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| Meeting Session | DCUSA Panel (Open Session) |
| Paper Reference | Panel_2024_1218_07_Derogation Application Cover Paper |
| Action | For Decision |

Derogation Application

1. Synopsis

- 1.1 In accordance with Clause 56 of the DCUSA, Parties are entitled to seek derogations from obligations set out in mandatory schedules within the Agreement.
- 1.2 The Panel may resolve to grant a derogation and specify any conditions including the term, scope and application of the derogation. The Panel may also amend or retract any such derogation, or any such conditions relating thereto, from time to time as it sees fit.
- 1.3 The Secretariat has received a derogation application as set out in Section 2 below. The Panel is invited to consider and determine whether or not the derogation should be granted and any associated conditions.

2. Application Received

- 2.1 We have received one derogation application as set out in the table below. The full details of the application is contained within the attachment to this paper.

| Party | Derogation From | Details | Proposed Timescales |
|---|--------------------------|---|---|
| All DNOs that are granted a derogation for publishing charges | Clauses 35.B.1 to 35.B.6 | Should a DNO be required to apply for a derogation from setting their DUoS charges in December 2024 and instead publish their charges for a region(s) by the end of January 2025, this would reduce the notice period of Final DUoS charges to 14 rather than 15 months, more details can be found here Managing the effects of surplus residual charges guidance Ofgem . As a result it has become apparent that DNOs will not have final charges on which to base the forecasted charges in the Annual Review Pack (ARP), by the end of December. | Until DUoS charges and ARP are published for 2026/27. |

3. Representations and Objections

- 3.1 The Secretariat has processed the application in accordance with Clause 56.5, which sets out that following receipt of a Derogation Application, we shall give notice to all the Parties and to the Authority, at least 10 Working Days before the Panel meeting in question. Within this notice we:
 - set out the identity of the Parties by whom application has been made and the terms of the derogation sought;

- specified the date on which the Panel is due to consider the matter; and
- invited representations or objections with respect to the derogation before that time.

3.2 As a result of this exercise and with respect to the Derogation Application submitted, where the Secretariat receives any representations and/or objections from Parties, these are to be provided alongside the Derogation Application for consideration by the Panel. The Panel should note that if any are received, then they will be provided separately to this initial cover paper due to the expiry date for representations to be made being after the point in time this paper was due to be issued to the Panel.

4. Decision Making Process

4.1 Clause 56.1 of the DCUSA states that the Panel may resolve *“to grant a derogation to any Party or Parties in relation to any obligation or obligations contained in this Agreement” and that the Panel shall “specify the term, scope and application of such derogation”*.

5. Recommendations

- 5.1 The DCUSA Panel is invited to:
- **NOTE** the contents of this paper;
 - **NOTE** the representations received; and
 - **DETERMINE** whether to grant a Derogation to the Parties listed within the Derogation Application attached to this paper; and
 - **AGREE** any associated terms if the Panel resolves to grant the Derogation.

6. Attachments

- Attachment 1: DNO/IDNO ARP Derogation Application and Representations

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