

| DCUSA CHANGE REPORT | |
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| CHANGE PROPOSAL | DCP 065 – Impact of any licence changes as a consequence of DPCR 5 |
| DATE OF ISSUE | 14 July 2010 |
| ISSUED TO | DCUSA Contract Managers |
| PARTIES ENTITLED TO VOTE | All Parties |
| RETURN DEADLINE (Voting End Date) | 28 July 2010 – DCUSA@electralink.co.uk |

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 065 – 'Impact of any licence changes as a consequence of DPCR 5'. 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.
- 1.2 Parties are invited to consider the proposed amendment attached as Appendix A and submit votes using the form attached as Appendix B to dcusa@electralink.co.uk by 28 July 2010.

2 DCP 065 – IMPACT OF ANY LICENCE CHANGES AS A CONSEQUENCE OF DPCR 5

- 2.1 DCP 065 has been raised by EDF Energy Networks on behalf of the Panel to address an issue captured on the Housekeeping Log. The DCUSA has been reviewed to assess the impact of any licence changes as a consequence of Distribution Price Control Review 5 (DPCR 5) which was implemented in 01 April 2010. DCP 065 proposes a number of technical drafting changes to Schedule 15 of the DCUSA to reflect the licence changes implemented under DPCR 5.
- 2.2 DCP 065 has been categorised as an urgent change proposal in accordance with Clause 10.7.3 on the basis that it is linked to an imminent date-related event - the requirement for the provision of cost information in October 2010 and the anticipated implementation of DCP 066 - 'Enhanced Provision of Cost Information'.
- 2.3 The CP is a Part 1 matter in accordance with Clause 9.4.2 (D) of the DCUSA as it relates to 'commercial activities connected with the generation, distribution or supply of electricity' and will require Authority consent.

3 WORKING GROUP CONSIDERATIONS

- 3.1 The Working Group has reviewed DCUSA Schedule 15 and the initial drafting submitted with the CP. The review identified that the Schedule would need to be updated to reflect modifications to the standard distribution licence conditions and as such changes to a number of the agreement definitions are proposed.
- 3.2 The Working Group has also made a number of changes to the Cost Information Table in Schedule 15 to reflect current working practice and fully reflect the updated definitions.
- 3.3 In addition to the amendments to Schedule 15, changes are also necessary to the definition of Regulatory Asset Value "RAV" under Schedule 1 of the DCUSA as the reference to the Cost Reporting RIGs under condition 48 of the Distribution Licences remains valid.

4 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 4.1 The proposed legal drafting for DCP 065 has been reviewed by Wragge and Co and is attached as Appendix A.

5 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 5.1 The DCP 065 better facilitates DCUSA objective 3.1.3¹ as the CP will bring the agreement into line with licence obligations and ensure DCUSA parties are aware of the licence changes.
- 5.2 The change also facilitates DCUSA objective 3.1.4² as the CP will ensure that the DCUSA is accurate and up to date with the distribution licence better enabling the effective administration of the Agreement.

6 PANEL RECOMMENDATION

- 6.1 The Panel approved the DCP 065 Change Report ex-committee by email on 14 July 2010.
- 6.2 In accordance with Clause 12.4 of the DCUSA the Panel has determined that DCP 065 should be issued to all Parties for voting for a period of 10 Working Days.
- 6.3 The timetable for the progression of the Change Proposal is set out below:

| ACTIVITY | DATE |
|-------------------------|-----------------------------|
| Change Report Agreed | 14 July 2010 |
| Party Voting | 14 July – 28 July 2010 |
| Change Declaration | 30 July 2010 |
| Authority Determination | 30 July – 06 September 2010 |
| Implementation | 06 September 2010 |

Appendices:

- A. DCP 065 – Legal Drafting
- B. DCP 065 – Voting Form

¹ The efficient discharge by each of the DNO parties and IDNO parties of the obligations imposed upon them by their Distribution Licences

² The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it