

# Minutes

**Meeting Name** DCP 009 Working Group  
**Meeting Date** 06 November 2007  
**Meeting Venue** Teleconference

**Meeting Number** 001  
**Meeting Time** 10.30

## In Attendance

### Attendee

Mike Smith  
Emma Ward  
Frank Welsh  
Glenn Sheern  
John Lawton  
Jonathan Purdy  
Lorna Gibb  
Mark Askew  
Mark Field  
Nicholas Rubin  
Elizabeth Lawlor (Secretary)

### Representing

Western Power Distribution  
CE Electric UK  
United Utilities Electricity Ltd  
E.ON UK  
United Utilities Electricity Ltd  
EDF Energy Networks  
Scottish Power  
Ofgem  
RWE Npower  
Ofgem  
DCUSA Limited

## **1 ADMINISTRATION**

- 1.1 The group approved the appointment of Mike Smith as Chair.

## **2 TERMS OF REFERENCE**

- 2.1 The Working Group approved the Terms of Reference and asked that they be updated to reflect the group membership.

**ACTION: EL**

## **3 DCP 009 BACKGROUND**

- 3.1 FW informed the group that work has commenced to modify the Supply Licence Condition 4A statement to align it more closely with the Distribution Licence. It is anticipated that the amendments will be implemented on 01 April 2008. The group noted that a working group has been established under the Commercial Operation Group (COG) to develop the documentation and that a principle for the structure of the documents has been agreed.
- 3.2 FW informed the group that three documents will be developed – an overview document, a miscellaneous services document and the SLC4A document. The group noted that the high level framework is being developed and that the draft documents will be circulated shortly. The group noted that, in line with recommendations from the Ofgem chaired Implementation Steering Group (ISG) and COG Working Group, the DCUSA will need to be modified to facilitate the agreed amendments.

## **4 DCP 009 DRAFTING**

- 4.1 JL informed the group that he had raised DCP 009 following a request from the COG that the necessary amendments to the DCUSA should be taken forward to facilitate the SLC 4A changes. JL informed the group that United Utilities considered that three areas of the DCUSA would need to be updated to reflect the licence condition: Definitions and Interpretations, Clause 19.2.2 and Schedule 1 – Cover.
- 4.2 Members noted that the CP had been drafted to facilitate the introduction of the revised SLC4A documents and did not seek to amend any existing processes under the DCUSA. JL noted that the CP seeks to maintain the status quo by ensuring that all services provided under the DCUSA are subject to cover arrangements.
- 4.3 MF noted the work carried out by the COG and confirmed that Npower was supportive of the re-drafting of SLC4A but that it believed that the wider implications of the CP should be considered in more detail. MF confirmed that Npower is supportive of the principle of DCP 009 but that it considers that the process surrounding the invoices and payment for UoS and transactional charges needs to be fully defined.
- 4.4 MF stated that the application of cover to the miscellaneous services needs to be reviewed to ensure that information flows are provided in a standard manner and that issues surrounding the timing and accuracy of the data are

addressed. MF added that an agreement for an established billing cycle is needed to ensure that suppliers can properly validate invoices noting that suppliers experience difficulty with the current process because DNOs provide information in different ways.

- 4.5 MF suggested that the group should use the opportunity to discuss whether the current cover provisions and related processes are appropriate noting that DCP 009 provided parties with a chance to put something in place that works for all signatories to the agreement. MF noted that for suppliers Use of System (UoS) charges are a known quantity and can be relatively easily validated. However he stressed that miscellaneous charges are more volatile and supplier businesses need more time to validate the invoices before payment noting the ultimate in a risk to supplier access to MPAS services if invoices are unpaid.
- 4.6 MF acknowledged that the introduction of DCP 009 may maintain the status quo and not cause the DNOs to change their processes challenged whether the current processes were appropriate. MF noted that under the current situation it is hard for suppliers to manage all the different DNO processes and parties should take the opportunity to discuss the issue.
- 4.7 JL re-iterated his view that the intent of the CP was to facilitate the introduction of the revisions to SLC 4A and that it did not seek to make any changes to existing processes. JL confirmed that United Utilities believed that Schedule 1 should include all services provided under the DCUSA and FW noted that the process will add clarity and transparency as all types of charges will be captured in the charging statements.
- 4.8 JL informed MF that he was sympathetic to the view put forward by suppliers and that UU would be willing to work with them to agree a more robust process outside the DCP 009 discussions. JL stated that he was willing to explore ways to improve the process but that he did not feel it was directly relevant to the development of DCP 009 bearing in mind the rigid timetable for implementation and the scope set out in the terms of reference.
- 4.9 MS asked members to consider the intent of DCP 009 and the Terms of Reference for the group and establish whether it considered it appropriate to widen the scope of the CP. Members noted the concerns raised by MF but considered that they had been in existence pre-DCUSA and were wider than the original scope of DCP 009.
- 4.10 Members acknowledged that the issues raised by MF were valid and should be discussed but considered that either one to one discussions between DNOs and Suppliers, or discussion under another forum under the DCUSA, may be more appropriate. JL suggested that MF consider which clauses of the DCUSA would need to be amended to make the process operate more effectively and consider raising a separate CP.
- 4.11 MS concluded that the drafting of the CP is specifically focussed and that he did not feel it was appropriate to extend the scope into other areas that were not essential to the development of the CP. He noted that the key aim of the CP is to facilitate the work being done by COG and that it does not seek to change the existing process. MS noted that the suggestion put forward by MF looked at a much wider scope and that whilst recognising the

validity of the issue recommended it should be progressed through a separate CP.

- 4.12 MF noted the position taken by the group but asked that the minutes reflect Npower's view that a wider debate was needed. MF expressed concern that the introduction of DCP 009 will legally strengthen within the DCUSA a process that may not be acceptable, or efficient, for all Parties to the agreement.
- 4.13 MA and NR acknowledged the importance of the issues raised by MF but also noted the position taken by the group. MA indicated initial support for the view that Schedule 1 should cover all services provided under DCUSA but agreed to consider the position. MA further suggested that it may be useful to circulate the paper David Tolley presented to ISG as it set out alternative options for facilitating the CP. FW indicated that the options had been considered but that the proposal on the table was considered to best align with the contractual framework of the DCUSA.
- 4.14 MF noted that Npower's priority is to ensure that suppliers can operate a process in an equitable fashion which it does not believe exists currently. MF suggested that once adequate processes have been discussed and established the obligations can be better determined. MF noted that Npower is satisfied that DCP 009 is worded well for the purpose of house-keeping and ensuring that DNOs are able to secure Credit Cover for the miscellaneous services that they provide to Suppliers but was not necessarily satisfied with the overall solution.
- 4.15 MF accepted the decision of the chair and the constructive comments from DNOs regarding the willingness to discuss the issue on a bi-lateral basis, but pointed out that since the introduction of the DCUSA, Parties no longer operate on bi-lateral lines and that a multi-lateral solution was therefore required. MF indicated that Npower favoured a common solution to be drafted into the DCUSA and would take the issue forward. The group accepted the issues raised by MF and recognised that they are likely to be taken forward outside of DCP 009.

## **5 DCP 009 VARIATIONS**

- 5.1 The group considered the drafting of the original CP. JL suggested that members may wish to consider the applicable objectives in more detail noting that Objective 3.1.2 –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 - may also be better facilitated by the introduction of DCP 009. Members agreed to review this area following feedback from the consultation.
- 5.2 The group walked through DCP 009, Appendix 1 and recommended that the definition of 'Miscellaneous Services' be updated to include the words '~~the a~~ Company to the User'. The group agreed that it was satisfied with all the other drafting proposed in the CP. JL took an action to update the CP to v1.1.
- 5.3 POST MEETING NOTE: The [proposed modification to the 'Miscellaneous Services' definition now says 'a Company to a User'](#) following on from the

convention used for the Relevant Charging Statement. 'The' implies one, whereas 'a' can mean any of the Company's and similarly for 'a' User. The definition will be subject to Legal review.

## **6 DCP 009 CONSULTATION**

- 6.1 The group agreed that DCP 009 should be issued to all Parties for consultation on 11 November for a period of 10 Working Days. EL took an action to draft and issue the consultation document.

## **7 DCP 009 PROJECT TIMETABLE**

- 7.1 Members noted that the CP had been drafted to target the February 2008 Release to ensure the necessary amendments are in place by 01 April 2008. JL informed members that the drafting of the CP was broad enough to allow discussions around the detail to continue at the COG Working Group without impacting the progression of DCP 009. FW noted that whilst there is further work to be done by the COG Working Group the three document approach is supported and that parties are comfortable with the ISG criteria.

- 7.2 The group agreed the following timetable for progression of the CP:

<b>Activity</b>	<b>Date</b>
Definition and Consultation Period	18 October – 03 December 07
Legal Text and Change Report drafted	04 December – 11 December 07
Panel Meeting – Change Report agreed	19 December 07
Party Voting	20 December – 16 January 08
Change Declaration	17 January 08
Panel Review of Votes and Comments	17 January 08 <sup>1</sup>
Ofgem Determination	20 February 08
Implementation	28 February 08

## **8 ANY OTHER BUSINESS**

- 8.1 There were no additional items of business.

## **9 DATE OF NEXT MEETING**

- 9.1 The next meeting of the DCP 009 Working Group will convene at 2.00pm on Friday 30 November 2007.

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<sup>1</sup> An ex-committee meeting of the EC will be convened to discuss the votes and comments if necessary.

## Appendix A: Summary of Actions

This section provides details of actions placed at the meeting. The section is split into two sub-sections:

- New actions and progress against actions currently open; and
- Actions that were closed as a result of the meeting or a previous meeting.

### Open Actions

Action No.	Description	Owner
01/01	Update ToR to reflect membership	EL
01/02	Update DCP 009 Appendix 1	JL

### Closed Actions

Action No.	Description	Owner
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