

WORKING GROUP TERMS OF REFERENCE

Part A: General

1 Establishment of the Group

- 1.1 DCUSA Working Groups are established by the DCUSA Panel in accordance with Clause 7.24 of the DCUSA. In delegating this duty to the Working Group, the Working Group is required to conduct its operations in accordance with the DCUSA Panel Objectives in DCUSA Section 1B Clause 5.2.
- 1.2 Part A sets out the General Terms of Reference (ToR) that apply to all DCUSA Change Proposal Working Groups. Where the DCUSA Panel direct that additional ToRs should apply to the Working Group, these will be set out in Part B.

2 Scope

- 2.1 This Working Group has been established in order to carry out the Definition Procedure in respect of a Change Proposal pursuant to Clause 11.14.
- 2.2 The Working Group (and each member thereof) is responsible for assisting the DCUSA Panel in the evaluation of DCUSA Change Proposals by undertaking the following activities:
 - Determining whether to consult with Parties, and (where appropriate) with any interested third party on the Change Proposal.
 - Considering and clarifying the likely effects of the proposed variation to the Agreement, and indicating which Party Categories it considers will be affected by the proposed variation.
 - Considering whether the proposed variation will impact on any current DCUSA owned Data Flows/Items or will necessitate the creation of new DCUSA owned Data Flows/Items
 - Considering the impact and interactions with other industry codes when progressing the Change Proposal.
 - Evaluating, developing and refining the proposed variation to the Agreement to the extent that it better facilitates the DCUSA Objectives.
 - Providing both the Proposer and a majority of the Working Group are supportive, the developing and refining of a proposal may go beyond the stated intent (where reasonable and appropriate), as long as the Working Group ensures that such development and refinement meets the spirit of the original. In such instances the Working Group should notify the DCUSA Panel. The DCUSA Panel may redirect the Working Group, if in their view, any such development/refinement the revised intent is not reasonable and appropriate.
 - Providing both the Proposer and a majority of the Working Group are supportive, the developing and refining of a proposal may include proposing to the DCUSA Panel that the status of the CP as either “standard” or “urgent” is changed. In such instances the Working Group should provide the rationale for the change of status and an updated Working Group work plan to the DCUSA Panel. The DCUSA Panel will consider and make a determination on the proposal.

- Evaluating the likely impact of the proposed date for implementation of the variation, and where it considers appropriate, amending this date following consideration of whether or not a lead time for implementation may be necessary (i.e., occasions where DCUSA Parties may require system updates to facilitate a solution arising from an approved change)
- Reviewing the CP legal text sufficiently (which includes checking the legal text for formatting consistency against the DCUSA) once the DCUSA Legal Advisor has reviewed it prior to it being submitted to the DCUSA Panel as part of the Change Report.
- Considering whether, if the proposed variation were made, the Agreement would better facilitate the achievement of one or more of the DCUSA Objectives than if that variation were not made and providing a rationale for this assessment.

3 DCUSA Charging Methodology Changes

3.1 Where a CP impacts the DCUSA Charging Methodologies, the Working Group is additionally required to ensure that the following actions are carried out prior to submitting the CP Change Report.

1. Where the CP impacts upon the CDCM Model, EDCM Models, PCDM and/or the Annual Review Pack Model, updated and fully tested models must be provided with the Change Report.
2. The version number of amended models must be updated in the CP legal text. The location of the version numbers is as follows:
 - CDCM Model – Schedule 16 paragraph 3
 - EDCM FCP Model - Schedule 17 paragraph 1.3
 - EDCM LRIC Model - Schedule 18 paragraph 1.3
 - PCDM – Schedule 29 paragraph 1A
 - ARP – Schedule 20 paragraph 1.1

When updating the legal text for this, the version number and model publication date should be replaced by square brackets. A footnote should state that the date and model publication are “To be included by the Panel on implementation.”

3. Once the modelling support consultant has provided updated models, if any changes are made to the legal text that have the potential to impact upon calculations, then the modelling support consultant should be asked to confirm that the model still meets the intent of the legal text.
4. The legal text should be cross checked against all approved but not implemented CPs to ensure that no two CPs are changing the same DCUSA paragraph.
5. The proposed legal text changes are track changed against the most recently published charging methodology pre-release.
6. Considering whether, if the proposed variation were made, the Agreement would better facilitate the achievement of one or more of the DCUSA Charging Objectives than if that variation were not made and providing a rationale for this assessment.
7. On finalisation of the modelling documentation, the Working Group is to ensure that the tariffs in the model and in Schedule 15 are reflected accurately.

4 DCUSA General Objectives and DCUSA Charging Objectives

- 4.1 When undertaking an assessment of whether or not a Change Proposal **better facilitates** either or both of the DCUSA Charging Objectives or DCUSA General Objectives the following three scenarios should be considered:
- (A) Where a Change Proposal seeks to amend one or more of the following Schedules, then it is to be assessed against only the DCUSA Charging Objectives:
1. Schedule 16 - Common Distribution Charging Methodology;
 2. Schedule 17 - EHV Charging Methodology (FCP Model);
 3. Schedule 18 – EHV Charging Methodology (LRIC Model);
 4. Schedule 22 - Common Connection Charging Methodology;
 5. Schedule 20 - Production Of The Annual Review Pack;
 6. Schedule 29 - Calculation Of Discount Percentages For The Purpose Of Determining Certain LDNO Use Of System Charges; or
 7. Schedule 32 - Residual Charging Bands.
- (B) Where a Change Proposal **seeks to amend** any other section or schedule that is not one of the above Schedules, then it is to be assessed against only the DCUSA General Objectives:
- (C) Where a Change Proposal seeks to amend to Schedules 16, 17, 18, 20, 22, 29 and/or 32, and another section or schedule of the DCUSA as well (e.g., a Change Proposal may propose to make changes to both Schedule 16 and Section 2A).
- 4.2 The DCUSA Charging Objectives or DCUSA General Objectives are set out in Clause 3 of the DCUSA and are provided below for ease of reference:

3. DCUSA OBJECTIVES

- 3.1 *The objectives of this Agreement (such objectives being the General Objectives), except in respect of the Charging Methodologies, are set out in Condition 22 of the Distribution Licences. For ease of reference, the General Objectives are set out below using the terminology of this Agreement (but in the case of any inconsistency with the Distribution Licences, the Distribution Licences shall prevail):*
- 3.1.1 *the development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, coordinated, and economical Distribution System;*
 - 3.1.2 *the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity;*
 - 3.1.3 *the efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences; and*
 - 3.1.4 *the promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it; and*
 - 3.1.5 *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.*

- 3.2 *The objectives of this Agreement in respect of the Charging Methodologies only (such objectives being the Charging Objectives) are set out in Condition 22A of the Distribution Licences. For ease of reference, the Charging Objectives are set out below using the terminology of this Agreement (but in the case of any inconsistency with the Distribution Licences, the Distribution Licences shall prevail):*
- 3.2.1 *that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence;*
 - 3.2.2 *that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences);*
 - 3.2.3 *compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business; and*
 - 3.2.4 *that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business;*
 - 3.2.5 *that compliance by each DNO Party with the Charging Methodologies facilitates 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; and*
 - 3.2.6 *that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.*
- 3.3 *For the purposes of this Agreement, each of the Charging Methodologies achieves the Charging Objectives if it achieves them in the round, taking each Charging Objective with every other Charging Objective, and having due regard to any particular implications for the determination of the Use of System Charges or connection charges (as applicable) of the DNO Parties (or of any DNO Party) under any other Charging Methodology.*

5 Membership

- 5.1 The Working Group shall comprise of at least five individuals who each have relevant experience and expertise in relation to the subject matter of the Change Proposal and whose backgrounds are broadly representative of the persons likely to be affected by the proposed variation to the Agreement.

6 Chairing of Meetings

- 6.1 An independent Working Group Chair will be appointed by the Secretariat.
- 6.2 The Chair's role will be to chair meetings, facilitate discussions and establish a proposed way forward. The Chair shall act in accordance with the DCUSA Working Group Chair Guidelines.

7 Duties of Working Group Members

General

- 7.1 Working Group members shall act in accordance with Clause 7.33 of the DCUSA and in accordance with these Terms of Reference as determined by the DCUSA Panel.
- 7.2 Working Group members should become conversant with Section 1C of the DCUSA which sets out the DCUSA Change Control process.

7.3 Representatives should be prepared to:

- Provide the confirmation referred to in Clause 7.24.
- Engage and participate fully in the Working Group.
- Take actions to be completed outside of the Working Group meetings.
- Report back on views and actions taken.
- Consider and assess the likely impacts of the proposed variation on consumers.

Impartiality

7.4 Working Group members shall act impartially and shall not be representative of a Party, Group of Parties or Constituency.

Conduct and Communications

7.5 Working Group members shall conduct themselves in a professional and respectful manner during the course of the Working Group; this applies to Working Group meetings and all associated correspondence between Working Group members and with the DCUSA Panel.

7.6 Working Group members shall not record any audio or video of the meetings they attend and will refrain from using automated note taking software which utilises Artificial Intelligence to transcribe the discussions that take place during Working Group meetings. By attending a DCUSA Working Group meeting, Working Group members will be taken to have accepted that the Secretariat will record the meeting in accordance with the provisions set out in Paragraph 8.2 below.

8 Secretariat

8.1 The Working Group shall, unless determined otherwise by the DCUSA Panel, develop and adopt its own internal working procedures. The Working Group will be supported by the Secretariat who shall be responsible for:

- Booking, convening and circulating notice of meetings.
- Circulating the agenda for each meeting of the DCUSA Issues Group at least 5 Working Days in advance of the meeting.
- Circulating minutes of the meeting no later than 10 Working Days following the meeting.
- Publishing all non-confidential meeting papers and minutes on the DCUSA website.
- Providing a report to the Panel from each meeting as appropriate, giving a summary of key issues and progress being made.

8.2 The DCUSA Panel have authorised the Secretariat to record the audio and video of discussions held during any Working Group meeting. This authorisation is granted on the basis that the recording is only used for the purpose of aiding the Technical Secretariat in the production of an accurate report of the meeting. The Secretariat will retain the recording until the minutes of the last meeting have been agreed or until 60 days after a meeting was held, after which, the recording will be automatically deleted.

9 Consultation with Parties

9.1 The Working Group may engage in further consultation with Parties and interested third parties before submitting its final Change Report to the DCUSA Panel.

- 9.2 The Working Group should adopt appropriate mechanisms where possible to ensure that Parties and interested third parties have a full understanding of the issues and are able to provide an informed consultation response.
- 9.3 If any person serving on the Working Group objects to any aspect of the final consultation draft that person may require the Working Group to include an alternative(s) solution in the final consultation to allow Parties to comment upon the alternative(s).

10 Decision Making

- 10.1 Decisions will be by majority consensus of those Working Group members present at the meeting where the decision is taken.

11 Approval of expenditure

- 11.1 The Working Group shall seek the views of the DCUSA Panel before taking on any significant amount of work.
- 11.2 Where the Working Group requires instruction, clarification or guidance from the DCUSA Panel, particularly in relation to its Scope of Work, the Working Group Chair should contact the DCUSA Panel Secretary.
- 11.3 The DCUSA Panel will be responsible for the management of the costs of Secretariat services, legal costs and ancillary charges such as teleconferencing charges.
- 11.4 The expenses of those serving on the DCUSA Working Group will be managed in accordance with Clause 8.

12 Timetable

- 12.1 The DCUSA Panel will determine the timetable for the progression of the Change Proposal. The initial assessment period granted to the Working Group will not exceed six months.
- 12.2 The Working Group shall, in the first meeting, produce a work plan to meet the timetable established by the DCUSA Panel for the Change Proposal and manage the timetable in all other meetings. An example of a Work Plan timetable is provided as Appendix 1 below.
- 12.3 The Working Group may apply to the DCUSA Panel for an extension setting out a clear justification for the request and providing an alternative timetable for progression of the Change Proposal where the work plan produced in 12.2 identifies the need for an extension. This shall be requested as soon as the proposed extension has been properly assessed by the Working Group.

13 Reporting to the DCUSA Panel

- 13.1 Working Groups will report directly to the DCUSA Panel. A report will be provided on progress of the Change Proposal to the Panel on a monthly basis together with any proposed amendments to the timetable.
- 13.2 The Working Group shall prepare a final Change Report to the DCUSA Panel setting out:
- The Party Categories eligible to vote on the Change Proposal.
 - The proposed variation to the Agreement and any other alternate Change Proposals submitted.

- The likely effects of the Change Proposal if it was implemented, including whether the proposed variation will impact on any current DCUSA owned Data Flows/Items or will necessitate the creation of new DCUSA owned Data Flows/Items.
- The proposed date for implementation and whether or not a lead time for implementation is recommended.
- An assessment of whether there would be a material impact on greenhouse gas emissions if the CP were implemented.
- A summary of the views of the Working Group as to whether, if the proposed variation were made, the Agreement would better facilitate the achievement of the DCUSA Objectives than if that variation were not made;
- Any responses received to the consultation process conducted by the Working Group.
- Why the Working Group considers that the proposed variation better facilitates the achievement of the DCUSA Objectives than any alternative variation.
- The likely impact on consumers if the Change Proposal was implemented.

13.3 Any unresolved comments within the Working Group must be reflected in the final Change Report.

13.4 The Chair (or another member nominated by the Chair) will present the Change Report to the DCUSA Panel as required.

Appendix 1 - Example Working Group Work Plan

| No. | Event | Target Date |
|-----|---|-------------|
| 1. | First Working Group meeting | |
| 2. | ElectraLink to draft consultation document and circulate to Working Group members for review. | |
| 3. | Working Group to review the consultation document and submit comments to ElectraLink | |
| 4. | Working Group meeting to discuss consultation document | |
| 5. | ElectraLink updates consultation document and circulates to group for final sign off | |
| 6. | Consultation Document issued for a period of [two weeks] | |
| 7. | Consultation Responses due [based on three-week consultation period] | |
| 8. | ElectraLink collates consultation responses and circulates to Working Group members | |
| 9. | Meeting to review consultation responses | |
| 10. | Implement changes to legal text in light of consultation responses | |
| 11. | Legal text issued to the DCUSA legal consultant for review | |

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| 12. | ElectraLink to draft Change Report and circulate to Working Group | |
| 13. | ElectraLink to circulate draft legal text to Working Group members once received from legal advisor | |
| 14. | Meeting to review draft Change Report and DCUSA legal consultant comments on the legal text | |
| 15. | Change Report submitted to DCUSA Panel (Panel paper day) | |
| 16. | DCUSA Panel approves Change Report | |
| 17. | Change Report issued for voting | |
| 18. | Voting Closes | |
| 19. | Change Declaration issued | |
| 20. | Ofgem Decision | |
| 21. | Implementation Date | |