

DCUSA CHANGE REPORT	
CHANGE PROPOSAL	DCP 059 – Implementation of Common Distribution Charging Methodology
DATE OF ISSUE	26 February 2010
ISSUED TO	DCUSA Contract Managers
PARTIES ENTITLED TO VOTE	All Parties
RETURN DEADLINE (Voting End Date)	05 March 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 059 –Implementation of Common Distribution Charging Methodology (CDCM). 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 05 March 2010.

2 DCP 059 – IMPLEMENTATION OF CDCM

- 2.1 DCP 059 seeks to introduce the Common Distribution Charging Methodologies (CDCM) text into a new Schedule (16) of the DCUSA. In July 2009, Ofgem issued a distribution licence modification that required the CDCM and governance of its modification to be incorporated into the DCUSA. The governance and change management processes for the CDCM were implemented in the DCUSA on 01 January 2010¹ and DCP 059 sets out the second phase of work required to incorporate the CDCM.
- 2.2 The CDCM drafting was developed by the Charging Methodologies Group (CMG) and approved by Ofgem on 21 December 2009. The drafting presented as DCP 059 has been modified to better align it with the existing DCUSA text. The amendments seek to reflect the DCUSA defined terms and correct minor typographical errors. There has been no material change to the scope or intent of the CMG and Ofgem approved drafting.

3 DCP 059 - WORKING GROUP CONSIDERATIONS

- 3.1 The Working Group comprised Supplier and Distributor Parties as well as a CMG member and Ofgem representation. The DCP 059 Working Group carried out a high level review of the drafting submitted with DCP 059, supported by the DCUSA Legal Advisor's. The Working Group considered the proposed amendments and identified any further changes required to ensure consistency with the DCUSA terminology.
- 3.2 The Working Group noted that the basis of the text in DCP 059 was developed by CMG and widely reviewed and consulted on before being approved by Ofgem. It agreed not to make any material changes to the drafting developed but noted that this would not prevent any Party raising a CP to propose more significant amendments once DCP 059 has been implemented.
- 3.3 The Working Group made a number of minor changes to the drafting to add clarity and ensure consistency with the DCUSA drafting. The amended drafting was circulated to the CMG and Ofgem for comment. One comment was received from CMG regarding the use of the term 'LDNO'. The Working Group considered the comment but agreed not to amend the drafting.
- 3.4 The Working Group also received a number of comments from Ofgem seeking to ensure clarity throughout the document. The drafting was amended as follows to take account the comments:

¹ DCP 046B – CDCM Governance

- The definitions of "embedded network", "LDNO" and "portfolio tariff" to refer to electricity distribution systems;
 - LDNO rather than 'embedded network operator' used in paragraph 147 and deleted the word 'embedded' in paragraph 151;
 - Use of the phrase Common Distribution Charging Methodologies in full on the first page, and added a definition that ties back to the licence;
 - Added a definition of "modern equivalent asset" / "modern equivalent asset value"; and
 - Referred in full to the "Regulatory Instructions and Guidance" issued by Ofgem.
- 3.5 Other minor drafting comments provided by Ofgem regarding cross referencing, conflicting terminology and definitions were not taken forward in discussion and agreement with Ofgem.
- 3.6 The Working Group considered that the proposed changes are immaterial and therefore concluded, in discussion with Ofgem, that no DCUSA consultation was required.

4 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 4.1 The proposed legal drafting for DCP 059 has been reviewed by Wragge and Co and is attached as Appendix A. The Appendix sets out Schedule 16 in its entirety.
- 4.2 A change marked copy of the changes made to the CMG drafting and incorporated in this Appendix is available on request from DCUSA@electralink.co.uk

5 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 5.1 The Working Group agreed that Objective 3² is better facilitated by the proposal as it will ensure Distributor compliance with the Licence obligation for the implementation of the CDCM within the DCUSA. DCP 059 represents the second step in a two step process to complete that work following the approval of DCP 046 – CDCM Governance.

6 WORKING GROUP RECOMMENDATIONS

- 6.1 The Working Group agreed it is supportive of the CP and did not propose any alternative solutions.
- 6.2 This CP is deemed to be an Urgent Change Proposal as it impacts an imminent date related event. The Working Group therefore agreed that the Change Report should be issued to all Parties for a period of 5 Working Days.

² The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

- 6.3 The Working Group agreed the implementation date for the CP as 01 April 2010.

7 PANEL RECOMMENDATION

- 7.1 The Panel approved the DCP 059 Change Report on 24 February 2010. The Panel supported the conclusions reached by the DCP 059 Working Group.
- 7.2 In accordance with Clause 12.4 of the DCUSA the Panel has determined that DCP 059 should be issued to all Parties for voting for a period of 5 Working Days.
- 7.3 The timetable for the progression of the Change Proposal is set out below:

ACTIVITY	DATE
Party Voting	26 February – 05 March 2010
Change Declaration	08 March 2010
Authority Consent	08 March 2010 – 31 March 2010 ³
Implementation	01 April 2010

Appendices:

- A. DCP 059 – Legal Drafting
- B. DCP 0 59 – Voting Form

³ This reduced determination period has been agreed with the Authority