

| <b>DCUSA CONSULTATION DOCUMENT</b> |   |
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| <b>CHANGE PROPOSAL</b>             | DCP 075 'Voting Arrangements for a Party Category with Few Members' |
| <b>DATE OF ISSUE</b>               | 12 November 2010  |
| <b>ISSUED TO</b>                   | DCUSA Contract Managers   |
| <b>RETURN DEADLINE</b>             | 26 November 2010  |

## 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 consultation issued in accordance with Clause 11.14 of the DCUSA and seeks industry views on DCP 075 'Voting Arrangements for a Party Category with Few Members'.
- 1.3 Parties are invited to consider the questions asked by the Working Group set out in Section 5 below and submit comments using the form attached as **Appendix B** to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by 26 November 2010.

## 2 DCP 075 – VOTING ARRANGEMENTS FOR A PARTY CATEGORY WITH FEW MEMBERS

- 2.1 DCP 075 has been raised by UK Power Networks plc and seeks to amend the DCUSA to avoid a Party Category comprising fewer than 3 members having a blocking vote (in the case of 1 member) or a hung vote (in the case of 2 members).
- 2.2 Under the current DCUSA Voting Arrangements a CP must receive either 65% or more, or 50% or more<sup>1</sup>, of the total weighted votes in all voting categories for to be recommended for approval. In the case of Part 1 matters, the Change Declaration is issued to the Authority for determination. In the case of Part 2 matters, the outcome is determined solely by the Party vote and there are limited grounds for appeal.
- 2.3 DCUSA Parties are divided into categories for the purposes of voting on Change Proposals – Supplier, DNO, IDNO/OTSO and DG. In order for a CP to be recommended for approval it must be supported by a majority of voting parties in each category which is eligible to vote on a CP. It has been identified that where there are two or fewer parties in a category they have a blocking vote on change proposals (as is currently the case with the DG category).
- 2.4 In the case of Part 2 matters (which do not require Authority determination and are not subject to appeal) CPs could be prevented from progressing where a 'small' category containing just one or two parties holds a blocking vote. Therefore a Part 2 change could be blocked by a single member Party Category although all other Party Categories support it. Similarly a Party Category with 2 members may not get a majority and hence a change would be rejected. These are undesirable and a pragmatic solution to these issues needs to be found.
- 2.5 DCP 075 seeks to prevent the situation where a Party Category comprising of fewer than 3 members has a blocking vote (in the case of 1 member) or a hung vote (in the case of 2 members).

## 3 PROPOSED AMENDMENTS

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<sup>1</sup> Part 1 CPs require 50%; Part 2 CPs require 65%

- 3.1 DCP 075 seeks to amend Clause 13.6 and 13.7 of the DCUSA such that where 3 or fewer Parties vote in a Party Category and the CP is rejected in that Party Category, but accepted in all other Party Categories which vote, the CP will be deemed to be a Part 1 Matter and the Parties' recommendation that the CP should be rejected shall be issued to the Authority for determination.
- 3.2 The proposed DCP 075 legal drafting as attached as appendix A.

#### **4 IMPLEMENTATION**

- 4.1 The proposed implementation date for the CP is the 24 February 2010 Release.

#### **5 CONSULTATION**

- 5.1 In accordance with the DCUSA any CP progressed through the Definition Process may be issued as part of a consultation exercise. Parties are asked to consider the following consultation questions:

- Do you understand the intent of the CP and are you supportive of its principles?
- Do you consider that the proposal better facilitates the DCUSA objectives? Please provide supporting comments
- Do you have any comments on the proposed legal text?
- Are there any alternative solutions or matters that should be considered by the Working Group?
- Are you supportive of the proposed implementation date of 24 February 2010?
- Please state any other comments or views on the Change Proposal.

- 5.2 Responses should be submitted using Appendix B to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than 26 November 2010.
- 5.3 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.
- 5.4 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 consider the responses. The Working Group will liaise with the DCUSA Legal Advisors to ensure that any proposed changes to the text are robust and in keeping with the current DCUSA drafting.
- 6.2 The DCP 075 Working Group will submit its final report setting out the proposed variations to the DCUSA to the DCUSA Panel on 19 December 2010 before the CP is issued to all Parties for voting.
- 6.3 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) or telephone 020 7432 3011.

## **APPENDICES**

- Appendix A – Proposed legal text
- Appendix B – Consultation response form