DCUSA

Part A: Generic

DCUSA Change Proposal (DCP)	At what stage is this document in the process?
DCP 391: **Retail Code Consolidation Significant Code Review** **Date Raised:** 05/05/2021 **Proposer Name:** Rachel Clark **Company Name:** Ofgem **Party Category: N/A**	**01 – Change Proposal** **02 – Consultation** **03 – Change Report** **04 – Change Declaration**

Purpose of Change Proposal:

This Change Proposal makes the necessary changes to reflect the closedown of the MRA & SPAA, as part of the Retail Code Consolidation Significant Code Review (SCR). It also inserts the required drafting to give effect to the new Cross Code Steering Group and cross-code modification arrangements, as part of the SCR.

Governance:

The Proposer recommends that this Change Proposal should be:

- Treated as a Part 1 Matter
- Treated as an Authority-Led Change Proposal
- Progressed to the Change Report phase

The Panel will consider the proposer's recommendation and determine the appropriate route.

Impacted Parties:

Suppliers/DNOs/IDNOs

Impacted Clauses:

Main Body: Section 1A (Definitions); Section 1B (Clauses 5.7, 7.14, 8.9); Section 1C (Insert new clauses 10.24-10.30; Amend clause 12.12); Section 2A (Clauses 16.1, 19.2, 19.9, 22.1, 23.4, 25.5, 25.6, 25.16, 27.1, 27.2, 29.4, 29.5, 30.1, 30.2); Section 2B (Clause 37.1); Section 2C (Clauses 52C.1, 52C.2); Section 2D (Clauses 52I.1, 52I.2); Section 2E (Clause 52O.1); Section 2F (Clause 52S.1); Section 3 (Clauses 54.2, 54.4A, 59.1).

Schedules: Schedule 1 – paragraph 3.5; Schedule 14 – paragraph 4; Schedule 16 – glossary of terms; Schedule 19 – paragraph 3.3; Schedule 24 – paragraph 2.1; Schedule 32 – definitions; Insert new Disconnections Schedule

© 2016 all rights reserved

DCUSA

Contents

1	Summary	3
2	Governance	4
3	Why Change?	4
4	Solution and Legal Text	7
5	Code Specific Matters	7
6	Relevant Objectives	7
7	Impacts & Other Considerations	9
8	Implementation	10
9	Recommendations	10

Indicative Timeline

The Secretariat recommends the following timetable:

Panel review of Change Proposal (ex-committee)	7 May 2021
Change Report issued to Panel	12 May 2021
Change Report Approved by Panel	19 May 2021
Change Report issued for Voting	21 May 2021
Party Voting Closes	11 June 2021
Change Declaration Issued to Parties	15 June 2021
Change Declaration Issued to Authority	15 June 2021
Authority Decision	2 July 2021

Any questions?

Contact:

Code Administrator

DCUSA@electralink.co.uk

020 7432 3011

Proposer:

Rachel Clark

switching.programme@ofgem.gov.uk

020 7901 3907

© 2016 all rights reserved

1 Summary

What?

1.1 The energy code landscape is complex and fragmented. This makes the industry difficult for market participants to understand and navigate and complicates significant change processes. Code consolidation and simplification is an overall goal that Ofgem has been pursuing for some years. At a broad level this is being taken forward by BEIS and Ofgem in the Energy Codes Review. However, the creation of the Retail Energy Code (REC) as a dual fuel retail code to support the introduction of faster and more reliable switching through a centralised switching service provided the opportunity to simplify the retail code landscape.

1.2 We believe that retail code consolidation will make it easier for market participants to understand and comply with their responsibilities. The introduction of the REC has also allowed Ofgem to implement code governance and management reforms that we believe will lead to more efficient management and delivery of change, and will ensure that the code supports innovation and considers consumer interests. These changes will lead to lower cost and better outcomes for consumers.

1.3 Ofgem launched the Retail Code Consolidation Significant Code Review (SCR) in November 2019. This set out our intention to consolidate the Master Registration Agreement (MRA) and Supply Point Administration Agreement (SPAA) into the REC, to further consolidate a number of metering codes of practice and the Green Deal provisions in the REC and to make consequential changes to other codes. The Retail Code Consolidation SCR also set out to improve cross-code change management.

Why?

1.4 This modification is required to ensure the DCUSA is aligned with the wider codes landscape from 1 September 2021, when Retail Code Consolidation is due to take effect. This modification will ensure the DCUSA reflects:

a) The close down of the MRA, meaning suppliers and network operators will no longer be required to be parties to the MRA;

b) The transition of provisions from MRA to REC;

c) The transition of some provisions from MRA to DCUSA; and

d) The introduction of improved cross-code change governance arrangements.

1.5 Ofgem has set out its intention to issue its decision to implement REC v2.0 and issue its decisions in relation to the consequential changes to other codes under the Retail Code Consolidation SCR on or around 2 July 2021, to take effect from 1st September 2021.

How?

1.6 This Change Proposal makes the necessary changes to reflect the code governance changes implemented through the Retail Code Consolidation SCR. Specifically, it will:

a) Ensure the DCUSA reflects the close down of the MRA.

© 2016 all rights reserved

b) Create a new Schedule for provisions related to Disconnections which is based on provisions currently in the MRA.

c) Insert the required drafting to give effect to the Cross Code Steering Group (CCSG), which will be established under the REC to better facilitate cross-code change.

2 Governance

Justification for Part 1 Matter

2.1 This is an Authority-led Change Proposal and as such is a Part 1 Matter.

Requested Next Steps

2.2 This Change Proposal should:

- Be treated as a Part 1 Matter;
- Be treated as a Urgent Change; and
- Proceed to the Change Report phase.

2.3 The proposed timetable is in accordance with the accompanying Direction pursuant to Clause 11.9A of the Distribution Connection and Use of System Agreement. Note, the proposed timetable suggests conclusion of the process ahead of the dates required in the Direction, allowing for a contingency plan at each stage if required.

3 Why Change?

Reflecting the closedown of MRA

3.1 The Retail Code Consolidation SCR Launch Statement[1] set out that the creation of the REC presented an opportunity to consolidate a number of codes in the retail energy space and to create code governance arrangements that drive innovation and positive outcomes for consumers.

3.2 Ofgem has designed the REC to have a change management approach and organisational structures that will allow it to be more flexible and responsive in decision-making, more open to innovation and challenge from any party, and governed by a more diverse set of interests than is the case in the currently existing code governance arrangements.

[1] https://www.ofgem.gov.uk/publications-and-updates/retail-code-consolidation-scr-launch-statement

 © 2016 all rights reserved

3.3 Retail Code Consolidation will see the closure of the MRA, SPAA, Green Deal Arrangements Agreement, Smart Meter Installation Code of Practice, and Meter Operation Code of Practice Agreement, with the vast majority of the provisions from these documents being transferred to the REC. Therefore, many of the references to the MRA in other existing codes, including the DCUSA, must be updated to refer to the REC, in order for those codes to continue to function efficiently. In addition, some material (ie Disconnections) has been deemed a better candidate for inclusion in DCUSA, as opposed to the REC. This Change Proposal will ensure the provisions relating to Disconnections are not lost when the MRA closes.

Cross Code Steering Group

3.4 This Change Proposal includes the necessary changes to DCUSA to implement improved cross-code change arrangements. Notwithstanding the consolidation of codes being undertaken as part of the Retail Code Consolidation, Ofgem expects that there will still be a need for effective management of changes that impact upon more than one code.

3.5 In particular, the REC Technical Specification includes provisions that impact on the operation of other industry codes. For example, the REC will host the Data Item and Message Catalogues. The scope of these catalogues includes the data items and messages required under the Balancing and Settlement Code, DCUSA, Smart Energy Code, Uniform Network Code and Independent Gas Transporter Uniform Network Code. The REC Code Manager will be responsible for publishing these catalogues and implementing updates. However, it is important to ensure that the overall governance framework places responsibility and control over the actual metadata held within the Data Specification on the relevant organisations that create and/or use it, and the codes that manage the related processes.

3.6 Historically cross-code coordination efforts have, in general, relied on ad hoc voluntary coordination between the various code administrators, in accordance with the Code Administration Code of Practice principle 13: 'Code Administrators will ensure cross Code coordination to progress changes efficiently where modifications impact multiple Codes'. The results of this have been mixed.

3.7 To address this, as part of the Retail Code Consolidation SCR, Ofgem will establish under the REC a CCSG and create an enduring governance framework to enable robust cross code working, including on the assessment and development of changes that impact upon two or more industry codes. The principles and practices of the CCSG and the operational procedures for cross-code change will be set out in the CCSG Terms of Reference (ToR), a document to be governed in accordance with the REC Change Management process. Any code administrator may raise a REC change to propose enhancements to the CCSG practices or processes if they wished to do so.

3.8 In summary, where a proposed change is likely to require a consequential change or update to another code, the change will be considered by the CCSG. If the CCSG agrees that a consequential change is needed, it will designate a lead change, and one or more consequential changes. The changes will then proceed through their respective development phases in accordance with their code rules, and in accordance with the timetable set out by the lead code. This ensures equally that the consequential change cannot be implemented before the lead change (as has occurred in the past), and that development of the consequential change cannot hold up the lead change unnecessarily.

© 2016 all rights reserved

3.9 Ofgem also proposes to enable the code administrator/manager of each code to raise consequential changes to their respective codes, where those changes have been agreed at the CCSG. This will reduce the dependence and burden upon individual code parties to facilitate this cross code working. The REC does not have any restriction on who can raise a Change Proposal, so any code administrator could raise a REC change if necessary. Ofgem proposes there should be a reciprocal ability for the REC Code Manager to raise consequential changes to the other codes, where necessary, for example if the code administrator does not have the resource capacity to do so. This should help to make cross-code change processes easier to manage.

3.10 Each code will include legal drafting to embed the CCSG and the decision making rules and rights for both the 'lead' code and any 'consequentially-impacted' codes.

3.11 Ofgem has set out its decision on the design of the cross-code change arrangements in its Decision on the REC v2 and Retail Code Consolidation consultation[2]. This is replicated below.

Ofgem decision on cross code change processes

3.14. We propose that each modification within a cross code change package should be voted on by the relevant panel, whose recommendations and/or decisions must continue to be based upon their own assessment of whether the proposed change would better facilitate the relevant objectives of that particular code. However, implementation of each change in the package would be conditional on the approval of all modifications within the package, and this conditionality should be clearly set out in the change proposal.

3.15. Where all changes within a package are self goverance modifications:

a) If every code votes to approve their respective modification, then the whole package is approved and all modifications can be implemented.

*b) If the **lead** change is approved by its respective code, but one or more consequential changes are rejected, the lead code panel can choose to refer the decision on all changes in the package (lead and consequential) to the Authority within 30 days of the vote on the lead change. This 30 day window allows for any self-governance appeal routes to close before the panel must decide whether to refer the package to the Authority.*

*c) If the **lead** change is rejected by its respective code, then none of the consequential changes can be implemented regardless of whether they are or would have been approved by their respective codes (subject to any appeal of the decision of the lead code).*

d) If all changes within a package are approved, but one of the modifications is subsequently successfully appealed, the other related changes should not be implemented or their implementation should be reversed.

3.16. Where a cross-code change package consists of a mixture of self-governance and Authority decision modifications, we consider that the lead change should always be one of the changes that requires an Authority decision. This means that if any of the consequential changes are rejected, they can be referred to the Authority for decision at the same time as the decision on the lead change.

[2] Decision on the REC v2 and Retail Code Consolidation consultation

© 2016 all rights reserved

3.12 In summary, the changes proposed to DCUSA will embed the required processes to ensure that DCUSA Parties can benefit from improved cross code change.

Part B: Code Specific Details

4 Solution and Legal Text

Legal Text

4.1 The proposed legal drafting is included in Attachment 1, covering:

- All insertions, deletions and/or amendments to the main body of the DCUSA (i.e., Section 1A -to Section 3); and
- All insertions, deletions and/or amendments to the Schedules 1, 14, 16, 19, 24, and 32, plus the drafting of the proposed new schedule, containing the provisions related to Disconnections.

Text Commentary

4.2 The legal drafting removes or updates references to the MRA to reflect the closure of the code, inserts the required drafting to give effect to the improved cross code change governance, and inserts a new Disconnections Schedule to rehouse this material from the MRA.

5 Code Specific Matters

Reference Documents

5.1 Ofgem's open letter regarding the Significant Code Review modifications for Retail Code Consolidation:

https://www.ofgem.gov.uk/publications-and-updates/open-letter-regarding-significant-code-review-modifications-retail-code-consolidation

5.2 Ofgem's Decision on Retail Energy Code v2.0 and Retail Code Consolidation Consultation:

https://www.ofgem.gov.uk/publications-and-updates/decision-retail-energy-code-v20-and-retail-code-consolidation-consultation

6 Relevant Objectives

	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	Positive
☐	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

© 2016 all rights reserved

☑	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
☑	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
	DCUSA Charging Objectives	**Identified impact**
☐	1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	None
☐	2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
☐	3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	None
☐	4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	None
☐	5. That compliance by each DNO Party with the Charging Methodologies facilitates 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; and	None
☐	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

(1) The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks

6.1 Ensuring that the Disconnections Schedule is retained following the closedown of the MRA will support the maintenance of efficient, coordinated and economics Distribution Networks. Placing this schedule in the DCUSA as opposed to the REC is a better fit for the scope of the code.

(3) The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

6.2 Electricity Distribution licensees have a requirement to secure that consequential changes to industry codes are made without unreasonable delay (SLC 20). The improved cross-code change arrangements within this Change Proposal will support the efficient discharge of this licence condition.

© 2016 all rights reserved

(4) The promotion of efficiency in the implementation and administration of the DCUSA

6.3 It would be inefficient for DCUSA to refer to obsolete documents (ie the MRA). Improved cross-code change, particularly ensuring aligned timelines for cross-code changes, will promote the efficient operation of the DCUSA.

7 Impacts & Other Considerations

7.1 The consumer benefits associated with this Change Proposal and the broader Retail Code Consolidation SCR are:

Lower bills than would otherwise be the case

We anticipate that retail code consolidation will lead to lower costs for industry and therefore for consumers.

Improved quality of service

We anticipate that retail code consolidation will lead to more effective management of retail industry processes and improved performance assurance. This should lead to improved experiences for consumers.

Benefits for society as a whole

We believe that the code management and governance changes from retail code consolidation will lead to easier, quicker and less costly change, supporting innovation that will bring benefits across the economy.

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

7.2 This Authority-led Change Proposal is raised pursuant to the Retail Code Consolidation SCR.

Does this Change Proposal Impact Other Codes?

BSC……..	☐	MRA……	☐
CUSC……	☐	SEC……	☐
Grid Code…….	☐	REC…….	☒
Distrbution Code..	☐	None…….	☐

Consideration of Wider Industry Impacts

7.3 The consequential changes to DCUSA as a result of Retail Code Consolidation have been discussed at the Regulatory Design User Group (RDUG) of the Switching Programme, and have been subject to public consultation[3]. The proposals relating to cross-code change have been amended following that public consultation, and further discussed at RDUG.

[3] https://www.ofgem.gov.uk/publications-and-updates/retail-energy-code-v20-and-retail-code-consolidation

© 2016 all rights reserved

Confidentiality

7.4 N/A.

8 Implementation

Proposed Implementation Date

8.1 This Change Proposal should be implemented at the point of Retail Code Consolidation, which will occur at a time designated by the Authority in accordance with the Retail Energy Code. This is planned to be 1 September 2021.

9 Recommendations

© 2016 all rights reserved