

DCUSA DCP 409 Change Declaration

Voting end date: 5pm, 20 January 2023

DCP 409	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANT	GAS SUPPLIER
CHANGE SOLUTION A	Reject	No votes received	Accept	No votes received	n/a
CHANGE SOLUTION B	Reject	No votes received	Accept	No votes received	n/a
IMPLEMENTATION DATE	Reject	No votes received	Accept	No votes received	n/a
RECOMMENDATION	<p>DCP 409 Solution – Recommendation</p> <p>DCP 409 – PROPOSED SOLUTION 1: RECOMMENDATION</p> <p>In accordance with Clause 13.5, for Parties to have been deemed to recommend to the Authority that the change solution be Accepted there needs to be a majority of Party Categories whose votes to accept, when summed together, equate to more than 50% of the total votes of Parties or Groups within in each category.</p> <p>In the case where only two Party Categories vote on a Change Proposal, and one Category votes to accept and the other votes to reject, there can be no such majority and therefore, in accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that the change solution be Rejected.</p> <p>DCP 409 – PROPOSED SOLUTION 2: RECOMMENDATION</p> <p>In accordance with Clause 13.5, for Parties to have been deemed to recommend to the Authority that the change solution be Accepted there needs to be a majority of Party Categories whose votes to accept, when summed together, equate to more than 50% of the total votes of Parties or Groups within in each category.</p>				

	<p>In the case where only two Party Categories vote on a Change Proposal, and one Category votes to accept and the other votes to reject, there can be no such majority and therefore, in accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that the change solution be Rejected.</p> <p>DCP 409 – IMPLEMENTATION</p> <p>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 reject the Implementation date was equal to 50% and in accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that the Implementation date be Rejected.</p>
	<p>PART ONE / PART TWO</p> <p>Part One – Authority Determination Required</p>

PARTY	SOLUTION A (A / R)	SOLUTION B (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
	DNO PARTIES				
Eastern Power Networks	Reject	Reject	Reject	None	Proposal A only applies to new SoLRs. The rationale for this seems to be a concern that there may have been other bidders to be SoLR if this credit cover adjustment had been available at the time. There is not enough supplier response on this to demonstrate that. Proposal B seeks to offset an enduring obligation against monthly charges. Our concern has always been about the ability to collect monthly DUoS charges and for the right cover to be in place for that purpose. The solution's justification is focussed on what would happen if the SoLR went bust which we deem unlikely. We therefore feel the offset amount is too much in an ongoing relationship.
London Power Networks	Reject	Reject	Reject		
South Eastern Power Networks	Reject	Reject	Reject		
National Grid Electricity Distribution (West Midlands) plc	Accept with 1 st preference.	Accept with 2 nd preference.	Accept	We agree that this change supports General Objective 2. This change should not include payments which have gone through the collection through a 3rd Party option.	

National Grid Electricity Distribution (South Wales) plc	Accept with 1 st preference	Accept with 2 nd preference.	Accept		
National Grid Electricity Distribution (South West) plc	Accept with 1 st preference	Accept with 2 nd preference.	Accept		
National Grid Electricity Distribution (East Midlands) plc	Accept with 1 st preference	Accept with 2 nd preference.	Accept		
ELECTRICITY NORTH WEST LIMITED	Reject	Reject	Reject	No, we do not believe the CP facilitates any of the DCUSA objectives, nor do we believe that the change would encourage cost reductions from suppliers, especially in the current market where all suppliers are using the price cap. We are also of the view that this change does not promote competition but will instead result in increased socialised costs for all customers. This change will likely favor a small number of large suppliers only who have typically been appointed a SoLR, we feel this gives an unfair advantage to large suppliers	There is also not enough lead time on the proposed date of implementation for system changes to be made.
Northern Powergrid (Northeast) Plc	Reject	Reject	Reject	We don't believe that any of the DCUSA objectives are better facilitated by the proposed change.	SoLR payments are outside of DCUSA and is obligated by License, value at risk and credit cover and included in the DCUSA. A DNO cannot use a LRSP to set-off where bad debt is incurred by a supplier not paying DUoS, and a supplier should not be allowed to set-off any credit cover obligations where it is owed a LRSP. There should be no connection between the two. This change also increases the risk of DNOs incurring bad debt which is borne by all customers.
Northern Powergrid (Yorkshire) Plc	Reject	Reject	Reject		

IDNO PARTIES					
No votes received					
SUPPLIER PARTIES					
British Gas	Accept with 2 nd preference	Accept with 1 st preference	Accept	<p>We believe the proposal better facilitates DCUSA objective 2.</p> <p>“The facilitation of effective competition in the supply and generation of electricity and (so far as is consistent therewithin) the promotion of such competition in the sale, distribution and purchase Of electricity,”</p> <p>This change will better facilitate DCUSA general objective 2 in that by including last resort supplier payments in the calculation of value at risk, suppliers can reduce their costs of providing credit cover and thereby could reduce costs to consumers which will better facilitate competition in the supply of electricity.</p>	<p>Although we accept both proposed solutions our preference would be for Proposal B. Proposal B provides for the full value of payments due to a User to be deducted from the User’s Value at Risk rather than the next month’s payment. We believe that this reflects the situation in that should a User failure occur the DNO would net off the full amount owing and unpaid to the User against any outstanding distribution charges.</p> <p>Proposal B also reflects the situation in that should a Supplier fail after this change has been implemented, the DNO would offset the balance of any existing SoLR claims owed to a Supplier against any outstanding distribution charges. Both of these differences mean that Proposal B is more beneficial for consumers as Supplier credit cover costs will be lower and at a more efficient level than under Proposal A.</p>
CVA REGISTRANT PARTIES					
No votes received					
GAS SUPPLIER PARTIES					
Not Eligible					