



## **DCUSA Change Report**

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DCP 089 – DNO (I) DNO Billing

## 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. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a Change Report issued to IDNO and DNO Parties in accordance with Clause 11.20 of the DCUSA. The Change Report details DCUSA Change Proposal (DCP) 089– DNO (I) DNO Billing.
- 1.3 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.
- 1.4 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](mailto:dcusa@electralink.co.uk) by 11 August 2011.

## 2 DCP 089 - DNO (I) DNO Billing

- 2.1 DCP 089 has been raised by UK Power Networks following the completion of the DCUSA IDNO/DNO Billing Governance Group. The CP seeks to update the DCUSA to reflect the recommendations made by the IDNO/DNO Billing Governance Group and the decisions made by Ofgem<sup>1</sup> regarding boundary metering.
- 2.2 The IDNO/DNO Billing Governance Group looked at portfolio billing for Use of System Charges and considered billing arrangements and processes between Licensed DNOs (LDNOs). LDNOs are defined as either an IDNO or a DNO operating out of area. This CP will supersede the interim solution developed by the IDNO/DNO Billing Governance Group, where data is provided to DNOs by a

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<sup>1</sup>Ofgem decision on 'IDNO/DNO boundary equipment and which parties should fund this equipment' <http://www.ofgem.gov.uk/Networks/ElecDist/Policy/IDNOs/Documents1/Final%20boundary%20metering%20decision.pdf>.

Supplier Volume Allocation Agent<sup>2</sup> (SVAA) for NHH meters and LDNOs for HH customers. DCP 089 addresses the remaining aspects of NHH and HH billing resulting from placing portfolio billing into the DCUSA.

- 2.3 DCP 089 will bring the DCUSA inline with current practice. Although additional changes may come about through the EHV Distribution Charging Methodology (EDCM) and other industry codes, there will be no interaction with DCP 089 as it is a stand alone CP.

### **3 WORKING GROUP**

- 3.1 The CP was progressed through the Definition Phase and a Working Group was established to assess and develop the CP. The Working Group members consisted of representatives from DNOs and Suppliers, and met on 3 occasions between April and July 2011.

### **4 CONSULTATION**

- 4.1 A Consultation was issued to all DCUSA Parties on 10 June 2011 by the DCP 089 Working Group. There were comments received from 8 respondents by the closing deadline of 24 June 2011. The Consultation comments and Working Group responses are attached as Appendix B.
- 4.2 The following questions were issued to the Parties through the consultation and their comments were considered by the Working Group:

Do you understand the intent of the CP and are you supportive of its principles?

- 4.3 All respondents understood the intent of the CP and were supportive of its principles. One respondent noted that this CP does not address the cash flow burden that IDNOs have to face. The Working Group agreed that the issue raised was outside the scope and the intent of this CP and provided a response accordingly.

Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.

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<sup>2</sup> SVAA data is provided as a result of BSC modification P246

- 4.4 Respondents agreed that of the 4 DCUSA General Objectives, Objectives 1<sup>3</sup> and 3<sup>4</sup> were better facilitated by the CP.

Do you have any comments on the proposed legal text?

- 4.5 One respondent suggested an alternative wording to address the definition of Settlement Code. The Working Group updated the text to address the Party's concerns that the definition did not incorporate Reconciliation and Settlement Run and provided a response accordingly.

Are there any alternative solutions or matters that should be considered?

- 4.6 There were no alternate solutions or matters considered by respondents.

Are you supportive of the proposed implementation date of 03 November 2011?

- 4.7 7 out of 8 respondents were supportive of the proposed implementation date. The respondent who rejected the proposed date had a discussion at the Working Group meeting regarding the use of the proposed new flows. They agreed that the implementation date should be achievable and would confirm as part of their CP vote response.

## **5 ASSESSMENT AGAINST THE DCUSA OBJECTIVES**

- 5.1 The DCP 089 Working Group agreed that DCUSA General Objective 1<sup>5</sup> is better facilitated by this CP. The CP will update the DCUSA to reflect metering at boundaries as recommended by Ofgem. Those changes, while reflecting current practice, give a better understanding to Parties of their obligations and provide transparency to new entrants to the DCUSA.

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<sup>3</sup> The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.

<sup>4</sup> The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.

<sup>5</sup> The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.

- 5.2 The DCP 089 Working Group also agreed that DCUSA General Objective 3<sup>6</sup> would be better facilitated by this CP. The CP will effectively discharge Distributors' License obligations and ensure that Parties are compliant with them.

## **6 ENVIRONMENTAL IMPACT**

- 6.1 The Working Group, in accordance with its Terms of Reference, agreed that there was no material impact on greenhouse gas emissions as a result of the proposed variation being made.

## **7 PROPOSED LEGAL DRAFTING**

- 7.1 The proposed legal drafting for DCP 089 has been reviewed by Wragge and Co. and is attached as Appendix A. In summary the drafting will bring the DCUSA inline with current practice while recognising that changes may come about through the EHV Distribution Charging Methodology (EDCM) and other industry codes that arise from the work of the IDNO/DNO Billing Group.

## **8 IMPLEMENTATION**

- 8.1 The proposed implementation date for DCP 089 is **03 November 2011**.

## **9 PANEL RECOMMENDATION**

- 9.1 The Panel approved the DCP 089 Change Report on the 20 July 2011.
- 9.2 In accordance with Clause 12.4 of the DCUSA, the Panel has determined that DCP089 should be issued to IDNO and DNO Parties for voting for a period of 15 Working Days.
- 9.3 The DCP 089 Working Group considers that only DNO and IDNO vote on the CP, as Suppliers are not included in the billing process between IDNO and DNOs they would not be impacted by the CP.
- 9.4 The timetable for the progression of the Change Proposal is set out below:

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<sup>6</sup> The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.

<b>Activity</b>	<b>Latest Date</b>
Change Report Agreed	20 July 2011
Party Voting	21 July – 11 August 2011
Change Declaration	12 August 2011
Authority Determination	12 August – 21 September 2011
Implementation	03 November 2011

## **APPENDICES**

- Appendix A – Proposed legal text
- Appendix B – DCP 089 Consultation
- Appendix C – Voting Form