

Modification proposal:	Distribution Connection and Use of System Agreement (DCUSA) DCP 391 – Retail Code Consolidation Significant Code Review		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	2 July 2021	Implementation date:	Retail Code Consolidation ³

Background

The energy code landscape is complex and fragmented, making it difficult for market participants to understand and navigate code change processes. Code consolidation will help simplify and make it easier for them to understand their responsibilities and comply with their obligations. The creation of the Retail Energy Code (REC) as a dual fuel retail code will support the introduction of faster and more reliable switching through a centralised switching service. It will also help with efficient management and delivery of code change, supporting innovation, lowering costs and achieving better outcomes for consumers.

In November 2019, we launched the Retail Code Consolidation Significant Code Review (RCC SCR).⁴ Our RCC SCR has the objective of rationalising retail energy codes by closing down the electricity Master Registration Agreement (MRA) and gas Supply Point Administration Agreement (SPAA) and consolidating their requirements into the REC or another appropriate industry code. The REC will also bring together a number of other codes and codes of practice for metering and Green Deal provisions, facilitated by the making of consequential changes to other codes. The RCC SCR also looks to better facilitate cross-code change through the introduction of a Cross Code Steering Group under the REC.

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ Retail Code Consolidation is the date to be designated by the Authority. The date of Retail Code Consolidation is currently expected to be, and will not be earlier than, 1 September 2021.

⁴ The [RCC SCR launch statement](#) is on the Ofgem website.

The REC is being developed in phases. Since the designation of Version 1.0 of the REC in February 2019 and our launch statement in November 2019, the REC has been revised to make changes needed to facilitate energy theft consolidation.⁵ Version 2.0 of the REC (REC v2.0) will take a significant step forward in code consolidation and will be implemented through Ofgem’s Switching Programme governance, in accordance with Version 1.1 of the REC. We intend for REC v2.0 to take effect on the date of Retail Code Consolidation (RCC). RCC is the date to be designated by the Authority. The date of RCC is currently expected to be, and will not be earlier than, 1 September 2021.⁶

The modification proposal

On 5 May 2021, DCUSA change proposal DCP 391 (the proposal) was raised by Ofgem as an Authority-Led Change Proposal under the RCC SCR. We also made a direction, pursuant to Clause 11.9A of the DCUSA, in which we set out the timetable for the DCUSA Panel to progress this proposal.⁷

The proposal seeks to make the changes to the DCUSA that are necessary, as part of the RCC SCR, to reflect the closing down of the Master Registration Agreement (MRA) and the introduction of version 2.0 of the REC. The proposal would add a new Schedule into the DCUSA for provisions relating to Disconnections based on provisions currently in the MRA. The DCUSA is seen as a more appropriate code in which to include the provisions currently in the MRA, which have been adapted as required to align with terminology in the DCUSA.

It also seeks to insert the drafting that is required in the DCUSA to implement cross-code change arrangements, eg to introduce the Cross Code Steering Group and its associated mechanism for progressing cross-code changes. The proposal also sets out the concept of a Lead Code and Consequential Changes for code changes affecting more than one energy code, allowing the panel for a Lead Code to refer decisions on a package of cross-code changes to the Authority in certain circumstances. It is intended to ensure the DCUSA is aligned with the wider codes landscape when RCC takes place and improve cross-code change processes and alignment of timelines across the wider energy market.

⁵ More information about [energy theft consolidation](#) is on the Ofgem website.

⁶ More detailed information about the underlying policy behind Retail Code Consolidation and our decisions on taking it forward are in our [Decision on REC v2.0](#) (30 April 2021). We have also published an [open letter regarding the SCR modifications for Retail Code Consolidation](#) (30 April 2021) setting out our approach to taking these changes forward.

⁷ Further information about [DCP 391](#), including full details of all the proposed changes, can be found on the DCUSA website.

The Authority, as proposer, considered that DCP 391 would better facilitate DCUSA General Objectives 1, 3 and 4 and has no impact when assessed against the other DCUSA General Objectives. The proposal would retain relevant parts of the MRA in the DCUSA and seeks to update the DCUSA to reflect the REC.

DCUSA Parties' recommendation

In each party category where votes were cast (no votes were cast in the CVA Registrant party category),⁸ there was unanimous support for the proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP 391 is accepted. The outcome of the weighted vote is set out in the table below:

DCP 391	WEIGHTED VOTING (%)							
	DNO ⁹		IDNO/OTSO ¹⁰		SUPPLIER		CVA ¹¹ REGISTRANT	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100%	0%	100%	0%	100%	0%	None	None
IMPLEMENTATION DATE	100%	0%	100%	0%	100%	0%	None	None

We note that there were comments made by some DCUSA parties, as part of their vote, suggesting minor changes to address misalignment of terminology between the DCUSA and the REC. We have considered these proposed minor changes in making our decision on the proposal.

Our decision

We have considered the issues raised by the proposal set out in the Change Report dated 21 May 2021 and in the Change Declaration and Collated Parties Votes dated 15 June 2021. We have considered and taken into account the vote of the DCUSA Parties, and the further comments submitted by certain DCUSA parties as part of the voting process, on the proposal as well as the wider aims of the RCC SCR. We have concluded that:

⁸ There are currently no gas supplier parties.

⁹ Distribution Network Operator

¹⁰ Independent Distribution Network Operator/Offshore Transmission System Operator

¹¹ Central Volume Allocation

- implementation of the modification proposal will better facilitate the achievement of the applicable DCUSA Objectives¹² and
- directing that this modification is made is consistent with our principal objective and statutory duties.¹³

Reasons for our decision

For the reasons given below, we consider this modification proposal will better facilitate DCUSA General Objectives 1, 3 and 4 and has no impact on the other General Objectives.

DCUSA General Objective 1 - the development, maintenance and operation by the licensee of an efficient, co-ordinated, and economical Distribution System

We agree with DCUSA parties that retaining MRA provisions about disconnection as a new Disconnections Schedule within the DCUSA following the closing down of the MRA provides a better fit than moving these provisions into the REC after its designation. The retention of the Disconnections Schedule in the DCUSA supports ongoing maintenance of efficient, coordinated and economic Distribution Networks and therefore better facilitates this objective compared to the baseline.

DCUSA General Objective 3 - the efficient discharge by the licensee of the obligations imposed upon it by its licence

We agree with DCUSA parties that requiring distribution licensees to secure consequential changes to industry codes through improvements to cross-code change arrangements will allow the efficient discharge by distribution licensees of their licence obligations, for example, Electricity Distribution SLC 20. This objective is therefore better facilitated as a result and compared to the baseline.

DCUSA General Objective 4 – the promotion of efficiency in the implementation and administration of the DCUSA arrangements

We consider that it would be inefficient and incorrect for DCUSA to retain references to obsolete documents, ie the MRA. We consider that removing redundant MRA references

¹² The Applicable DCUSA Objectives are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence.

¹³ The Authority's statutory duties are wider than matters that the Parties must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

and inserting new text about processes that ensure improved cross-code change arrangements into the DCUSA will promote efficiency in the implementation and administration of the DCUSA arrangements. We consider this objective to be better facilitated by this proposal.

Other relevant factors

We took into account the comments made by certain DCUSA parties in their responses, as part of the voting process, about changing the proposed legal text to address inconsistencies in the terminology that is used in the DCUSA and in the REC, eg the definition of 'Market Message'. We consider that the REC and DCUSA definitions of "Market Message" are, while different, not inconsistent with each other.

We also note that, while the DCUSA 'Meter Operation Code of Practice' and the REC 'Metering Operations Schedule' have similar names, they are, in fact, different, and there is a further document under the REC which is the Meter Operation Code of Practice (formerly the MOCOPA).

One respondent suggested that a further amendment, to Clause 25.16 (regarding the Disconnections Procedure), was required, although it was not clear what amendment was being suggested. We therefore do not consider that further amendment is required to the original proposed legal drafting.

We note from the DCP 391 Change Declaration that DCUSA parties recommended acceptance of the proposed implementation arrangements for this proposal.

Directions and implementation

Pursuant to and in accordance with standard licence condition 22.14 of the Electricity Distribution Licence and Clauses 13.9, 13.10 and 13.12 of the DCUSA, the Authority hereby: (1) approves and accepts Authority-Led Change Proposal DCP 391 'Retail Code Consolidation Significant Code Review' (Modification DCP 391), and (2) directs that Modification DCP 391 be made.

Pursuant to Clause 11.9A.2 of the DCUSA, the Authority hereby directs the DCUSA Panel to implement Modification DCP 391 so that it takes effect on Retail Code Consolidation. Retail Code Consolidation is the date to be designated by the Authority. The date of Retail Code Consolidation is currently expected to be 1 September 2021. In accordance with

Clause 14 of the DCUSA, the DCUSA Panel must now implement DCP 391 and each Party must co-operate with the Panel to the extent required to ensure that DCP 391 be made.

We expect this to be the last decision in respect of the DCUSA under the RCC SCR. However, if circumstances change before the end of the RCC SCR, which necessitate further Authority-led modification proposals in respect of the DCUSA, we will consult further. As set out in our open letter dated 30 April 2021, we submitted all Authority-led modification proposals in relation to the RCC SCR to the panels of all relevant industry codes within a specified time window to ensure that the submissions aligned so far as is possible with the dates on which the relevant panels convened. This means that there is not a single date for Authority decisions on all of the Authority-led modification proposals under the RCC SCR. In due course, we will confirm when we have made our decision on the final Authority-led modification proposal under the RCC SCR and, accordingly, when the RCC SCR as a whole has ended.

Rachel Clark

Deputy Director, Switching Programme

Signed on behalf of the Authority and authorised for that purpose