

DCUSA CHANGE DECLARATION

DCP 034 – Credit Cover Arrangements for Small Suppliers

VOTING DATE: 19 January 2009

DCP 034	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
CHANGE SOLUTION	ACCEPT	ACCEPT	ACCEPT
IMPLEMENTATION DATE	ACCEPT	ACCEPT	ACCEPT
RECOMMENDATION	<p>Change Solution – ACCEPT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was greater than 50% in all Categories.</p> <p>Implementation Date –ACCEPT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was greater than 50% in all Categories.</p>		
PART ONE / PART TWO	Part One – Authority Determination Required		

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	COMMENTS
DNO PARTIES			
Central Networks East	Accept	Accept	-
Central Networks West	Accept	Accept	-
EDF Energy Networks (EPN) plc	Accept	Accept	-
EDF Energy Networks (LPN) plc	Accept	Accept	-
EDF Energy Networks (SPN) plc	Accept	Accept	-
Electricity North West Limited	Accept	Accept	<p>Electricity North West accepts this change proposal but offers the following observation.</p> <p>This change was raised as a consequence of a DCUSA work plan to deliver an item identified in Schedule 12 of DCUSA (matters for future development).</p> <p><i>"Schedule 12</i></p> <p><i>5. The creation of a standard list of Recognised Credit Assessment Agencies."</i></p> <p>The deletion and subsequent renumbering of the paragraphs within this Schedule should have formed part of the DCUSA document change so that once accepted this paragraph would be deleted. Without its inclusion, the DCUSA would still include it.</p> <p>I suggest that if this change is accepted this requirement is placed on the DCUSA</p>

			housekeeping log.
Northern Electric Distribution Ltd	Accept	Accept	-
Scottish Hydro Electric Power Distribution plc	Reject	Reject	We have major reservations with regard to some aspects of this CP. Our greatest concern stems from sampling actual independent credit assessment reports and ratings of small suppliers and calculating the resultant Credit Allowances & Limits using the Credit Assessment Scores proposed in this CP. These Credit Allowances & Limits can be substantially out of proportion to the monetary credit limits recommended by the rating agencies in the sample reports obtained and to the actual or likely VAR. In one sample, one agency recommended £0 credit to the supplier yet, under this CP, by virtue of their rating with another agency, a £4.7million+ Credit Limit could potentially be obtained. The VAR in this example was £21k. As such, Credit Limits obtained using the Credit Assessment Scores proposed in this CP, do not appear to provide consistently realistic and worthwhile safeguards to the DNOs.
Southern Electric Power Distribution plc	Reject	Reject	See comments above
SP Distribution	Accept	Accept	-
SP Manweb	Accept	Accept	-

Western Power Distribution (South Wales) plc	Reject	Reject	<p>Whilst we find some of the changes proposed acceptable there are certain aspects which concern us. Experience shows us that given a choice, it can be difficult to agree with a User what product will give the most appropriate assessment of creditworthiness. If a User requests a more expansive and detailed assessment should they not pay the difference in cost between that and a 'standard' assessment?</p> <p>We also believe that the six RCAA's listed under proposed paragraph 2.8 are more than adequate for a User to choose from. Asking a DNO to accept another CAA and then determine an equivalent applicable Credit Assessment Score places an unnecessary administrative burden upon them and provides more opportunity for disagreement between DNO and the User.</p>
Western Power Distribution (South West) plc	Reject	Reject	See comments above
Yorkshire Electricity Distribution plc.	Accept	Accept	-
IDNO PARTIES			
Independent Power Networks Limited	Accept	Accept	-
The Electricity Network Company	Accept	Accept	This change increases the transparency of

			<p>the credit assessment arrangements for parties that do not have a long term debt rating. The original work carried out by the ENA COG group was not previously in the public domain.</p> <p>This change has been raised to address the specific issue of transparency. We acknowledge that there may be a need to undertake a broader review of credit cover arrangements. However, given that this potentially impacts on many agreements we are not convinced that DCUSA should chair this.</p>
SUPPLIER PARTIES			
British Gas	Accept	Accept	-
IPM Energy Retail Limited	Accept	Accept	This proposal provides improved clarity as to how credit assessments can be used to set Credit Allowance and has the potential to assist smaller suppliers.
Opus Energy Limited, Cherwell Energy Limited	Accept	Accept	-
Spark Energy	Accept	Accept	-