



## **DCUSA CONSULTATION**

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### **DCP 141- Invalid Settlement Classes**

## 1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators.
- 1.2 Parties to the DCUSA can raise a DCUSA Change Proposal (“DCP”) to amend the Agreement. DCPs should better facilitate the DCUSA General Objectives and/or Charging Objectives of the DCUSA document.
- 1.3 Amendments to DCUSA may only be made with the consent of a majority proportion of Parties to the DCUSA, through a voting process, or (where applicable) the Gas and Electricity Markets Authority.<sup>1</sup>
- 1.4 When a DCP is raised, a Working Group is established to assess and develop the proposal in consultation with industry parties and other interested parties.
- 1.5 This document is a consultation issued in accordance with Clause 11.14 of the DCUSA and seeks industry views on Change Proposal DCP 141 – Invalid Settlement Classes.
- 1.6 The Consultation has been issued to DCUSA Parties and Ofgem.
- 1.7 Parties are invited to consider the Change Proposal detailed in this consultation and submit comments using the form attached as Appendix C to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by **28 September 2012**.

## 2 INTENT OF DCP 141 – INVALID SETTLEMENT CLASSES

- 2.1 DCP 141 has been raised by E.On Energy as a result of the work undertaken by the DCMF MIG Annual Review Billing Supergroup. That group was established to determine best practices in DUoS billing and to facilitate moving the Industry towards such practices in order that Distributors adopt a common approach to billing.
- 2.2 The intent of this CP is to ensure that all Distributors adopt a common approach to billing invalid Settlement Classes by applying the Unrestricted Domestic rate to the existing Settlement Class data.
- 2.3 The DCMF MIG Annual Review Billing Supergroup has assessed different approaches

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<sup>1</sup> For more information about GEMA visit the Ofgem website: <http://www.ofgem.gov.uk/TheAuthority>

used by Distributors under current practice and has determined its view of the optimal common approach that should be adopted in relation to the matter stated in the intent.

- 2.4 The group felt that by having a common approach to billing will make it easier for Suppliers to build validation routines and provides transparency for new entrants.
- 2.5 In the case of Distributors who do not charge for invalid combinations, it was felt there was cross subsidisation, and where Distributors adjust the LLFC prior to invoicing it was felt that validation was difficult.

### **3 DCP 141 – WORKING GROUP CONSIDERATIONS**

- 3.1 The Working Group is comprised of Distributor and Supplier Parties, as well as Ofgem representation; it is noted that all DCUSA Parties were invited to attend the Working Group.
- 3.2 All Working Group members are supportive of the general principles of DCP 141.
- 3.3 The Working Group reviewed the CP against the following DCUSA General and Charging Objectives:
- General Objective 2<sup>2</sup>– Better facilitated - The Supplier’s validation will be better facilitated and transparent.
  - Charging Objective 3<sup>3</sup> – Better facilitated - Choosing not to bill invalid combinations leads to cross subsidy.

### **4 PROPOSED LEGAL TEXT**

- 4.1 The DCP 141 proposed legal text is set out in Appendix B.
- 4.2 Following a review of the proposed legal text by the Working Group after feedback gained from the consultation, it will be issued to the DCUSA legal representative for review.

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<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> that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business

## 5 CONSULTATION

5.1 Parties are asked to consider the intent and impact of DCP 141 and answer the following consultation questions:

1. Do you agree with the intent of DCP 141?
2. Do you agree with the principles of DCP 141?
3. Does the CP better facilitate the DCUSA General Objective 2 and Charging Objective 3? Please provide supporting comments.
4. Do you have any comments on the proposed legal drafting of DCP 141?
5. How will DCP 141 affect your organisation? Please provide supporting comments.
6. Will there be any associated costs with implementing DCP 141? Please provide supporting comments.
7. Are you aware of any wider industry developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.
8. Do you agree with the implementation date of DCP 141?
9. Are there any alternative solutions or matters that should be considered by the Working Group?

5.2 The Consultation response form (Appendix C) should be submitted to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than **28 September 2012**. Parties are asked to provide as much relevant detail as possible to enable the Working Group to understand the comments and the reasons behind them.

5.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## 6 NEXT STEPS

6.1 Following the end of the consultation period the Working Group will meet to review and consider the responses. The DCP 141 Working Group will submit its final report setting out the proposed variations to DCUSA Panel before the CP is issued to all DCUSA Parties for voting.

6.2 If you have any questions about this paper or the DCUSA Change Process or would like

to participate in the Working Group please contact the DCUSA Help Desk by email to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) or telephone 020 7432 3014.

## **7 APPENDICES**

- Appendix A – DCP 141 Invalid Settlement Classes
- Appendix B – DCP 141 Proposed Legal Text
- Appendix C – Response Form