DCUSA

DCUSA Change Declaration	At what stage is this document in the process?
# DCP 401: ## Consequential DCUSA changes for Switching SCR (REC 3.0) **Date Raised:** 2ND February 2022 **Proposer Name:** Nicola Garland **Company Name:** Ofgem **Party Category: N/A**	01 – Change Proposal 02 – Consultation 03 – Change Report **04 – Change Declaration**

Purpose of Change Proposal:

Ofgem's Switching Significant Code Review (SCR) will introduce the new Central Switching Service (CSS) and version 3.0 of the Retail Energy Code (REC 3.0). This Change Proposal progresses the consequential DCUSA changes needed to align with REC 3.0.

✔	DCUSA Parties have voted on DCUSA Change Proposal (DCP) 401 with the outcome being a recommendation to the Authority as to whether or not the Change Proposal (CP) should be accepted. As DCP 401 is considered to be a Part 1 Matter, the recommendation will be issued to the Authority for their final decision. The DCUSA Parties consolidated votes are provided as Attachment 2.
✔	**For DCP 401, DCUSA Parties recommend to the Authority to:** • **Accept the proposed variation (solution); and** • **Accept the implementation date.**
!	**Impacted Parties:** All Parties
!	**Impacted Clauses:** Section 1A: Clause 1 'Definitions and Interpretation' - Section 1B: Clause 8 ' Costs of the DCUSA' - Section 1C: Clause 12 'Voting' - Section 2A: Clause 25 'Energisation, De-Energisation And Re-Energisation' And Clause 30 'Provision Of Information' - Section 3: Clause 54 '' – as well as amendments to Schedule 1, Schedule 8, Schedule 16, Schedule 32 And Schedule 33.

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DCUSA

Table of Contents

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

Timetable

The timetable for the progression of the CP is as follows:

Activity	Date
Initial Assessment Report	16 February 2022
Change Report Approved by Panel	22 March 2022
Change Report issued for Voting	22 March 2022
Party Voting Closes	21 April 2022
Change Declaration Issued to Parties	22 April 2022
Change Declaration Issued to Authority	22 April 2022
Authority Decision	TBC
Implementation	CSS Go Live Date (currently expected to be 18 July 2022)

Any questions?

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1 Summary

What?

1.1 Ofgem's Switching Significant Code Review (SCR) is part of Ofgem's Switching Programme. It will introduce faster and more reliable switching for gas and electricity consumers, including a harmonised dual-fuel Central Switching Service (CSS) supported by version 3.0 of the Retail Energy Code (REC 3.0).

1.2 Consequential DCUSA changes are needed to implement the End-to-End Business Process Design developed by the Switching Programme and specifically to align the DCUSA with REC 3.0.

Why?

1.3 The DCUSA must align with REC 3.0 from the go-live date for CSS, which is also the REC 3.0 effective date.

1.4 The Implementation Date for this Change Proposal must be flexible and tied to the CSS go-live date / REC 3.0 effective date, as determined by Ofgem. Ofgem currently anticipates the CSS go-live date to be 18 July 2022; however we will decide the exact date nearer the time.

1.5 More detail can be found on our website here.

How?

1.6 In the case of the DCUSA and in line with the Authority's SCR guidance, we have worked with the code body and stakeholders to develop the drafting of the consequential changes to DCUSA required for the Switching Programme. Our June 2019 consultation on proposed changes to industry codes required for the Switching Programme, which was then further discussed with relevant industry parties through the Switching Programme Regulatory Design User Group (RDUG).

2 Governance

Justification for Part 1 and Part 2 Matter

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

2.2 This is an Authority-Led Change Proposal. It will not follow the standard DCUSA change process. Instead it will follow the timetable set by the Authority and the Authority-Led Change Proposal procedure as detailed in Clause 11.9A of the DCUSA – see page 2 above.

Next Steps

2.3 DCUSA Parties have voted and the outcome of the Party vote acts as a recommendation to the Authority as to whether or not this CP should be accepted. Parties recommend that DCP 401 should be accepted and therefore, that the change should be made.

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3 Why Change?

3.1 We launched the Switching SCR in November 2015 in order to introduce the necessary changes required to the licence and code framework for the Switching Programme. The objective of the Switching Programme is to improve consumers' experiences of switching, leading to greater engagement in the retail energy market by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

3.2 The SCR mechanism allows Ofgem to holistically manage complex changes to multiple industry codes and licence conditions. Key to the process is effective working with industry and other stakeholders, including consumer representatives.

3.3 Alongside the Switching SCR, we launched the Retail Code Consolidation (RCC) SCR in November 2019. The purpose of that SCR was to rationalise retail energy codes by closing down the electricity Master Registration Agreement (MRA), gas Supply Point Administration Agreement (SPAA), the Smart Meter Installation Code of Practice (SMICOP), and Green Deal Arrangements Agreement (GDAA), and consolidating many of the requirements from these codes into the new Retail Energy Code (REC) or transferring them to another industry code as appropriate.

3.4 With the coming into effect of REC version 2.0 in September 2021, together with the implementation of consequential changes to other industry codes and the close-down processes for the MRA and SPAA in progress, we closed the RCC SCR. We then continued to progress the Switching Programme and related Switching SCR.

3.5 The Switching SCR will bring about significant changes to the REC as part of the Switching Programme, introducing REC version 3.0. These changes to the REC will require consequential changes to be made to other codes, including DCUSA, to reflect the new arrangements, leading to this DCUSA Change Proposal.

4 Solution

4.1 The DCUSA Panel provided a representative to engage with the Switching Programme governance arrangements, in particular the Regulatory Design User Group (RDUG). The changes being proposed by by this Change Proposal have been through a number of iterations and reviews via the RDUG and were also previously consulted on as part of the broader Switching Programme itself. The proposed amendments are contained within the attached legal drafting for this Authority-Led Change Proposal.

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5 Legal Text

5.1 As noted above, the legal text for DCP 401 has been developed and refined by the DCUSA representative on the RDUG and was consulted on as part of the broader Switching Programme itself. The legal text has also been reviewed by DCUSA Ltd.'s legal advisors which the Proposer has confirmed as satisfying the intent of the Change Proposal. The DCP 401 legal text is provided as Attachment 1 to this Change Declaration.

6 Code Specific Matters

6.1 N/A

7 Relevant Objectives

Assessment Against the DCUSA Objectives

7.1 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.

7.2 The list of DCUSA General Objectives is set out in the table below.

	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	Neutral
☑	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	**Positive**
☐	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Neutral
☑	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

7.3 The Proposer believes that this Change Proposal will better facilitate the achievement of Applicable DCUSA General Objective (4) by ensuring that the DCUSA aligns with version 3.0 of the REC as of the go-live date for CSS/REC 3.0. Failure to ensure this would create risks for the successful delivery of Ofgem's Switching Programme as well as adverse impacts for DCUSA Parties , who would be unable to use the DCUSA processes needed to support the new CSS arrangements. This in turn would create adverse effects for consumers.

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7.4 As the consequential DCUSA changes support the delivery of faster, more reliable switching they also promote effective supply competition and thereby better facilitate the achievement of Applicable DCUSA General Objective (2).

8 Impacts & Other Considerations

8.1 The DCUSA changes support Ofgem's Switching Programme. The Programme's overall objective is to improve consumers' experience of switching, leading to greater engagement in the retail energy market, by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

8.2 Ofgem's Full Business Case for the Switching Programme estimates the overall monetised benefit to consumers to be between £185m and £1,077m. Ofgem's identified monetised benefits include the following factors relating to improved quality of service for consumers:

- Direct benefits to consumers from faster switches and lower volumes of exceptions; and
- Indirect benefits of higher switching volumes likely to result from easier and more reliable switching.

8.3 Ofgem's Full Business Case also identifies non-monetised benefits of:

- Benefits to consumers of encouraging and enabling greater competition and innovation in the market (i.e. from competitive pressure leading to bills being lower than would otherwise have been the case); and
- Benefits of having a single switching system designed with future change in mind and that is better able to adapt to innovation.

8.4 As set out in the Full Business Case, Ofgem believes that the non-monetised benefits will outweigh monetised benefits.

Significant Code Review (SCR) or other significant industry change project impacts

8.5 This Authority-led Change Proposal is raised pursuant to the Switching Significant Code Review:

Environmental Impacts

8.6 In accordance with DCUSA Clause 11.20.5B, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 401 were to be implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

Impacts on other Industry Codes

BSC……... ☐ SEC…… ☐ Grid Code……. ☐

CUSC…… ☐ REC……... ☐ Distrbution Code.. ☐

None……. ☒

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8.7 The development of version 3.0 of the REC, as part of Ofgem's Switching SCR, requires consequential changes to the DCUSA as detailed in this Change Proposal. The DCUSA changes have no impact on the REC. In parallel to this modification, we are separately progressing modifications to the codes of several other code bodies in parallel with this modification, namely, the BSC, SEC, UNC & IGT-UNC

9 Implementation

9.1 Subject to considering the views of the Panel and the DCUSA Parties through the Party Vote, Ofgem anticipates implementation of this modification in time for the CSS Go Live Date (as defined by the REC), which is currently expected to be 18 July 2022, assuming that all affected Codes are able to progress their modifications within the same timeframe. The Authority shall designate the CSS Go Live Date (as defined in the REC) in due course.

10 Voting

1.1 The 401 Change Report was issued to DCUSA Parties for Voting on 22 March 2022.

Part 1 Matter: Authority Decision is Required

1.2 ***Change Solution – Accept.***

1.3 For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the change solution was more than 50%. In accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that the change solution be Accepted.

1.4 ***Implementation Date – Accept.***

1.5 For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 50%. In accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that the implementation date be Accepted.

The table below sets out the outcome of the votes that were received in respect of the DCP 401 Change Report that was issued on 22 March 2022 for a period of 20 working days.

DCP 401	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANT	GAS SUPPLIER
CHANGE SOLUTION	Accept	Accept	None Received	None Received	None Received
IMPLEMENTATION DATE	Accept	Accept	None Received	None Received	None Received

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11 Recommendations

DCUSA Parties Recommendation

1.6 DCUSA Parties have voted on DCP 401 and in accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that the Change Proposal be Accepted.

12 Attachments

- Attachment 1 – DCP 401 Draft Legal Text
- Attachment 2 – DCP 401 Consolidated Party Votes
- Attachment 3 – DCP 401 Change Proposal Form
- Attachment 4 – Ofgem Direction to the Panel

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