











DCUSA Change Declaration		At what stage is this document in the process?
<h1>DCP 381:</h1> <h2>Update to Sandbox Process</h2> <p><i>Date Raised:</i> 03 February 2020</p> <p><i>Proposer:</i> Peter Waymont</p> <p><i>Company Name:</i> Eastern Power Networks</p> <p><i>Party Representation:</i> DNO</p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
Purpose of Change Proposal: To amend the DCUSA Sandbox Process		
	DCUSA Parties have voted on DCUSA Change Proposal (DCP) 381 with the outcome being a decision on whether or not the Change Proposal (CP) is to be accepted and the proposed variation to the DCUSA made accordingly. The DCUSA Parties consolidated votes are provided as Attachment 2.	
	For DCP 381, DCUSA Parties have voted to: <ul style="list-style-type: none"> • Accept the proposed variation (solution); and • Accept the implementation date. 	
	Impacted Parties: All Parties	
	Impacted Clauses: Clause 56	

Contents		 Any questions?
1	Executive Summary	3
2	Governance	4
3	Why Change?	4
4	Solution	5
5	Code Specific Matters	5
6	Relevant Objectives	6
7	Impacts & Other Considerations	6
8	Implementation	7
9	Legal Text	7
10	Voting	7
11	Recommendations	8
12	Attachments	8
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		 Any questions?
Timetable		
The timetable for the progression of the CP is as follows:		
Change Proposal timetable		
Activity	Date	
Initial Assessment Report	17 February 2021	
Change Report Approved by Panel	21 April 2021	
Change Report issued for Voting	23 April 2021	
Party Voting Closes	17 May 2021	
Change Declaration Issued to Parties	19 May 2021	
Implementation	24 June 2021	

1 Executive Summary

What?

- 1.1 The DCUSA Sandbox Process needs to be amended, following feedback from Ofgem to the DCUSA Board.

Why?

- 1.2 The process should be amended to align with the preferred service following the feedback contained in Ofgem's letter which acts as Attachment 4. Ofgem have confirmed to the DCUSA Board that this letter can be shared.

How?

- 1.3 By aligning the relevant text within the DCUSA to the proposed process as set out in Ofgem letter to the DCUSA Board. This is summarised below:
- (a) Where an innovator approaches the DCUSA Secretariat to request guidance regarding their project and whether it will be impacted by the DCUSA, the Secretariat will provide appropriate feedback. They will inform Ofgem that they have been contacted by a particular project and provide Ofgem with an indication as to whether a sandbox application will be made in the near future.
 - (b) It is suggested that the following are used for assessing an applications' eligibility:
 - (i) Innovation
 - (ii) Consumer benefit
 - (iii) Background research and
 - (iv) The need for sandbox support
 - (c) Once an application has been made to Ofgem and it is clear the proposal has DCUSA implications, the Secretariat will provide the following services:
 - (i) Once Ofgem determines an application is Duly Made, the outcome of Ofgem's initial assessment will be sent to the Secretariat to carry-out the Detailed Assessment of the application, which will include an assessment of the proposal's eligibility and suitability for the DCUSA sandbox.
 - (ii) The Secretariat will undertake the Detailed Assessment, complete the 'sandbox application assessment form' and return this to Ofgem with an interim recommendation to approve or reject the application.
 - (iii) Ofgem will complete their own assessment and make an interim decision based on the combined assessment, as to whether or not the sandbox request is to be approved.
 - (iv) With this interim pre-approval decision from Ofgem, the Secretariat will present the application to the DCUSA board for approval.
 - (v) The DCUSA Board's decision will be communicated to Ofgem for final approval.

2 Governance

Justification Part 2 Matter

- 2.1 This Change Proposal is classed as a Part 2 Matter as it does not meet the criteria to be processed as a Part 1 Matter.

Next Steps

- 2.2 DCUSA Parties have voted to accept DCP 381 and as such, it will be implemented in line with Section 8 below.

3 Why Change?

Background of the DCUSA Innovation Sandbox

- 3.1 In 2016, Ofgem introduced an initiative called the Innovation Link which aimed to promote innovation through what is known as a regulatory sandbox¹. This initiative allows innovators to trial new products, services and business models in a real-world environment without having to comply with all the industry obligations.
- 3.2 So far, the regulatory sandbox has covered obligations controlled by Ofgem based on four eligibility criteria:
- Innovation;
 - Consumer Benefit;
 - Background Research; and
 - The need for support.
- 3.3 If innovators are not licenced and are seeking derogations to test a product or services, then they will need to work with a licenced business for the duration of their sandbox application.
- 3.4 Further to this, it was noted that Ofgem are not able to offer relief from the detailed energy codes which underpin the operation of the gas and electricity markets, and which are maintained by the industry. Therefore, in order to widen the scope of the sandbox, Ofgem have worked closely with Code Administrators and developed Principle 14 of the Code Administrators Code of Practice (CACoP), which states that Code Administrators shall support prospective energy innovators by:

“Enabling applicants to trial innovations, where applicable, **through time limited derogations granted by the Gas and Electricity Markets Authority.**”

¹ [What is a Regulatory Sandbox?](#)

- 3.5 Following a review of this new principle, it was noted that the usual derogation process contained with DCUSA was not flexible enough to allow for innovations to be trialled as per the criteria set out in CACoP. Therefore, DCP 345² was raised to introduce a DCUSA Innovation Sandbox into the agreement and this was implemented in November 2019.
- 3.6 From 2019 to the present day, Ofgem's Innovation Link team have been accepting innovators into their regulatory sandbox to test new products and services and it has been quite successful. However, it was decided that a review of the process was to be undertaken to ensure that Ofgem and the Code bodies were fulfilling their obligations successfully. Following this review, Ofgem sent a letter (Attachment 4) to the DCUSA Board to request that a further step was included into the DCUSA Innovation Sandbox Process which stated that the Code Administrator needed to conduct a pre-assessment of any sandbox applications to ensure that:
- all relevant information is included;
 - the project meets the set criteria for the Code
 - There are no unforeseen impacts on the other DCUSA Parties or industry codes; and
 - The derogation request meets the DCUSA Sandbox criteria.
- 3.7 However, upon receiving this letter from Ofgem, it was noted that the DCUSA text needed to be aligned with the desired process detailed in the letter.

4 Solution

- 4.1 The legal text for DCP 381 can be found as Attachment 1 to this Change Declaration. The legal text showcases the amendments being made to the DCUSA to ensure that the processes which were detailed in Ofgem's letter to the DCUSA Board have been adequately included within the DCUSA Innovation Sandbox Process.

Text Commentary

- 4.2 Ofgem's letter to the DCUSA Board acts as Attachment 4 to this Change Declaration and the solution has been designed to align the relevant legal text within the DCUSA to the high-level process described under the "Why?" sub-heading in Section 1 above and which is further explained in Attachment 4.

5 Code Specific Matters

Reference Documents

- 5.1 None

² [DCP 345 'Sandbox Application'](#)

6 Relevant Objectives

- 6.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the DCUSA document.
- 6.2 The Proposer considers that the following DCUSA General Objectives are better facilitated by DCP 381.

	DCUSA General Objectives	Identified impact
	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
	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	None
	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
	4. The promotion of efficiency in the implementation and administration of the DCUSA	Positive
	5. Compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

- 6.3 It is the Proposers view that DCP 381 will enable the DCUSA to better reflect the Sandbox applications process as specified by Ofgem, therefore, better facilitating DCUSA General Objective Four as compared to the status quo.

7 Impacts & Other Considerations

Impacts on any Significant Code Review (SCR) or other significant industry change projects

- 7.1 There is no impact on any of the current SCRs or any other industry change projects.

Impacts on Other Codes

- 7.2 No impacts or consequential changes to other industry codes have been identified as a result of DCP 381.

BSC.....	<input type="checkbox"/>	MRA.....	<input type="checkbox"/>	MRA.....	<input type="checkbox"/>
CUSC.....	<input type="checkbox"/>	SEC.....	<input type="checkbox"/>	REC.....	<input type="checkbox"/>
Grid Code.....	<input type="checkbox"/>	Distribution Code..	<input type="checkbox"/>	None.....	<input checked="" type="checkbox"/>

Consumer Impacts

- 7.3 No direct consumer impacts have been identified as a result of implementing DCP 381. There may be some longer-term broader consumer benefits associated with the ‘baking in’ of measures designed to support innovators to bring new products and/or services to market which may have positive outcomes for the wider consumer base or the energy system itself.

Environmental Impacts

- 7.4 In accordance with DCUSA Clause 11.14.6, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 381 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

8 Implementation

Proposed Implementation Date

- 8.1 It has been proposed that the implementation date for DCP 381 be for the first applicable ‘standard release’, following Party approval. This means that DCP 381 will be implemented on 24 June 2021 as that is the next planned ‘standard release’ for DCUSA.

9 Legal Text

- 9.1 The legal text for DCP 381 has been recommended by the Proposer and reviewed by DCUSA Ltd.’s appointed legal advisor and is provided as Attachment 1 to this Change Declaration.

10 Voting

- 10.1 The 381 Change Report was issued to DCUSA Parties for voting on 23 April 2021.

Part 2 Matter: Authority Decision is not Required

DCP 381 Proposed Variation (Solution) Decision

- 10.2 For the majority of the Party Categories that were eligible to vote:
- the number of groups in each Party Category which voted to accept the proposed variation was more than 65% of the total number of Groups in that Party Category which voted; and
 - the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was more than 65%

- 10.3 DCUSA Parties have voted to **accept** the proposed variation (solution) of DCP 381.

DCP 381 Implementation Date Decision

- 10.4 For the majority of the Party Categories that were eligible to vote:
- the number of groups in each Party Category which voted to accept the implementation date was more than 65% of the total number of groups in that Party Category which voted; and

- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 65%.

10.5 DCUSA Parties have voted to **accept** the implementation date of DCP 381.

The table below sets out the outcome of the votes that were received in respect of the DCP 381 Change Report that was issued on 23 April 2021 for a period of 15 working days.

DCP 381	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANTS	GAS SUPPLIER
CHANGE SOLUTION	Accept	None Received	None Received	None Received	None Received
IMPLEMENTATION DATE	Accept	None Received	None Received	None Received	None Received

11 Recommendations

DCUSA Parties

11.1 DCUSA Parties have voted on DCP 381, with the outcome being a decision to accept the Change Proposal and thus the proposed variation to the DCUSA will be made accordingly.

12 Attachments

- Attachment 1 – DCP 381 Legal Text
- Attachment 2 – DCP 381 381 Consolidated Party Votes
- Attachment 3 – DCP 381 Change Proposal Form
- Attachment 4 – Innovation Sandbox Ofgem Letter