

DCUSA Consultation

2025/26 DCUSA Draft Budget

Consultation on Draft Budget agreed by the DCUSA Panel

Purpose of this document:

This document sets out the Draft Budget for DCUSA Ltd for the financial year from 01 April 2025 to 31 March 2026. Supporting commentary is provided to enable Parties to understand the rationale behind the inclusion of various items in the Draft Budget.

The Draft Budget was approved by the DCUSA Panel on 18 December 2024.



In accordance with Clause 8.2 of the DCUSA you are invited to provide comments on the Draft Budget for consideration by the Panel during their meeting on 19 February 2025.

Parties have until **03 February 2025** to provide any comments on the Draft Budget.

Any comments should be submitted to DCUSA@electralink.co.uk.



Impacted Parties: All Parties

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1 Summary

- 1.1 The purpose of this consultation is to highlight the material costs and key considerations which need to be assessed as part of the preparation of the 2025/26 Draft Budget. The 2025/26 Draft Budget is set against a column showing the 2024/25 Approved Budget for comparison purposes. A budget summary grouped into specific 'Reporting Pots', is provided in section 2 below and the detailed breakdown of the items which are included within each reporting pot is provided for in Section 3 below.
- 1.2 The significant costs in the DCUSA budget are secretarial services, external contracts, professional fees, legal fees, project costs, meetings costs and contingency allowances. The remaining costs are either fixed contractual costs or are not material in the context of the Budget.
- 1.3 The Panel have considered the objectives and key deliverables of DCUSA Ltd for the financial year and identify the level of resource required to deliver those objectives.
- 1.4 It should be noted that the current rate of regulatory change is unprecedented and as such the budget has identified and allocated sums to numerous activities that either support or and/are required to implement such changes. There are also sums set aside as contingencies for the yet to be defined support and impacts that DCUSA may be required to deliver and implement.
- 1.5 The 2025/26 Draft Budget shows a reduction of c.£302,000 when compared to the approved 2024/25 budget. The primary drivers for the decrease are the reduction in budgeted costs associated with:
 - A reduced level of work required for supporting the Digitalisation of the DCUSA;
 - The level of contingency thought to be prudent associated with additional Charging Methodologies Modelling work resulting from the DUoS SCR as it is unlikely to be called upon across 2025/26;
 - A reduced level of work required to support the Market Wide Half-Hourly Settlement programme; and
 - The removal of the Rationalisation & Simplification of the DCUSA project as this is no longer being taken forward following confirmation of code consolidation.
- 1.6 The Panel recognises its obligations to manage costs effectively and the sections below outline the actions and principles the Panel will adopt to deliver these obligations. These include only billing certain costs if they are committed to, continual dynamic assessment of quarterly actual spend and adjusting subsequent billing to reflect any under-spends, and effective management of variable cost drivers such as meeting costs.

2 Key Cost Considerations

2.1 The table below provides a summary of the budgeted costs, grouped into specific 'Reporting Pots', that have been agreed by the DCUSA Panel. The key cost considerations for the coming year are set out directly below this table.

DCUSA Limited - Budget 2025/26			
Income & Expenditure Account Overview	Budget 25/26	Current Budget 24/25	Variance
DCUSA Agreement Charges	£2,428,813	£2,730,915	-£302,102
DCUSA Charges Rebate	£0	£0	£0
Other Income	£0	£0	£0
Income	£2,428,813	£2,730,915	-£302,102
Direct Costs	£990,917	£952,786	£38,131
Direct Costs	£990,917	£952,786	£38,131
Legal Fees	£60,000	£60,000	£0
Insurance	£18,580	£16,443	£2,138
Audit Fees	£22,361	£18,634	£3,727
Meetings	£27,000	£27,000	£0
Other	£13,340	£13,340	£0
Overheads	£141,281	£135,417	£5,864
External Contracts	£306,400	£286,400	£20,000
Regulatory	£39,482	£127,500	-£88,018
Stakeholder Engagement	£115,000	£90,000	£25,000
Technology	£380,000	£530,000	-£150,000
DCUSA Process	£70,732	£93,812	-£23,079
Projects	£185,000	£215,000	-£30,000
Total Projects	£1,096,615	£1,342,712	-£246,097
Contingency	£200,000	£300,000	-£100,000
Total Contingency	£200,000	£300,000	-£100,000
Total Costs	£2,428,813	£2,730,915	-£302,102
Under/(Over) Spend	£0	£0	£0

2.3 The key cost considerations for the coming year are:

FIXED COSTS

- **Audit Fees:** Audit costs have been budgeted at £22.3K which includes a 10% inflationary increase on the 2024/25 cost. The costs include statutory audit and corporation tax compliance.
- **Legal Fees:** An allowance of £60K has been made for legal fees to cover development within the DCUSA. These costs are for legal consultation required in relation to the operation of the DCUSA – primarily the review of Change Proposals legal text.
- **Insurance:** An allowance of £18.5K has been made based upon last year's costs and increased at the same rate as 2024/25.
- **DCUSA Parties' Training:** An allowance of £4K has been included which will cover the cost of an external venue for one training session. This is reduced from previous years as the training is now delivered via Teams, however it is considered prudent to budget for one training event to be held face to face subject to demand. Please note the delivery of the training session content is included within the Secretarial Services costs.
- **Physical Meeting Costs:** This is reduced from previous years as industry has adapted and evolved into a hybrid working that has seen face to face meeting reduces. However, Panel & Board meetings are ordinarily held face to face and we sometimes have groups such as the Interventions Working Group request face to face meetings. We consider it appropriate to budget for a sum of £23K, made up as follows:
 - An average of 1.5 internal meeting room bookings per month @ £500 per booking = £9K
 - 4 externally hosted events per annum @ £3.5K = £14K
- **Bad Debts:** The bad debts provision has been retained at £12k. Whilst this was not utilised last year we consider it prudent to budget for any potential bad debts that may arise.
- **Secretarial Services:** The contract for 'Secretarial & Administration Services' makes provision for an increase of "RPI+1%; provided that in any event such increase shall not be less than 3% or exceed 4%". The recommendation would be to apply an increase of 4% to allow for the maximum increase that could potentially apply, thus £940.8K.
- **Secretarial Services – Quality Bonus:** We will need to consider budgeting for the quality bonus provision as contained within the Secretariat and Administration agreement with ElectraLink. The agreement makes provision for a 4% Quality Bonus based upon the contract value in the event of achievement of meeting all of its quality targets (being the Qualitative Service Levels set out in Schedule 4 of the agreement). It is recommended this is provided for in full for prudence. This equates to the sum of £37.6K.
- **Website Support and Maintenance (CRF 066):** Support and maintenance of the DCUSA website has been budgeted at £12.5K, reflecting the assumed RPI increase of 4%.

EXTERNAL CONTRACTS

- **Charging Methodologies Modelling:** The 2025/26 budget includes an allowance of £238.7K reflecting a full year contractual CEPA charge under the extended contract terms effective from April 2023 to March 2028.

- **Charging Methodologies Modelling – Contingency:** The DUoS SCR has been re-launched from 31 October 2023. Given the previous experience of Ofgem requesting support via DCUSA Limited to allow access to our Charging Methodology Service Provider, we consider it prudent to continue to include a contingent sum (albeit much reduced from years) of £50K in 2025/26.
- **Management of Charging Methodologies Service Provider (CRF 143):** This is a fixed fee payable to the Secretariat based on 20% of the CEPA costs, therefore £47.7K has been allocated.
- **Charging Methodologies Modelling – New Models:** We do not anticipate the need to commission new Charging Methodologies Models in 2025/26 and therefore no sum has been included for this purpose.
- **Provision of Measurement Class G Data:** DCUSA have been supporting parties on an informal basis with respect to providing this data to Distributors in meeting their obligations under Schedule 32 for residual banding allocations. The general contingency has been used to fund the provision of obtaining this data via the Data Transfer Service which is owned and operated by ElectraLink Limited. For 2025/26, given that this has become a regular annual need, it is proposed to have a specific budget line item of £20K to facilitate this activity.

REGULATORY

- **Ongoing Approved CRFs (140):** All existing approved CRFs that will continue into 2025/26 are separately detailed within the budget. Only one CRF remains in this category which covers the costs of the Secretariat attending the Charging Futures Forum and the Charging Delivery Board (should this reconvene).
- **DUoS SCR (CRF 1156):** The DUoS SCR has re-commenced in October 2023 and the Secretariat will be required to support this process on behalf of DCUSA Limited. However, given the latest update from Ofgem at the DCUSA Strategy on 15 October 2024, we do not believe sufficient progress will be made that will lead to extensive support. We therefore propose a reduction from last year to £25K for 2025/26.
- **Market-Wide Half-Hourly Settlement (CRF 127):** This programme is in full flight and will continue into 2025/26 but with a significant reduction in support from a DCUSA perspective. £10K is proposed to allow for the low level of support that may be required.
- **Regulatory and Code Governance Change - Contingency:** We operate in a constantly changing regulatory and governance environment and not all of it can be accurately forecast for 2025/26 and therefore it is prudent to budget a contingency sum of £100K specifically for this aspect. Note that a separate project line exists for supporting the DESNZ/Ofgem Energy Code Reforms.

STAKEHOLDER ENGAGEMENT

- **Stakeholder Engagement Plan:** Building on the success of the existing programme and importance of continuing to develop new initiatives, 100K has been included to continue with stakeholder engagement activities to be designed and delivered for the benefit of DCUSA parties. This is an increase on previous years and reflects the additional costs of producing more webcasts and holding open Q&A sessions post Change Proposal approval/pre implementation to assist Parties in understanding the changes to DCUSA in a timely fashion. In addition, this increase would fund the potential for an annual in-person DCUSA Open Day with networking opportunities. Also being considered are a You Tube channel for DCUSA webcast/video material and the potential to collaborate with other industry bodies such as the Energy Networks Association and the Retail Energy Code in producing a webcast targeted at potential Safe Isolation Providers (SIP) as there is much

confusion, (especially within the electrical contractor community) of the requirements and process for becoming a SIP.

- **Strategy Day 2025:** An allowance of £15K has been included to organise, run and host a strategy day in October 2025. This is an important annual event to inform the DCUSA Board of all material events that are or may be impacting upon the operations of DCUSA Limited for the upcoming financial year and assists with the first step in the draft budget setting process.

TECHNOLOGY

- **Digitalisation of the DCUSA Service:** Following the work undertaken to date in phases 1-3 and what is approved for phase 4, we are planning further enhancements as part of phase 5 in 2025/26.
 - Phase 5 of the DCUSA digitalisation strategy builds upon the work carried out in Phases 1-4. It will focus on addressing two main challenges. Firstly, Phase 5 aims to help new users better understand the DCUSA processes by creating a more comprehensive and structured way to learn. This will guide users from the basic knowledge of the DCUSA document, and the role of the secretariat, to more complex areas, such as why and how Change Proposals are raised, the role and process of Working Groups, RFIs, voting and consultations. This step-by-step 'DCUSA for dummies' approach will make it easier for new users to learn about the DCUSA and how it impacts their organisation.
 - Secondly, Phase 5 will prepare the DCUSA for potential changes in the way codes are regulated. It will ensure the DCUSA is ready to respond to any reforms and changes that may affect multiple industry codes. This phase will help future-proof the DCUSA, making sure it stays flexible and effective in a changing environment.
 - The proposed budget for 2025/26 is £350K, a reduction on previous years which reflects the reducing opportunities for development and a more cautious approach on only moving forward with developments that will deliver long-term benefits to DCUSA parties given the future consolidation with CUSC into the new ECC.
- **DCUSA Website Continuous Improvement:** An allowance of £30K is included to enable additional improved functionality, including when required because of newly implemented Change Proposals.

DCUSA PROCESS

- **General Process Ongoing Approved CRFs (044, 139, 181, 182, 190, 191, 1103, 1113, 1143, 1145 & 1164):** All of these existing approved CRFs that will continue into 2025/26 are separately detailed within the budget tables.
- **Supporting Innovation Sandbox Applications/Projects (CRF 1125):** We have one live Sandbox in process and are engaging with Ofgem on the Sandbox evolution. However, the prospect of new Sandbox applications would appear to be limited, and we have therefore reduced the budget sum to £25K in 2025/26.
- **CACoP Attendance:** The 2025/26 budget includes £10K for attendance at CACoP meetings charged on a time and material basis. This will also cover attendance at the Cross Code Steering Group as required. This is a reduction on previous years due to virtual and less frequent meetings becoming the norm.
- **DCUSA Limited Board Director Training:** It is requirement to provide initial and refresher training for DCUSA Limited Board Directors as required. The 'Role of a Director' training is sourced externally

and 'Financial Awareness' training is provided by the Secretariat's Finance Manager. A sum of £4K is recommended for 2025/26.

PROJECTS

- **Supporting the DNO-DSO transition:** As there has not been any spend in this area to date (over several years), it is proposed that this potential activity is not specifically budgeted for in 2025/26 and in the event of an impact to the DCUSA or support is required it can be funded from the general contingency.
- **Rationalisation & Simplification of the DCUSA:** Given the confirmation that the DCUSA will consolidate with the CUSC to create a new Electricity Commercial Code (ECC) under the Energy Codes Reforms, the Board did not progress this activity in 2024/25. For the same reason, it is not proposed to be specifically budgeted for in 2025/26. There is however likely to be work in 2025/26 between the DCUSA and CUSC as part of code consolidation and this will be covered by the specific DESNZ/Ofgem Energy Codes Reform budget line.
- **Data Protection Impact Assessment (DPIA) - Legislation:** Post Brexit Government legislation is due in late 2024 or early 2025 with respect to Data Protection. It is recommended that a DPIA is undertaken in preparation for the legislation changes. The recommended sum of £20K also includes an allowance for any post DPIA work that is required.
- **Data Protection Impact Assessment - (Digitalisation Projects):** A sum of £10K is recommended to enable a DPIA to be undertaken as part of any digitalisation work.
- **DESNZ/Ofgem Energy Codes Reform (CRF 1074):** We now know that the DCUSA will consolidate with the CUSC to create a new ECC. However, the precise nature of the work that will entail remains uncertain and difficult to estimate. It is therefore recommended that we specifically budget for a sum of £150K to ensure appropriate resources are available and deployed to progress any activity or programme of work that is required to deliver DESNZ/Ofgem's expectations in 2025/26.
- **Carbon Neutral Recertification:** A sum of £5K is included to cover the cost of the annual a carbon neutral recertification process.

CONTINGENCY

- **General Project Contingency:** As per last year, £100k has been included in the budget to cover any unforeseen costs which may arise during 2025/26.

Billing of the Contingency sums within the Budget - Please note that DCUSA Limited will not invoice Parties for the Contingency sums shown in the budget unless it believes there is a strong likelihood of some or all of the Contingency sum being called upon to cover appropriate and approved expenditure. This decision is taken in advance of each quarterly invoice being raised. Please also note that in the event a contingent sum is invoiced in advance and does not subsequently materialise, any excess will be refunded to Parties as part of the year end re-conciliation.

3 The 2025/26 Draft Budget

- 3.1 The itemised budget costs have been split across 'Cost Areas' and it should be noted that any 'Project Costs' will only be recovered from Parties if the projects are initiated. The table on the following page details the estimated 2025/26 costs as agreed by the Panel members with a point of reference against the main cost headings for the company. A column showing the 2024/25 Approved Budget has been provided for comparison purposes.

DCUSA Limited - Budget 2025/26	Budget 25/26	Budget 24/25	Variance
FIXED COSTS			
Audit Fees	£22,361	£18,634	£3,727
Legal Fees	£60,000	£60,000	£0
Insurance	£18,580	£16,443	£2,138
DCUSA Parties Training	£4,000	£4,000	£0
Meeting Costs	£23,000	£23,000	£0
Data Protection	£40	£40	£0
Bank Charges	£300	£300	£0
Bad Debts	£12,000	£12,000	£0
Subsistence & Travel	£1,000	£1,000	£0
Secretarial Services/Administrator Contract Costs	£940,786	£904,602	£36,184
Contract Bonus	£37,631	£36,184	£1,447
CRF 066 Website Support & Maintenance	£12,500	£12,000	£500
TOTAL FIXED COSTS	£1,132,199	£1,088,203	£43,996
OTHER COSTS			
Charging Methodologies Modelling	£238,667	£238,667	£0
Charging Methodologies Modelling Contingency	£50,000	£100,000	-£50,000
CRF 143 Management of Modelling Services Agreement	£47,733	£47,733	£0
Provision of Measurement Class G Data	£20,000	£0	£20,000
*External Contracts	£356,400	£386,400	-£30,000
CRF 121 DCUSA Support for TCRSCR	£0	£500	-£500
CRF 140 Ongoing Charging Futures Forum and Charging Delivery Board Attendance	£4,032	£1,000	£3,032
CRF 1156 DUoS SCR (Supporting the Programme)	£25,000	£50,000	-£25,000
DRF 127 & 1120 Market Wide Half-Hourly Settlement	£10,000	£70,000	-£60,000
CRF 141 Ongoing Access SCR Delivery Group Attendance	£450	£1,000	-£550
Ofgem's FSO Codes Change Programme (CRF 1154): Regulatory & Code Governance Changes Contingency	£0	£5,000	-£5,000
*Regulatory	£89,482	£227,500	-£138,018
Stakeholder Engagement Delivery	£100,000	£75,000	£25,000
Strategy Day	£15,000	£15,000	£0
*Stakeholder Engagement	£115,000	£90,000	£25,000
Digitalisation of the DCUSA Service (Phase IV)	£0	£500,000	-£500,000
Digitalisation of the DCUSA Service (Phase V)	£350,000	£0	£350,000
Website Development	£30,000	£30,000	£0
*Technology	£380,000	£530,000	-£150,000
CRF 039 DCUSA Training to a Wider Stakeholder Group	£0	£500	-£500
CRF 139 Incident Mgt Scenarios Contacts Maintenance/audit	£1,000	£300	£700
CRF 044 DCUSA Monthly eBulletin	£13,014	£12,513	£501
CRF1113 - Non-DCUSA Party training	£500	£500	£0
CRF 181 New processes for DCP336	£2,410	£2,196	£213
CRF 182 New processes for DCP350	£1,000	£300	£700
CRF 190 New processes for DCP364	£1,000	£300	£700
CRF 191 New processes for DCP360	£2,861	£1,800	£1,061
CRF 1143 New processes for DCP404	£1,198	£1,152	£46
CRF 1145 New processes for DCP 394	£2,000	£1,000	£1,000
CRF 1125 Sandbox Application Support & Administration	£25,000	£50,000	-£25,000
CRF 1164 Support for the Cross-Code Digitalisation Steering Group	£6,000	£0	£6,000
CRF 1103 New DCUSA Meta Data Processes for Updating the REC	£500	£1,000	-£500
Director Training	£4,000	£4,000	£0
CACOP Attendance	£10,000	£18,000	-£8,000
London Gazette	£250	£250	£0
*DCUSA Process	£70,732	£93,812	-£23,079
DNO - DSO Project(s)	£0	£20,000	-£20,000
Rationalisation & Simplification of the DCUSA	£0	£50,000	-£50,000
Data Protection Impact Assessments (DPIAs)	£30,000	£40,000	-£10,000
DESNZ/Ofgem Energy Codes Reform	£150,000	£100,000	£50,000
Net Zero / Carbon Neutral Recertification	£5,000	£5,000	£0
*Projects	£185,000	£215,000	-£30,000
Contingency	£100,000	£100,000	£0
*Contingency	£100,000	£100,000	£0
TOTAL OTHER COSTS	£1,296,615	£1,642,712	-£346,097
TOTAL FIXED COSTS AND OTHER COSTS	£2,428,813	£2,730,915	-£302,102

4 Recoverable Costs & Amendments to Budgets

- 4.1 Budgeted costs are recovered quarterly in advance and split into ‘operational’ and ‘project’ costs, with project related costs only being recovered from Parties if the projects are initiated. This option allows the Panel to give foresight to Parties of what they might be expected to pay in the year but not recover costs unless they are going to be utilised. In short, Parties essentially approve the costs up front, thereby allowing the Panel, without further consultation, to decide whether to initiate a project and thus recover any associated costs from Parties.
- 4.2 Clause 8.6 of the DCUSA, details the Panel’s ability to revise the budget part way through the year, providing the Panel with the option to wait until there is more certainty around potential costs before putting them into the Budget. However, it should be noted that a revised budget requires the same approval process as the original budget, i.e., further consultation with Parties.

5 Cost Recovery Invoicing

- 5.1 In accordance with DCUSA, the Panel is required to provide its good-faith estimate of the Recoverable Costs that it anticipates will be invoiced in each Quarter of the Financial Year to which the Draft Budget relates, split between each Party Category. The Panel must also provide its best estimate of the dates on which it will raise invoices for each Quarter of the Financial Year. The following table sets out this information.

	<i>Quarter 1</i>	<i>Quarter 2</i>	<i>Quarter 3</i>	<i>Quarter 4</i>	<i>Year</i>
Invoice Date	31/03/2025	30/06/2025	30/09/2025	31/12/2025	Totals
Total amount recoverable from Distributors	£303,602	£303,602	£303,602	£303,602	£1,214,407
Total amount recoverable from Suppliers	£303,602	£303,602	£303,602	£303,602	£1,214,407
Total	£607,203	£607,203	£607,203	£607,203	£2,428,813

6 Opportunity to Comment

- 6.1 Any comments should be submitted to dcusa@electralink.co.uk no later than, **03 February 2025**.

7 Attachments

- 7.1 Attachment 1 contains the spreadsheet version of the budget tables found above.
- 7.2 Attachment 2 is the current DCUSA Horizon Scan. The Panel review this monthly as a mechanism to understand any potential impact on resources that each of these matters may have on the DCUSA and took this into consideration when assessing any related costs across the 2025/26 Financial Year.