

DCUSA Consultation		At what stage is this document in the process?				
<h2>DGP 429:</h2> <h3>Obtaining an Independent Credit Assessment</h3> <p><b>Date raised:</b> 12/09/2023</p> <p><b>Proposer Name:</b> Donna-Marie Butcher</p> <p><b>Company Name:</b> South Eastern Power Networks</p> <p><b>Company Category:</b> DNO</p>		<table border="1"> <tr> <td>01 – Change Proposal</td> </tr> <tr> <td>02 – Consultation</td> </tr> <tr> <td>03 – Change Report</td> </tr> <tr> <td>04 – Change Declaration</td> </tr> </table>	01 – Change Proposal	02 – Consultation	03 – Change Report	04 – Change Declaration
01 – Change Proposal						
02 – Consultation						
03 – Change Report						
04 – Change Declaration						
<p><b>Purpose of Change Proposal:</b></p> <p>The purpose of this change proposal seeks to update DCUSA Schedule 1 Clause 2.6 that refers to the Company obtaining an Independent Credit Assessment from a recognised Credit Assessment Agency chosen by the User.</p>						
	<p>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 429</p> <p>Parties are invited to consider the questions set in section 10 and submit comments using the form attached as Attachment 1 to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <b>13 December 2023</b>.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP) to the Change Report phase.</p>					
	<p><b>Governance:</b></p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> <li>• Treated as a Part 2 Matter</li> <li>• Treated as a Standard Change</li> <li>• Progressed to the Working Group phase</li> </ul> <p>The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>					
	<p><b>Impacted Parties:</b></p> <p>Suppliers/ DNOs/ IDNOs/ CVA Registrants</p>					
	<p><b>Impacted Clauses:</b> DCUSA Schedule 1 Clause 2.6</p>					

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Timetable	
The timetable for the progression of the CP is as follows:	
<b>Change Proposal timetable</b>	
Activity	Date
Initial Assessment Report	20 September 2023
Consultation Issued to Industry Participants	22 November 2023
Change Report Approved by Panel	21 February 2024
Change Report issued for Voting	23 February 2024
Party Voting Closes	11 April 2024
Change Declaration Issued to Parties	15 April 2024
Implemented	Within the next scheduled DCUSA release.

**?** Any questions?

Contact:  
**Code Administrator**

 DCUSA@electralink.co.uk

 020 7432 3011

Proposer:  
Donna-Marie Butcher

 donna-marie.butcher@ukpowernetworks.co.uk

 07875111892

Other:  
**Insert name**

## 1 Summary

### What?

- 1.1 Currently Suppliers can choose which credit rating agency they wish a DNO to obtain a credit assessment from. Notionally, each Supplier can ask each Distributor separately. Distributors tend to have relationship with their preferred credit rating agency, but Suppliers can insist on not using this one.

### Why?

- 1.2 This creates inefficiency in the whole process and Distributors are having to make arrangements with every possible credit rating agency with potential costs.

### How?

- 1.3 Either Suppliers provide their own credit assessment (with supporting evidence that is recently dated) or the Distributor chooses who they obtain it from.

## 2 Governance

### Justification for Part 1 and Part 2 Matter

- 2.1 Does not meet Part 1 criteria and is not urgent.

### Requested Next Steps

- 2.2 This Change Proposal should:
  - Be treated as a Part 2 Matter;
  - Be treated as a Standard Change; and
  - Proceed to the Working Group phase.

## 3 Why Change?

- 3.1 The current process is inefficient and approving this change proposal will avoid duplication.

**Question 1: Do you understand the intent of the Change Proposal?**

**Question 2: Are you supportive of the principles of this Change Proposal?**

## 4 Working Group Assessment

### DCP 429 Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess/develop DCP 429. This Working Group consists of representatives from DNOs, Suppliers and IDNOs. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 4.2 The Working Group developed this consultation document to gather information and feedback from market participants on this DCP.
- 4.3 The proposer walked the Working Group through the change proposal and explained that since the implementation of [DCP 349 'Effectiveness of the current provision of unsecured cover under Schedule 1'](#), more users were seeking to use independent credit rating agencies instead of good payment history.
- 4.4 The proposer advised that their organisation has an agreement with a credit rating agency to gain reports and credit assessments however, as the legal text allows users to request an independent credit assessment from a specific agency, users tend to want to use a different credit assessment agency as some offer a higher allowance.
- 4.5 The proposer informed the group that most, if not all credit rating agencies charge for an annual subscription or can charge a large one-off fee.
- 4.6 The proposal is seeking to change the process/legal text so the users provide their own independent credit assessment from a recognised credit assessment agency or accept the one from the Distributor.
- 4.7 The Working Group would like to gain more clarity on how often an independent credit assessment is requested and whether there are any other credit agencies that are used that are not referred to in the DCUSA legal text.

**Question 3 - Would you use the normal credit agencies listed within the DCUSA Schedule 1 or do you use any others? If you use any others, please advise who they are.**

**Question 4 - Under the existing clause 2.6, would you expect the DNO to provide the independent credit assessment or would you have already obtained that report to share with the DNO?**

**Question 5 - How many times a year do you provide an independent credit assessment?**

- 4.8 It was highlighted that as suppliers already know the level of credit they can obtain from their preferred agency, the annual subscriptions/fees must have been already paid for so the current process leads to both Suppliers and Distributors duplicating both the process of obtaining the credit assessment and also paying the fees which is inefficient.
- 4.9 It was agreed that as the supplier usually already has the credit report the proposed change would lead to a much more efficient process as it removes the duplication as mentioned in paragraph 4.8.

## 5 Code Specific Matters

### Reference Documents

5.1 N/A

## 6 Solution and Legal Text

6.1 Amend schedule 1, clause 2.6 as follows:

For the purposes of determining CAF pursuant to Paragraph 2.5(a), the User may, once a year, provide an request that the Company obtain an Independent Credit Assessment from a Recognised Credit Assessment Agency chosen by the User or accept the chosen Recognised Credit Assessment Agency by the Company.

### Text Commentary

6.2 Gives the option for the supplier to provide the credit rating and if not, the DNO can choose an agency of their choice.

Question 6: Do you have any comments on the drafted legal text?

## 7 Relevant Objectives

### Assessment Against the DCUSA Objectives

7.1 The Working Group will seek industry views in relation to the DCUSA Objectives as part of this consultation.

	DCUSA General Objectives	Identified impact
<input type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input type="checkbox"/>	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
<input type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input checked="" type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<input type="checkbox"/>	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

7.2 We believe DCUSA General Objective 4 is better facilitated by this change as it would remove complexity and cost from the current arrangements for obtaining a credit assessment.

Question 7: Do you consider the solution better facilitates the DCUSA objectives? Please give supporting reasons.

## 8 Impacts & Other Considerations

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

8.1 N/A

### Impacts on other Industry Codes

8.2 The Proposer and Working Group agree that there are no potential impacts to other industry codes as a consequence of this change.

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

Question 8: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

## 9 Implementation Date

9.1 The proposed implementation date of this change is the first release after approval. The Working Group would like views on whether the implementation date is suitable.

Question 9: What date do you believe this change proposal should be implemented? Please provide rationale.

Question 10: Do you have any other comments?

## 10 Consultation Questions

10.1 The Working Group is seeking industry views on the following consultation questions:

No.	Questions
1	Do you understand the intent of the Change Proposal?
2	Are you supportive of the principles that support this Change Proposal?
3	Would you use the normal credit agencies listed within the DCUSA Schedule 1 or do you use any others? If you use any others, please advise who they are.
4	Under the existing clause 2.6, would you expect the DNO to provide the independent credit assessment or would you have already obtained that report to share with the DNO?
5	How many times a year do you provide an independent credit assessment?
6	Do you have any comments on the drafted legal text?
7	Do you consider the solution better facilitates the DCUSA objectives? Please give supporting reasons
8	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
9	What date do you believe this change proposal should be implemented? Please provide rationale.
10	Do you have any other comments?

10.2 Responses should be submitted using Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than, close of play on **13 December 2023**.

10.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## 11 Attachments

- Attachment 1 – DCP 429 Consultation Response Form
- Attachment 2 – DCP 429 Change Proposal Form
- Attachment 3 – DCP 429 Draft Legal Text