

# Energy UK response to DCP 295 'CVA Registrants acceding to DCUSA'

21<sup>st</sup> September 2018

## About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. The energy industry invests £12bn annually, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HM Treasury.

Energy UK welcomes the opportunity to respond to the DCP 295 'CVA Registrants acceding to DCUSA' consultation.

Energy UK supports the principles behind DCUSA Code modification DCP 295 which seeks to facilitate the accession to the DCUSA of CVA Registrants who use Distribution Systems. Extending the standard contractual terms in the DCUSA for CVA Registrants would reduce the need for new bilateral Use of System Agreements between Distributors and the subset of CVA Registrants who are not already DCUSA Parties. However, we are concerned with the element of the proposal that makes accession to DCUSA mandatory. It is not clear for whom accession will be mandatory, or what the impact of accession will be for particular sites. We take the view that any CVA customer affected by this change needs to be engaged with directly by the DNO on a bilateral basis as part of the change process, not after it.

We believe that the first part of the change proposal i.e. changing a Distributed Generator party to CVA party, which is limited to 'facilitating' accession to DCUSA, should be considered without the 'mandatory' element and parties should be able to opt-out of the arrangements introduced by the proposed change to the NTC. This will ensure that those parties acceding to the DCUSA are aware this is happening and will allow parties more choice.

As the market develops, we are seeing an increasing number of smaller parties wanting to enter the Balancing Mechanism and take responsibility for some of their own charges currently managed by Suppliers. There is no good reason that these companies cannot manage their own market access and associated monopoly charges and it is welcome that the DCUSA is trying to address this in a direct manner, rather than via the Bilateral Embedded Generation Agreement style agreement used by National Grid under the CSUC. Facilitating accession to DCUSA will help to ensure the terms are equitable, and will allow any changes to terms to be implemented directly via the DCUSA change process, reducing the need for multiple changes to many bi-lateral agreements.

Should you have any questions regarding our response, please feel free to contact me.

Kind regards,

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