

DCUSA Change Proposal (DCP)		At what stage is this document in the process?			
DCP 487: Amendment to Annual Allocation Review Date Raised: 14 October 2026 Proposer Name: Chris Ong Company Name: Eastern Power Networks Party Category: DNO		01 – Change Proposal			
		02 – Consultation			
		03 – Change Report			
		04 – Change Declaration			
Purpose of Change Proposal: To update the Annual Allocation Review arrangements including changing the dates.					
	Impacted Parties: ☒ Suppliers ☒ DNOs ☒ IDNOs ☐ CVA Registrants ☐ OTSO Party ☐ Gas Suppliers ☐ SIP Parties				
	Impacted Clauses: <table border="1"> <thead> <tr> <th>Section/Schedule</th> <th>Clause/Paragraph</th> </tr> </thead> <tbody> <tr> <td>Schedule 32</td> <td>Section 5 (Based upon using the DCP466 legal text)</td> </tr> </tbody> </table>		Section/Schedule	Clause/Paragraph	Schedule 32
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Schedule 32	Section 5 (Based upon using the DCP466 legal text)				

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Indicative Timeline

The Secretariat recommends the following timetable:

Initial Assessment Report	21 October 2026
Consultation Issued to Industry Participants	December 2026
Change Report Approved by Panel	17 February 2027
Change Report issued for Voting	18 February 2027
Party Voting Closes	11 March 2027
Change Declaration Issued to Parties	16 March 2027

1 Summary

What?

- 1.1 Following the approval of a derogation in this matter in the August Panel meeting (paper Panel_2026_0819_11), an enduring change is required to Schedule 32 in relation to the Annual Allocation Review (AAR).

Why?

- 1.2 The banding arrangements have been part of the structure of charges now for a number of years, some of the arrangements detailed for the AAR require revision to avoid the need for a further derogation to be raised. This is due to limitations in backdating changes in registrations systems, introduced by MHHS. In addition, the date on which the AAR is completed causes DNOs issues as it clashes with when the losses work is currently undertaken.

How?

- 1.3 Make a limited number of changes to the section relating to the AAR to address the issues for which the derogation was raised in 2026 and to bring forward the date when the AAR is published to avoid a clash with other work.

Who?

- 1.4 This change will result in only minimal changes, but will ensure the legal text is reflective of the current post-MHHS arrangements, the only material change will be the date of the AAR moving from September to June.

2 Governance

Proposers view on criteria for a CP to be considered Urgent

- 2.1 Does the Change Proposal relate to a current or imminent issue that if not urgently addressed may cause:
- ☒ significant adverse commercial impact upon the Parties (or a class of Party), electricity consumers and/or any other person?
 - ☐ significant adverse impact on the safety and security of the Distribution Network?
 - ☐ one or more Parties to be in breach of the Relevant Instruments or other law?
 - ☐ None of the Above

Proposers view on criteria for a CP to be considered a Part 1 Matter

- 2.2 Do you believe this Change Proposal:
- ☐ is likely to have a significant impact on the interests of electricity consumers?
 - ☐ is likely to have a significant impact on competition in one or more of: the generation of electricity; the distribution of electricity; the supply of electricity; and any commercial activities connected with the generation, distribution or supply of electricity?
 - ☐ is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties)?
 - ☐ is directly related to the safety or security of the Distribution Network?
 - ☐ amends the governance or the change control arrangements applying to this Agreement?

- ☒ None of the Above

Proposers view on criteria for a CP to be progressed to a Working Group or straight to the Change Report phase

2.3 Draft legal text is included as part of this change

Suggested progression route for this CP

2.4 Based on the answers provided above I/we believe that this Change Proposal should:

- Be treated as a Part 2 Matter;
- Be treated as an Urgent Change; and
- Proceed to the Definition phase via a Working Group for further development.

2.5 This change requires a working group to ensure that all parties are comfortable with the proposed changes. It is only making minor changes then it should be a Part 2 matter. In order to avoid a further derogation it needs to be in place no later than May 2027, as a result I would request that it is treated as an urgent change.

Proposer's view on prioritisation

Prioritisation Criteria	High Impact
Strategic Direction Statement Alignment: The CP strongly supports key government energy policy actions that require immediate progress and aligns with SDS priorities under the Act Now category.	No
Complexity: The CP is highly complex, with a fast-approaching deadline, significant implementation challenges, and a requirement for extensive stakeholder engagement.	Yes The change is looking to recognise backdating is limited by the MHHS arrangements and move the date which the AAR takes place, as a result a solution is needed well in advance of June 2027 to avoid a further derogation being required
Importance: The CP addresses a high-risk or critical issue, making timely action important for stakeholders as it is anticipated to deliver substantial benefits and value.	Yes Due to the change in timing being proposed for the AAR the change needs to be progressed with a high priority.
Priority Category: (To be considered High priority all 3 Criteria must be High Impact.)	High

3 Reasons for raising the Change Proposal

- 3.1 The recent derogation in relation to backdating under the Annual Allocation Review (AAR), which was approved, noted that an enduring DCUSA change was required to ensure that future derogations were not needed. Furthermore, reference to the IF-040 flow as part of the AAR is currently not referenced (it is elsewhere in the schedule). The timing of the AAR causes issues for DNOs as it clashes when losses are being calculated under BSCP128, in order to address that I have reviewed the timing and proposed that the AAR takes place in June rather than September each year, this can be discussed as part of the working group.
- 3.2 The working group might want to consider whether a reference to the Measurement Class 'G' data is required in the legal text, DNOs require this prior to any banding review, either after a review of the Banding thresholds or for the AAR and receive this data from Electralink via a voluntary arrangement, does this need to be codified, or will this no longer be required following the completion of MHHS?

4 Solution and Legal Text

Solution Overview

- 4.1 To update DCUSA Schedule 32 to ensure that it is relevant today and ensuring that all reasonable steps have been taken so that further future derogations are not required, as well as changing the date of the AAR to ensure it avoids clashes with other priorities.
- 4.2 I have made the changes to the legal text based on that drafted for DCP466 (assuming that change is approved), if it isn't then the legal text will need to be updated using the current version.

Legal Text Amendments

- 4.3 I have provided some draft legal text which I/we believe will achieve the solution specified above and this is set out below for ease of reference:.

Annual allocation review of new Final Demand Sites including those allocated based on no recorded data

5.5 Subject to Paragraph 5.6, each ~~September-June~~, each DNO/IDNO Party shall review the allocation of all Final Demand Sites allocated to a charging band in accordance with Paragraph 3.1(b), Paragraph 3.2(a), Paragraph 3.2(b)(ii) and Paragraph 3.2(b)(iii). This is known as the “Annual Allocation Review” and may result in a Final Demand Site being reallocated from its then current charging band (the “Old Charging Band”) to a new charging band (the “New Charging Band”). The Annual Allocation Review does not apply to Phased Capacity Sites.

5.6 Without prejudice to Paragraph 5.1, once each Final Demand Site has been allocated in accordance with Paragraph 3, it will be subject to the Annual Allocation Review only once.

5.7 For Final Demand Sites allocated in accordance with Paragraph 3.1(b), and where a Final Demand Site has Maximum Import Capacity has been established, the Final Demand Site will be reallocated based on its Import.

5.8 For Final Demand Sites allocated in accordance with Paragraph 3.2(a)(iii), and where a Final Demand Site has a minimum of 12 months metered import consumption data up to and including ~~30 June~~ 31 March of that year, the Final Demand Site will be reallocated based on the average annual import consumption over that period.

5.9 For Final Demand Sites allocated in accordance with Paragraph 3.2(b)(ii) or Paragraph 3.2(b)(iii), and where a Final Demand Site has an Estimated Annual Consumption which is not a Default Estimated Annual Consumption from a P0222 Report, ~~or for MHHS where available the Annual Consumption in the IF-040 Report~~ up to and including ~~May-February~~ of that year, the Final Demand Site will be reallocated based on the most recent Estimated Annual Consumption which is not a Default Estimated Annual Consumption.

5.10 On or before ~~30 June~~ ~~15 September~~ of the Annual Allocation Review, the DNO/IDNO Party shall provide each Supplier Party with a list of each and every MPAN associated with a Non-Domestic Premises that is connected to the DNO/IDNO Party’s Distribution System that has been reallocated to a New Charging Band as a result of the Annual Allocation Review, identifying the Old Charging Band and the New Charging Band and LLFC Id or for MHHS the DUoS Tariff ID to which each such MPAN has been reallocated.

5.11 The New Charging Band will be effective from the later of 1 ~~August~~ April of the ~~prior current~~ year or the date on which the Old Charging Band was applied. Charging band reallocations are actioned by amending the LLFC Id or for MHHS the DUoS Tariff ID assigned to the MPAN, which must be completed by the DNO/IDNO Party before the date of the Final Reconciliation Settlement Run (as defined in the BSC) ~~for 1 August of the prior year~~.

5.12 Reallocation of a Final Demand Site to a New Charging Band in accordance with Paragraph 5.10 may result in the Registrant for the Final Demand Site being either eligible for a rebate or subject to an additional charge.

Legal Text Commentary

- 4.4 The draft legal text makes changes to the dates of when the data is collected and when the changes are made available, as well as the inclusion of reference to the IF-040 which is currently missing from this section of Schedule 32 but is included elsewhere within the schedule.

Addition/Amendment to DCUSA Owned Market Message (Data Flow) or Data Item

- 4.5 Not Applicable

Market Message (Data Flow) / Data Item Commentary

- 4.6 Not Applicable

5 Relevant Objectives

- 5.1 My view as to which of the DCUSA Objectives would be better facilitated by the implementation of this Change Proposal is set out below.

DCUSA Charging Objectives

1) The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive
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)	Positive
3) That 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	None
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	Positive
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	None
6) That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None
5.2 I believe that DCUSA charging 1, 2 and 4 are better facilitated by this change proposal as by amending the date which the AAR takes place will avoid the existing clash with the BSCP128 losses submission as well as limiting the backdating ensuring that a further DCUSA derogation is not required for this part of the schedule in future years. This all ensures that the DCUSA is reflective of the current arrangements and allows for efficiency in its use.	

6 Impacts & Other Considerations

Impacts on any Significant Code Review (SCR) or other significant industry change projects

6.1 I do not believe that this CP impacts upon any current SCR or other significant industry change projects

Impacts on Other Codes

6.2 I have considered whether any other industry codes might be impacted as a result of this Change Proposal, and my initial view is set out below.

Grid Code..... ☐ SEC... ☐ CUSC... ☐ None..... ☒

Distribution Code... ☐ REC.... ☐ BSC..... ☐

Impacts on DCUSA Owned Data Flows

6.3 I do not believe that this change will require any amendments to DCUSA owned Data Flows (Market Messages) or the applicable Scenario Variants or any Data Items.

Consumer Impacts

6.4 I believe that this change has impacts on consumers however the impacts are the same as those already approved under MHHS. This is a consequential change.

Environmental Impacts

6.5 In accordance with DCUSA Clause 10.4.5A, I have assessed whether there would be a material impact on greenhouse gas emissions if this CP were implemented. I have not identified any material impact on greenhouse gas emissions from the implementation of this CP.

7 Implementation

Lead Time for Implementation

7.1 This change is looking at making minor changes to the AAR arrangements and as such can be implemented with a short lead time.

Proposed Implementation Date

7.2 This change should be implemented ASAP and certainly by the end of May 2027 to ensure that it is in place prior to the proposed earlier date of end of June for the AAR to take place.

8 Recommendations

The Code Administrator will provide a summary of any recommendations/determinations provided by the Panel in considering the initial Change Proposal. This will form part of a Final Change Report.