

DCUSA Change Proposal Form

This form should be used by DCUSA Parties who wish raise a draft or formal Change Proposal and for DCUSA members and other interested parties to return their comments on DCUSA Change Proposals which have been circulated for consultation.

Originators - please complete Section A of this form and submit to DCUSA@electralink.co.uk.

Respondents – please complete Section B of this form and return it to DCUSA@electralink.co.uk your response should include your assessment of the solution and comments on the Change Proposal drafting. If you reject the solution then please supply your reason for rejection and an alternative solution. Even if you reject a solution your responses should state whether the proposed implementation date is acceptable to your organisation. If it is not acceptable, please indicate the reasons why and an alternative date.

SECTION A: To be completed by originator

Document Control	
CP Status	Standard / Urgent
Date Submitted	23 July 2008
CP Number*	DCP 034
Version Number	1.0
CP Ref*	07/08
Attachments	Appendix A – Proposed Legal Text

* Assigned by DCUSA Secretariat

Originator Details	
Party Name	The Electricity Network Company
Originator Name	M.J.Harding
Party Category	Distributor / Supplier / IDNO / -DG
Email Address	
Telephone Number	

Change Proposal Details	
CP Title	Credit Cover Arrangements for small Suppliers
DCUSA Parties believed to be impacted	Distributor / Supplier / IDNO / DG

Proposal to Change	Part 1 / Part 2 / Other Schedule 1 - Cover
Summary of Change	This change proposal seeks to give greater transparency to the process used in determining the credit limits for suppliers who do not have a Long term investment grade rating.
Related CPs	<i>Please indicate if this CP is related to or impacts any other CP already in the DCUSA or other industry Change Process</i>

Proposed Solution

This proposal follows on from the work undertaken by the DCUSA working group which submitted its final report for DCUSA Panel consideration at the Panel meeting of the 16 July 2006.

The proposed change endeavours to improve upon the drafting submitted by the LORCAA working group whilst leaving the intent of the original drafting materially unchanged.

The proposed drafting of the solution is attached to this change proposal.

In summary the proposed solution is to:

- place in Schedule 1 of DCUSA a list of credit scores used by different credit agencies and identify their equivalence to a Credit Assessment Score (on a scale from 0 to 10)
- To make provision to allow Users to request a distributor to procure a report from a Recognised Credit Assessment Agency that is either of a type not listed in the Schedule or from a Recognised Credit Assessment Agency not listed in the Schedule.
- The solution utilises the mapping of credit scores to Credit Assessment Scores provided in the report from the DCUSA LORCAA working group.

The proposed drafting modifies the existing requirement to provide an Independent Credit Assessment within a month to a requirement on the Company to provide an Independent Credit Assessment as soon as is reasonably practicable. This is to recognise that it may take longer to secure certain types of report.

Definition of RAV

Additionally the change proposal seeks to address what is perceived as drafting error in the original definition of RAV. At present paragraph 2.3 of Schedule 1 defines RAV as being the figure in the latest audited price control information. The price control information is not audited on a year on year basis. It is therefore proposed to delete the word " audited" from the definition

Proposed Implementation Technique

Phased Implementation / Big Bang

Proposed Implementation Date

Please specify and give a reason if proposed date is outside the release schedule

February 2009 Release

DCUSA Objectives

Please state which DCUSA Objective(s) will be better facilitated by this CP

- ~~1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks;~~
2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity;
3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences; and
- ~~4. The promotion of efficiency in the implementation and administration of this Agreement.~~

In respect of Objective 2, the change will aid the promotion of competition because suppliers who do not have a Credit Rating will have transparency as to how credit limits are set and therefore, be able to better manage their credit cover arrangements. Previously, information used to determine Credit Assessment Scores was not available to suppliers or IDNOs.

Objective 3 is better achieved because, by detailing the arrangements in the DCUSA, a single, transparent source for the maintenance of this information is provided for all parties. Making the information available in the DCUSA is a more efficient way of managing the arrangements, as opposed to each distributor maintaining the information separately.

Business Justification Including Market Benefits

Business Justification:

This change proposal builds on work carried out by the LORCAA working group

and seeks to implement the key proposals from that group.

If implemented, the change proposal greater clarity, transparency and consistency to the processes used by distributors in determining Credit Assessment Scores for Parties that do not have a Credit Rating from an Approved Credit Referencing Agency. This is important where such assessments can be contentious.

Under this change proposal the responsibility for getting a credit reference or credit score still remains with the distributor. This means that DCUSA Ltd does not pick up the costs for securing such reports or any liability where reports are either incomplete or out of date.

Additionally, we believe the terms and conditions offered by credit referencing agencies means that DCUSA Ltd would not be permitted to procure credit reports from such agencies for the purpose of passing the information onto Parties; i.e. DCUSA Ltd can only procure such reports for its own internal use

Authority Consent
Yes (Part One) / No (Part Two)

