

DCUSA CHANGE REPORT	
<b>CHANGE PROPOSAL</b>	DCP 014 - <i>Amendments to Clause 8 "Cost of the DCUSA"</i>
<b>DATE OF ISSUE</b>	09 January 2008
<b>ISSUED TO</b>	DCUSA Contract Managers
<b>PARTIES ENTITLED TO VOTE</b>	All Supplier, DNO and IDNO Parties
<b>RETURN DEADLINE (Voting End Date)</b>	22 January 2008 – <a href="mailto:DCUSA@electralink.co.uk">DCUSA@electralink.co.uk</a>

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 014 - *Amendments to Clause 8 "Cost of the DCUSA"*. The voting process for the proposed variation and the timetable of the progression of the 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](mailto:dcusa@electralink.co.uk) by 22 January 2008.

## 2 BACKGROUND

- 2.1 DCP 014 was raised on 05 December 2007 and submitted to the Panel on 19 December 2007. DCP 014 was assessed as a standard (non urgent) CP. The Panel determined that the CP should be entered into the Assessment Phase and requested that the CP be progressed directly through to the Report Process. The CP impacts Part One Matters and as such is subject to Authority Consent.
- 2.2 The content of the Change Report was approved by the Panel on 08 January 2008.

## 3 SUMMARY OF DCP 014

Raising Party	Scottish Power Energy Retail Ltd
CP Status	Standard (non urgent)
Change Synopsis	DCP 014 seeks to makes the following changes to Clause 8 of the DCUSA:  Clause 8.1 – Extend definition of Recoverable Costs.

	Clause 8.12 - Amend time period for calculation of a Party's actual Cost Contribution.
Parties Impacted	Distributors, Suppliers, IDNOs
Part 1 / Part 2	Part 1
Authority Consent	Required
Proposed Implementation	28 February 2008

#### 4 PROPOSED AMENDMENT AND LEGAL DRAFTING

4.1 DCP 014 was raised following a recommendation by the DCUSA Auditors to the Finance and Audit Committee. As it currently stands Clause 8 does not specifically refer to or recognise Corporation Tax as an expense of the company. As DCUSA Ltd may become liable to pay Corporation Tax, for example on bank interest received, the DCUSA needs to be amended to reflect that any taxation payable by the company is considered a legitimate Recoverable Cost which can be recovered from Parties in accordance with the Cost Recovery provisions in the DCUSA.

4.2 Clause 8 also sets out the process for calculating each Party's rebate and the DCUSA requires the recalculation to be completed within 20 working days. The DCUSA Auditors had advised that this timetable is not feasible if the calculations are to be based on actual cost contributions as required by the agreement. DCP 014 seeks to extend the 20 Working Days requirement to allow for time for actual costs and actual metering point data to be available to allow Parties Cost Contributions to be calculated in line with DCUSA requirements.

4.3 The proposed amendment to Clause 8 of the DCUSA in support of DCP 014 has been reviewed by Wragge and Co and put forward as follows:

8.1 ".....in performing their respective duties, powers and functions under this Agreement (the Recoverable Costs), which may include their general administration costs ~~and~~ expenses, any costs and expenses they incur in holding, or travelling to, meetings, and any costs and expenses of any professional advisors properly retained by them and any tax payable by DCUSA Ltd. Recoverable Costs shall not include any payment to Panel Members, to directors of DCUSA or to those who serve on Working Groups in respect of their time"

8.12 "Within ~~20~~ 40 Working Days following the end of each Financial Year, the Panel shall calculate each Party's actual Cost Contribution in respect of each Quarter of the Financial Year, and shall reconcile the actual amounts against the amounts paid by that Party in accordance with Clause 8.11"

## 5 TIMETABLE

5.1 In accordance with Clause 12.4 of the DCUSA the Panel has determined a 10 Working Day voting period.

5.2 The timetable for the progression of the Change Proposal is set out below:

Date	Activity	Purpose	Responsibility
09 January	Change Report Issued	Change Report issued to all Parties for 10 WD	Secretariat
22 January	Voting End Date	Last date for submission of votes	Parties
23 January	Change Declaration	Outcome of voting published to Parties and Authority	Secretariat
24 January – 27 February	Authority Determination	Authority to accept / reject CP following recommendation from Parties	Ofgem
28 February	DCUSA Release	DCUSA updated to reflect CP drafting (if approved by Authority)	Secretariat

### Appendices:

- A. DCP 014 v1.0
- B. DCP 014 - Voting Form