Change	To clarify the provisions of Clause 43 and to enable DNOs and IDNOs to agree alternative notice periods of variations to charges and alternative implementation dates.
Related Change Proposals	<i>Please indicate if this CP is related to or impacts any other CP already in the DCUSA or other industry Change Process</i>

Change Proposal Intent
<i>Please set out the intent of the CP and the issue it is seeking to address</i>
The intent of this change proposal is to: <ul style="list-style-type: none">(a) allow DNOs (only where IDNOs agree) to give IDNOs reduced notice periods for the introduction of, or variation of, DUoS charges to IDNOs; and(b) clarify that DNOs may use alternative implementation dates other than 1st April or 1st October. The change proposal also attempts to clarify the drafting of Clause 43 to aid consistent interpretation of the

meaning.

The intent is allow changes to charges to IDNOs to be made in April/May 2009.

Business Justification & Market Benefits

IDNOs and DNOs are working to develop and deliver DUoS charges for IDNOs. It is increasingly unlikely that such charges can be delivered for a 1st April implementation date and that an implementation date during May may be necessary. As an IDNO, we are concerned that DCUSA places undue barriers on DNOs implementing new and revised charges on dates other than those prescribed (1st April and 1st October). Such barriers could unduly delay DNOs implementing such charges. Delays in introducing such charges could further exacerbate competition issues faced by IDNOs.

Ofgem have indicated that their legal advice is that their interpretation of Clause 43.1 is that to put forward implementation dates other than 1st April or the 1st October may be a breach of the DCUSA and therefore a breach of the licence. Wragge and Co (DCUSA's legal advisors) have taken a different view. Therefore, there is a need to clarify the drafting.

Also, unless DNOs specify otherwise in their charging statements, they must give a 40 day notice period. In some instances IDNOs may be happy to agree to a lesser period.

Failure to implement this change could result in implementation of new/revised tariffs to IDNOs being delayed until October 2009.

This proposal gives the IDNOs and DNOs the flexibility to agree different notice periods and different implementation dates.

This proposal deliberately excludes any changes to Clause 19. Changing Clause 43 does not impact on the notice periods that distributors have to give suppliers.

Proposed Implementation Date

Please specify and give a reason if proposed date is outside the release schedule (February / June / November)

It is proposed that the change proposal, if agreed and approved, should form part of the February 27 release. If this cannot be achieved then it is proposed that implementation be given as soon as the change is authorised.

Proposed Solution

Please insert proposed change marked legal drafting here. The Change Proposal Intent will take precedence in the event of any inconsistency

Charges

43.1 The User shall pay to the Company in respect of services provided under this Agreement (and under the agreements referred to in Clause 43.2) the charges set out in the Company's Relevant Charging Statement and, where appropriate, the provisions of the relevant Bilateral Connection Agreement.

The Company may vary such charges at any time by giving the requisite period of written notice to the

User. ~~That period shall be the User (where the requisite period of notice is the period specified in the Company's Relevant Charging Statement or, where no such period is specified, 40 days):~~

~~43.1.1 The period specified in the Company's Relevant Charging Statement; or~~

~~43.1.2 Where no such period is specified, 40 days; or~~

~~43.1.3 The period agreed between the User and the Company.~~

The Company shall use reasonable endeavours to (i) vary the charges no more than two times per year, and (ii) apply such variations ~~to apply~~ from 1st April or 1st October. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.

DCUSA Objectives

Please state which DCUSA Objective(s) will be better facilitated by this CP and give supporting reasons

- ~~1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks;~~
2. 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;
3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences; and
- ~~4. The promotion of efficiency in the implementation and administration of this Agreement.~~

We believe that objectives 2 and 3 are satisfied.

Objective 2

IDNO revenue streams are determined by the difference between the all the way charge to end consumers and the charge that the DNO levies on the IDNO for upstream use of system. Under the conditions of their electricity distribution licences, IDNOs must replicate the tariffs that the DNO charges in respect of consumers connected in its distribution service areas. To facilitate competition in distribution IDNOs must be able to make a margin to enable them to cover their efficient costs of operation and to make a normal profit. A key part of this is to allow arrangements for IDNO parties and DNO parties to agree to implement charging arrangements in a timely manner. Charging arrangements between IDNO and DNO are evolving. This proposal better promotes competition by removing undue delay to implementation of charges

Objective 3

In a similar vein to the reasons given for better facilitating Objective 2, the change proposal better enables DNOs to comply with their distribution licence by allowing them to introduce revised charging arrangements without undue delay.

Environmental Impact

Please indicate whether you consider that there may be any environmental impact as a consequence of this CP being implemented

No impact identified