

DCP 046 CHANGE REPORT – APPENDIX C

The DCP 046 Working Group was tasked by the Panel with reviewing the drafting developed by DCMF Work Stream 5 to ensure it reflects the proposed Licence modifications and aligns with DCUSA processes. This appendix sets how variations DCP 046A and DCP 046B were developed from the original drafting.

Progression from the original DCP 046 Change Proposal drafting to DCP 046A

- 1.1 First Change: The licence conditions oblige DNO Parties to meet periodically with persons materially affected by the Charging Methodologies to discuss further development of the Charging Methodologies. The licence conditions also oblige DNO Parties to review the Charging Methodologies against the applicable objectives at least once every year.
- 1.2 The original text imposed an obligation on the DCUSA Panel at clause 5.3.8 to undertake these tasks. However, the Working Group did not consider this appropriate, and has removed the obligation. DNO Parties will therefore need to ensure compliance outside of the DCUSA (and should submit proposals to the Authority on how this is to be achieved).
- 1.3 Second Change: The licence conditions require that the Authority should have the right to veto any change raised prior to 1 April 2015 that effectively substitutes one Charging Methodology with another. The original text included a prohibition on raising any change prior to 1 April 2015 that effectively substitutes one Charging Methodology with another.
- 1.4 However, the Working Group considered that this went further than the licence conditions require. The Authority has the right to veto any proposed change to the Charging Methodologies in any event. The Working Group therefore proposed that the Authority's express right of veto in this instance be identified as a point for consideration as part of the evaluation of a relevant Change Proposal – see clause 11.4.3.
- 1.5 Third Change: The licence conditions require that any person materially affected by the Charging Methodologies should be entitled to propose modifications to the Charging Methodologies. The original text referred to such persons in clause 10.2 as having an express and automatic right to raise DCUSA Change Proposals.
- 1.6 However, the Working Group considered that the licence requirements could be met by the existing DCUSA text, which enables any person to raise a Change Proposal where that person has been designated by the Authority. Persons materially affected by Charging Methodologies have, nevertheless, been added as an express example of the type of persons who the Authority may choose to designate.
- 1.7 Fourth Change: The licence conditions allow the Authority to exercise a veto in respect of Charging Methodology modifications, so that modifications will be made unless vetoed (rather than the Authority expressly approving or rejecting the modification). The original text provided for a mechanism whereby the

Authority would exercise its veto in respect of the outcome of the vote by the DNO Parties. This approach differs to the decision making mechanism applying to existing DCUSA proposals whereby the Authority publishes a decision on the change proposal itself as opposed to the outcome of the vote.

- 1.8 However, the Working Group was uncomfortable giving increased relevance to the vote of any one Party Category. Instead the Working Group proposed that the Authority's right of veto should be exercised against the deemed recommendation of the DCUSA Parties as a whole, and that the Authority's right should be a right to veto a rejection as well as a right to veto an acceptance.
- 1.9 This approach is set out in clause 13.10 of Appendix A. Where the Authority vetoes an acceptance by the DCUSA Parties, the modification would not be made. Where the Authority vetoes a rejection by the DCUSA Parties, the modification would be made.

Progression from Appendix A to Appendix B

- 1.10 The only difference between Appendix A and Appendix B is the proposed drafting of clause 13.10.
- 1.11 The Authority has raised concerns regarding the application of its veto to the recommendation of the DCUSA Parties (i.e. to the outcome of the DCUSA voting mechanism). Retention of its veto/non-veto approach to decisions not with-standing, the Authority considers that it would be appropriate that the decision making mechanism applying to charging proposals under the DCUSA should be as similar to the decision making mechanism applying to non-charging DCUSA proposals as possible. The Authority therefore considers that it would be appropriate for the veto to apply to the Change Proposal itself, so that (regardless of how the DCUSA Parties vote) the modification set out in the Change Proposal will be made unless the Authority exercises its right of veto.