











DCUSA Change Declaration		At what stage is this document in the process?
<div>DCP 324</div> <div>National Grid Legal Separation Changes to the DCUSA</div> <div>Raised on 11 July 2018</div> <div>As a Standard Change</div>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<div>Purpose of Change Proposal:</div> <div>This Change Proposal seeks to modify the DCUSA to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separated from National Grid Electricity Transmission Limited (NGET).</div>		
	<div>DCUSA Parties have voted on DCUSA Change Proposal (DCP) 324 with the outcome being a decision on whether or not the Change Proposal (CP) is to be accepted and the proposed variation to the DCUSA made accordingly.</div> <div>The DCUSA Parties consolidated votes are provided as Attachment 1.</div>	
	<div>For DCP 324, DCUSA Parties have voted to:</div> <div><ul style="list-style-type: none">Accept the proposed variation (solution); andAccept the implementation date of DCP 324</div>	
	<div>Impacted Parties: All Parties</div>	
	<div>Impacted Clauses: Clause 37 and Schedules 2B, 17, 18 and 22</div>	

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Timeline		 Any questions? Contact: Code Administrator  DCUSA@electralink.co.uk  0207 432 3011 Proposer: John Martin  John.Martin@nationalgrid.com  07794 050359
The timetable for the progression of the CP is as follows:		
Change Proposal timetable		
Activity	Date	
Initial Assessment Report Approved by Panel	11 July 2018	
Change Report Approved by Panel	15 August 2018	
Change Report issued for Voting	17 August 2018	
Party Voting Closes	10 September 2018	
Change Declaration Issued to Parties	12 September 2018	
Implementation	01 April 2019 ¹	

¹ Subject to the new NGESO Licence being granted and effective on or before 01 April 2019.

1 Summary

What?

- 1.1 To amend the DCUSA to account for the legal separation of the system operator and transmission owner within National Grid Group on 01 April 2019. The DCUSA modification is to ensure that the correct obligations are on NGESO following legal separation.

Why?

- 1.2 Changes are required to NGET's existing licence required to implement legal separation; all system operator obligations will be transferred into a new transmission licence for the NGESO and as such need to be reflected accordingly within the electricity codes. An update on the licence changes was provided by Ofgem in March 2018.

How?

- 1.3 The proposed solution is to utilise the existing definition "National Electricity Transmission System Operator" for NGESO post legal separation. Then to complete a number of entity changes that move the obligations to the "National Electricity Transmission System Operator" from NGET.
- 1.4 The only additional amendment is to Clause 37; which completes a drafting update to clarify that NGESO will not be a party to the Smart Energy Code (SEC).
- 1.5 As part of the legal separation NGESO will also look to accede to the DCUSA and NGET will apply to cease being a DCUSA Party.

2 Governance

Justification for Part 2 Matter

- 1.6 The Panel reviewed DCP 324 and noted that the Proposer's opinion was that the change should be treated as a Part 1 matter. However, the Panel agreed that Authority Consent would not be necessary for this CP as there are no material changes to DCUSA being made and therefore, should be progressed as a Part 2 Matter.

3 Why Change?

Background of DCP 324

- 3.1 Following the joint statement titled "Statement on the future of Electricity System Operation" issued by BEIS, Ofgem and National Grid on 12 January 2017 and Ofgem industry update on Electricity System Operator (ESO) separation in March 2018, the obligations in the DCUSA will need to be modified to reflect the System Operator (SO) requirements transferring to NGESO.

- 3.2 NGET and NGESO will become separately licensed entities as a consequence of NGET partially transferring its existing licence (the System Operator elements only) to NGESO under Section 7A Electricity Act 1989 and NGET will retain the Transmission Owner elements.

4 Solution

DCP 324 Assessment

- 4.1 Due to the nature of this change, the drafting of the legal text was undertaken by the DCUSA legal advisors. The proposed solution is to utilise the existing definition “National Electricity Transmission System Operator” for NGESO post legal separation. Then to complete a number of entity changes that move the obligations away from NGET to the “National Electricity Transmission System Operator”.
- 4.2 As part of legal separation, NGESO will also look to accede to the DCUSA and NGET will apply to withdraw from the DCUSA and thus cease to be a Party to the DCUSA.

5 Relevant Objectives

Assessment Against the DCUSA Objectives

- 5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. The CP form provided as Attachment 3, details which of the DCUSA Objectives the Proposer considers DCP 324 better facilitates.

Impact of the Change Proposal on the Relevant Objectives:

Relevant Objective	Identified impact
General Objective Two – The facilitation of effective competition in the generation and supply of electricity (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Positive

- 5.2 It is believed that DCUSA General Objective Two is better facilitated by DCP 324 as one of the identified reasons for the legal separation of the system operator and transmission owner within the National Grid Group is to enable a more competitive system.
- 5.3 This reason was set out in the document titled “*Future Arrangements for the Electricity System Operator: Response to Consultation on SO Separation*” which was published by Ofgem on 03 August 2017. Within this document, the following was stated:

“In January 2017, BEIS, Ofgem and National Grid issued a joint statement² which stated that a

² [Statement on the future of Electricity System Operation.](#)

more independent ESO can realise benefits for consumers by enabling a more secure, competitive and flexible system.”

6 Impacts & Other Considerations

- 6.1 Although this modification proposal does not directly impact other industry codes, other proposed modifications to industry codes (Balancing and Settlement Code (BSC), Connection and Use of System Code (CUSC), Distribution Code, Grid Code, Security and Quality of Supply Standard (SQSS) and System Operator-Transmission Owner Code (STC)) are being raised in parallel to this modification proposal as a result of creating a legally separate system operator.

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

- 6.2 No SCR impacts have been identified.

Consumer Impacts

- 6.3 No consumer impacts have been identified.

Environmental Impacts

- 6.4 In accordance with DCUSA Clause 11.14.6, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 324 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

7 Implementation

- 7.1 This DCUSA modification is required to take effect on 01 April 2019, being the date on which the ESO functions will transfer from NGET to NGESO. Therefore, the implementation date for DCP 324 is 01 April 2019.
- 7.2 For the avoidance of doubt, the implementation of this Change Proposal will only occur on 01 April 2019 if the new NGESO Licence has been granted and takes effect on or before 01 April 2019. In the event that the new NGESO Licence has not been granted and is not effective from 01 April 2019, then the implementation of this Change Proposal will occur on the date that the Licence takes effect.

8 Legal Text

- 8.1 Due to the nature of this change, the drafting of the legal text was undertaken by the DCUSA legal advisors. The proposed legal text is drafted to utilise the existing definition of “National Electricity Transmission System Operator” for NGESO post legal separation. Then to complete a number of

entity changes that move the relevant SO obligations away from NGET to the “National Electricity Transmission System Operator”.

- 8.2 The only additional amendment is to Clause 37; which completes a drafting update to clarify that NGESO will not be a party to the SEC.
- 8.3 A copy of the legal text can be found as Attachment 2.

9 Code Specific Matters

Modelling Specification Documents

- 9.1 Not applicable.

Reference Documents

- 9.2 <https://www.ofgem.gov.uk/publications-and-updates/industry-update-following-our-future-arrangements-electricity-system-operator-informal-consultation-eso-licence-drafting>
- 9.3 <https://www.ofgem.gov.uk/publications-and-updates/greater-separation-national-grid-s-system-operator-role>
- 9.4 <https://www.nationalgrid.com/uk/about-grid/our-role-industry/future-electricity-system-operator>

10 Voting

- 10.1 DCP 324 change report was issued to DCUSA Parties for Voting on 17 August 2018.

Part 2 Matter: Authority Decision Not Required

DCP 324 Proposed Variation (Solution) Decision

- 10.2 For the majority of the Party Categories that were eligible to vote:
- the number of groups in each Party Category which voted to accept the proposed variation was more than 65% of the total number of Groups in that Party Category which voted; and
 - the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was more than 65%
- 10.3 DCUSA Parties have voted to **accept** the proposed variation (solution) of DCP 324.

DCP 324 Implementation Date Decision

- 10.4 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the implementation date was more than 65% of the total number of groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 65%.

10.5 DCUSA Parties have voted to **accept** the implementation date of DCP 324

The table below sets out the outcome of the votes that were received in respect of the DCP 324 Change Report that was issued on 17 August 2018 for a period of 15 working days.

DCP 324	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
CHANGE SOLUTION	Accept	n/a	Accept	n/a	n/a
IMPLEMENTATION DATE	Accept	n/a	Accept	n/a	n/a

11 Recommendations

DCUSA Parties

11.1 DCUSA Parties have voted on DCP 324, with the outcome being a decision to be accept the Change Proposal and thus the proposed variation to the DCUSA will be made accordingly.

Attachments

- Attachment 1 – DCP 324 Consolidated Party Votes
- Attachment 2 – DCP 324 Legal Text
- Attachment 3 – DCP 324 Change Proposal