

<b>DCUSA CHANGE REPORT</b>	
<b>CHANGE PROPOSAL</b>	DCP 001
<b>DATE OF ISSUE</b>	26 April 2007
<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>	11 May 2007 – <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 001 - Proposed move to annual amendment of DUoS Charges. 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 and alternative amendment attached as Appendices A and B and submit votes using the form attached as Appendix C to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by 11 May 2007.

## 2 BACKGROUND

- 2.1 DCP 001 - 'Proposed move to annual amendment of DUoS Charges' was submitted on 16 November 2006 and presented to the Panel on 20 December 2006. The Panel determined that the CP was a non urgent change relating to a Part One matter and agreed that it should be entered into the Assessment Phase and progressed through the Definition Process. The DCP 001 Working Group was established to assess the CP.

## 3 SUMMARY OF DCP 002

Raising Party	Gaz de France Marketing
CP Status	Standard (non urgent)
Change Synopsis	Currently Section 19 Charges outlines a process which allows Use of System (UoS) charges to be varied at any time by giving the requisite period of written notice (40 days). To date this year Suppliers have been subject to a number of variations to UoS charges. Under the gas transporter licence, amendments to UoS charges are carried out on best endeavours once a year basis, with charges to apply with a 1 <sup>st</sup> October start. This change proposes that this principle be

	adopted within the DCUSA for electricity.
Parties Impacted	Distributors, Suppliers, IDNOs and Generators
Part 1 / Part 2	Part 1 (Section 19.1)
Authority Consent	Required
Proposed Implementation	April 2007

- 3.1 The CP seeks to make an amendment to Section 19 of the DCUSA to adopt the principle of restricting amendments to UoS charges to one annual change. Currently Section 19 Charges outlines a process which allows Use of System (UoS) charges to be varied at any time by giving the requisite period of written notice (40 days).

#### 4 WORKING GROUP MEETINGS

- 4.1 The DCP 001 Working Group comprised the following members:

- Glenn Sheern (Chair)
- Barbara Vest
- Carl Wilkes
- John Lawton
- Jonathan Purdy
- Nigel Lloyd
- Rosie McGlynn
- Dipen Gadhia (Ofgem Representative)

- 4.2 The Working Group met three times, holding two physical meetings and one teleconference. The minutes of each meeting are attached as Appendices E1 - 3.

- 4.3 At its first meeting on 11 January 2007 the Working Group approved its Terms of Reference and assessed DCP 001 against the DCUSA objectives. The Working Group determined that the proposed drafting did not better facilitate the DCUSA Objectives 1 and 3, that objective 2 was partially better facilitated and that objective 4 was not applicable to the CP.

- 4.4 The Working Group considered that there were drafting issues with the original CP, primarily use of the term "best endeavours", and drafted three alternative proposals (DCP 001a, DCP 001b and DCP 001c) designed to better facilitate the relevant objectives. The Working Group agreed that all three alternative solutions better facilitated the DCUSA objectives than DCP 001.

- 4.5 At its meeting on 01 February the Working Group approved the drafting of each of the proposed alternate CPs. Members agreed the content of the

Consultation Document and recommended that it be issued to all Parties for a period of 20 working days.

## 5 CONSULTATION PROCESS AND WORKING GROUP ASSESSMENT

- 5.1 The Consultation document was issued by email to all DCUSA Contract Managers and published on the DCUSA Document Storage Facility on 22 February. 11 responses were received from 12 Parties in the consultation period. No responses were received after that time.
- 5.2 The Consultation document asked Parties to indicate whether they felt each of the CPs better facilitated each of the DCUSA objectives and to indicate which CP was their preferred option. A summary of the Consultation Responses and each of the (non confidential) individual responses are attached as Appendices G and H.
- 5.3 At its meeting on 03 April the Working Group assessed each of the consultation responses. The Working Group noted that the responses received were varied and did not necessarily give an accurate reflection of views as parties interpreted the questions differently. However, in general, the majority of parties believed that DCP 001(b) better facilitated objective 2 and DCP 001(b) was the highest ranking proposal.
- 5.4 The Working Group considered each of the alternative solutions put forward in the consultation responses. It determined that suggestions made by E.ON and Centrica were out of the scope of the original CP as they sought to vary notice periods. The Working Group noted that either Party may raise a subsequent separate proposal. The Working Group agreed that Scottish Power's proposal to include additional wording around methodology charging was relevant to the change but that the inclusion of the text was unnecessary. Members agreed that the alternative legal drafting put forward by EDF Energy Networks was valid and should be included in its final variation.

## 6 WORKING GROUP CONCLUSIONS

- 6.1 At the meeting on 03 April 2007, the DCP 001 Proposer, Gaz de France Marketing, confirmed that it would be putting the original CP forward. The group noted that the final version would include minor drafting amendments but that the scope and solution would remain unchanged. The Working Group agreed, based on its previous discussions and the consultation responses, that the CP did not better facilitate the DCUSA objectives than the alternates raised and was not viable because of the inclusion of the obligation for DNOs to use "best endeavours" not to make more than one annual price change. The Working Group agreed it would submit an alternative proposal (DCP001A) and drafted its final variation taking into consideration the comments raised in the consultation.
- 6.2 The Working Group held a vote to determine whether its proposed alternative should allow up to one or two amendments in a year.

One Annual Amendment	Two Annual Amendments
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Barbara Vest	John Lawton
Carl Wilkes	Jonathan Purdy
Rosie McGlynn	Glenn Sheern
	Nigel Lloyd

- 6.3 The Working Group held a vote to determine whether the two annual amendments should be on fixed dates (01 April and 01 October) or variable dates.

Fixed Dates	Variable Dates
Barbara Vest	John Lawton
Carl Wilkes	
Glenn Sheern	
Jonathan Purdy	
Nigel Lloyd	
Rosie McGlynn	

- 6.4 The Working Group agreed to amend the legal drafting to leave clause 19.1 as currently worded and insert "The Company shall use reasonable endeavours not to change prices more than 2 times per year such changes being effective from 01 April and 01 October" before the final sentence.
- 6.5 The Working Group asked Glenn Sheern and John Lawton to consider an appropriate implementation date for the CP noting the licence requirement to ensure changes are implemented in a timely fashion following approval. The group agreed that the implementation date should be aligned with one of the three annual DCUSA releases in order to ensure that the DCUSA documentation is maintained in line with operational processes.
- 6.6 The proposed implementation date for DCP 001 was agreed as "the next implementation date after the Authority's consent but no earlier than the November 07 implementation date". This date was selected to give DNO's advance warning of what the likely impact of DCP 001 will be sometime in June 2007 and for the timelines parties need to adopt to meet the change if it is approved.
- 6.7 The Working Group determined that all DCUSA Parties should be entitled to vote on the CPs.
- 6.8 The Working Group held a vote to determine whether, on balance, it believes DCP001A better facilitates the DCUSA Objectives.

DCP 001A does better	DCP 001A does not better
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facilitate the DCUSA Objectives	facilitate the DCUSA Objectives
Barbara Vest	Jonathan Purdy
Carl Wilkes	John Lawton
Glenn Sheern	
Nigel Lloyd	
Rosie McGlynn	

## 7 LEGAL DRAFTING

- 7.1 DCP 001 and DCP 001A were submitted to Wragge and Co. for legal review. The following drafting was proposed:
- 7.2 DCP 001: The User shall pay to the Company in respect of services provided under the Agreement the charges set out in the Relevant Charging Statement. The Company may vary such charges at any time by giving the requisite period of written notice to the User (where the requisite period of notice is the period specified in the Company's Relevant Charging Statement or, where no such period is specified, a minimum of 40 Days). The Company shall use its best endeavours to vary such charges no more than once a year, such variations to apply from 1<sup>st</sup> April. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.
- 7.3 DCP001A: The User shall pay to the Company in respect of services provided under the Agreement the charges set out in the Relevant Charging Statement. The Company may vary such charges at any time by giving the requisite period of written notice to the User (where the requisite period of notice is the period specified in the Company's Relevant Charging Statement or, where no such period is specified, 40 Days). The Company shall use reasonable endeavours to vary such charges no more than two times per year, such variations to apply from 1<sup>st</sup> April or 1<sup>st</sup> October. Such charges and any variations are and will be calculated in accordance with the provisions of the Relevant Charging Statement.

## 8 VOTING PROCESS

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

## 9 TIMETABLE

Date	Activity	Owner / Responsibility
18 April	Change Report approved	Panel
26 April	CP issued to Parties for voting	Secretariat

11 May	Voting Ends	Parties
14 May	Change Declaration issued	Secretariat
14 May	CP submitted to Authority	Secretariat
18 June <sup>1</sup>	Authority Determination	Ofgem
01 Nov	November 2007 Release	Secretariat

**Appendices:**

- A. DCP 001 v2.0
- B. DCP 001A
- C. DCP 001 and DCP 001A - Voting Form
- D. DCP 001 Working Group Terms of Reference v2.0
- E. DCP 002 Working Group Minutes (E1 January, E2 February and E3 April 2007)
- F. DCP 001 Consultation Document v1.0
- G. Summary of DCP 001 Consultation Responses v1.0
- H. Collated DCP 001 Consultation Responses

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<sup>1</sup> This is based on the recommended 5 week assessment period by the Authority.