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<b>Meeting Name</b>	DCUSA Panel
<b>Meeting Date</b>	18 November 2009
<b>Paper Title</b>	Initial Assessment Report – DCP 057
<b>Purpose of Paper</b>	For Decision
<b>Synopsis</b>	This paper presents a Change Proposal that has been submitted to the DCUSA Secretariat and requests agreement on its progression.

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## **1 INTRODUCTION**

- 1.1 This paper refers a DCUSA Change Proposal (DCP) to the DCUSA Panel for agreement on its progression.
- 1.2 The Change Proposal (CP) has been assessed by the Secretariat in accordance with Section 10.11 of the DCUSA. The CP has met the requirements set out in the DCUSA and ElectraLink has prepared a recommendation for consideration by the Panel.

## **2 DCP 057 - FLEXIBLE FUNDING MODEL**

- 2.1 DCP 057 has been raised by E.ON UK following discussions at the IDNO/DNO Billing Group. The CP seeks to amend the DCUSA to allow the Panel to recover the costs incurred in accordance with Clause 8.1 using a model other than that described in clause 8.9.
- 2.2 DCP 057 seeks to introduce this change as a general principle to the DCUSA to future proof the Agreement but is raised in specific relation to portfolio billing and the CDCM. The portfolio approach is deemed (by the industry and Ofgem) to be an activity that falls within the scope of DCUSA. Although a change to DCUSA to enable portfolio billing has not yet been formally put forward the IDNO/DNO Billing group is looking at the nature of such a change and the best mechanism for implementation.
- 2.3 The portfolio billing solution proposes that DCUSA Ltd contracts with a third party agent for the provision of services. The costs associated with the procurement and potential management of the agent will be recovered from DCUSA Parties. The IDNO/DNO Billing group has agreed that Suppliers and Generators should not be required to fund the portfolio billing solution and DCP 057 therefore proposes that the Panel should also be able to vary the funding model used to recover the costs to ensure that the costs for projects can be recovered from the parties directly affected by the work.
- 2.4 The originator considers that the Change Proposal will better facilitate DCUSA Objective 1<sup>1</sup> as the change will mean that DNO and IDNO parties will not have to face inappropriate costs for projects or activities that are not appropriate for them to. The proposal may also facilitate DCUSA objective 2<sup>2</sup> as the change will mean that Supplier and Generator parties will not have to face inappropriate costs for projects or activities that are not appropriate for them to fund.

## **3 PROGRESSION OF DCP 057**

- 3.1 This change is deemed to be an urgent Change Proposal in accordance with Clause 10.7.3 as it is linked to an imminent date related event. Ofgem has indicated that portfolio billing should be in place by April 2010 and this CP is required to enable its implementation within the DCUSA. The proposed implementation date for DCP 057 is 25 February 2010.

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<sup>1</sup> The development, maintenance and operation by each DNO parties and IDNO parties of an efficient, co-ordinated, and economical Distribution system

<sup>2</sup> The facilitation of effective competition in the generation and supply of electronic and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity;

- 3.2 The proposal impacts Part 1 matter in accordance with Clause 9.5.1 of the Agreement as it impacts Section 8 – ‘Costs of the DCUSA’ and will therefore require Authority Consent.
- 3.3 It is recommended that the CP be progressed via the Definition Phase to allow a Working Group to consider the proposal and it is proposed that the IDNO/DNO Billing Group act as the Working Group for the CP.
- 3.4 A proposed timetable for the progression of the proposal is outlined below:

<b>Activity</b>	<b>Latest Date</b>
Panel Meeting – IA agreed	18 November 2009
Panel Meeting - Change Report Agreed	16 December 2009
Party Voting	04 - 18 January 2010
Change Declaration	22 January 2009
Authority Determination	25 January – 08 February 2010
Implementation	25 February 2010

#### **4 RECOMMENDATIONS**

The DCUSA Panel is invited to:

- Consider whether to accept the referral of DCP 057;
- Agree that the CP should be treated as a Part 1 matter;
- Agree the progression of the CP in accordance with the timetable set out in Section 3.4.

#### **5 APPENDICES**

- A – DCP 057 Change Proposal