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## Distribution Connection and Use of System Agreement (DCUSA) DCP417: Ability for the DCUSA Secretariat to Raise Change Proposals

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<b>Decision:</b>	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>
<b>Target audience:</b>	DCUSA Panel, Parties to the DCUSA and other interested parties
<b>Date of publication:</b>	19 November 2024
<b>Implementation date:</b>	Next scheduled DCUSA release date after Authority decision

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### Background

Section 1C 'Change Control' of the DCUSA sets out the persons who are entitled to raise a Change Proposal to modify the DCUSA. This includes DCUSA Parties, consumer bodies, the Independent System Operator and Planner (ISOP), the Authority (in specified circumstances), and any person or body specifically designated by the Authority for that purpose.<sup>3</sup>

There are examples of where a DCUSA Party has chosen to raise a Change Proposal after a change has been identified by a body that is not authorised under the DCUSA, or Electricity Distribution Licence, to raise the change, for example, ElectraLink. ElectraLink is the code administrator of the DCUSA and performs a secretariat function to the DCUSA Panel. It also provides other services to the electricity markets including the provision of the Data Transfer Service.<sup>4</sup> ElectraLink's code administrator function is established in accordance with Standard Licence Condition 22 of Electricity Distribution Licence.

### The modification proposal

DCP417 was raised by National Grid Electricity Distribution (the Proposer) on 16 November 2022. It seeks to give the DCUSA Secretariat (ElectraLink) the ability to raise Change Proposals to modify the DCUSA. The Proposer believes that DCP417 will allow ElectraLink to utilise the skills and knowledge it has developed to raise and progress

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<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> This reflects provisions set out in Standard Licence Condition 22 of the Electricity Distribution Licence. Licences and Licence Conditions can be found on the Ofgem website here: [Licences and licence conditions | Ofgem](#).

<sup>4</sup> [Data-Driven Solutions For UK Energy Market | ElectraLink](#)

Change Proposals, thus ensuring the efficient progression of change which may have previously stalled due to industry proposers having to divert resource elsewhere.

Similar code modifications have been proposed previously in other codes. In the Smart Energy Code (SEC), both SECMP088<sup>5</sup> and SECMP149<sup>6</sup> sought to give the SEC Code Administrator and Secretariat (SECAS) the ability to raise Draft Proposals to modify the SEC. We decided to reject both modification proposals on two key grounds:

- Insufficient checks and balances had been put in place to ensure that the new power for the code administrator to raise changes would be used appropriately and efficiently, and
- Insufficient evidence had been presented to demonstrate either that there were inefficiencies in the existing arrangements, or that the proposed changes would better facilitate the code objectives than those existing arrangements.

Under DCP417, ElectraLink would be able to raise Change Proposals, but only where it had obtained industry support to do so. There are two existing DCUSA forums, the Standing Issues Group (SIG) and the Distribution Charging Methodologies Development Group (DCMDG), which are convened each month. The proposed solution is that where ElectraLink identifies an area of DCUSA that it believes would benefit from a change, this is initially raised for discussion at one of these forums. The relevant forum would then review the matter at its next meeting and determine appropriate next steps. These next steps could include:

- a DCUSA Party agreeing to raise the Change Proposal.
- the forum instructing ElectraLink to take the lead on raising the Change Proposal, or
- the forum deciding that the proposal had no merit nor support and therefore should not be progressed any further at that stage.

The outcomes of these discussions would all be formally recorded in the minutes of the forum meeting and published on the DCUSA website.

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<sup>5</sup> [SECMP088 - Power to raise modifications | Ofgem](#)

<sup>6</sup> [SECMP149 - Effecting Changes to the Smart Energy Code efficiently | Ofgem](#)

For DCP417, the Proposer considers that the modification would better facilitate DCUSA Objective Four on efficiency grounds.<sup>7</sup>

### DCUSA Parties' recommendation

In each party category where votes were cast (no votes were cast in the CVA Registrant, Offshore Transmission System Operator or Gas Supplier party category), there was majority (>50%) support for the Proposal and for its proposed implementation date. Although all parties were eligible to vote, only the Distribution Network Operator (DNO), Independent Distribution Network Operator (IDNO) and Supplier party category voted. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP417 is accepted. The outcome of the weighted vote is set out in the table below:

DCP417 Weighted Voting (%)

	DNO <sup>8</sup> Accept	DNO Reject	IDNO <sup>9</sup> Accept	IDNO Reject	Supplier Accept	Supplier Reject
CHANGE SOLUTION	92%	8%	100%	0%	67%	33%
IMPLEMENTATION DATE	100%	0%	100%	0%	67%	33%

### Our decision

We have considered the issues raised by the change proposal, the Change Declaration and Change Report dated 16 May 2024. We have considered and taken into account the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration.

We have concluded that implementation of the modification proposal will better facilitate the achievement of the Applicable DCUSA Objectives.<sup>10</sup>

### Reasons for our decision

We agree with the views of DCUSA Parties, by majority, that DCP417 would better facilitate Applicable DCUSA Objective Four, and have a neutral impact on the other Applicable DCUSA Objectives.

<sup>7</sup> Objective Four is the promotion of efficiency in the implementation and administration of the DCUSA

<sup>8</sup> Distribution Network Operator

<sup>9</sup> Independent Distribution Network Operator/Offshore Transmission System Operator

<sup>10</sup> The Applicable DCUSA Objectives are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence.

## **Applicable DCUSA Objective Four – the promotion of efficiency in the implementation and administration of the DCUSA arrangements**

We are appreciative of the work, undertaken by ElectraLink and the DCP417 Working Group to consider the concerns we raised in our decisions to reject SECMP088 and SECMP149. In our decisions to reject SECMP088 and SECMP149, we highlighted two primary areas of concern, namely that:

- Insufficient checks and balances had been put in place to ensure that the new power for the code administrator to raise changes would be used appropriately and efficiently, and
- Insufficient evidence has been presented to demonstrate either that there were inefficiencies in the existing arrangements, or that the proposed changes would better facilitate the code objectives than those existing arrangements.

### *Insufficient checks and balances*

We note the significant amount of work undertaken by ElectraLink and the DCP417 Working Group to consider what appropriate safeguards could be put in place. DCP417 proposes that, where ElectraLink identify a possible change to the code, it must seek express approval of either the SIG or the DCMDG before it is able to raise that change. The DCUSA Parties, by majority, and the DCP417 Working Group consider that these arrangements would provide appropriate checks and balances to ensure that ElectraLink use the power appropriately. We agree with this assertion, and consider that this will ensure that Change Proposals being raised by ElectraLink have appropriate industry engagement from the beginning. Furthermore, we agree that any subsequent changes to the proposal, after it has been raised, should require further agreement from the relevant forum, thus ensuring appropriate industry oversight throughout the lifecycle of the change proposal.

### *Insufficient evidence*

During the development of DCP417, ElectraLink undertook some analysis of DCUSA modification activity over the past two years. The output of this analysis did not highlight any instances of where changes were either not being raised, or being delayed, as a result of ElectraLink not being able to raise the changes itself. Nevertheless, we appreciate that raising and owning a change proposal requires a significant amount of resource from a DCUSA party proposing the change. We believe that ElectraLink taking

ownership of certain changes, with appropriate industry oversight, will enable industry parties to dedicate resource elsewhere, for example to other industry programmes. We consider that this in turn could lead to wider benefits across the industry where before resource may have not been as readily available, due to requirements when acting as the proposer of a code modification on behalf of the DCUSA secretariat.

#### *Other considerations*

We note that Standard Licence Condition (SLC) 22 of the Electricity Distribution Licence sets out who can raise a modification to the DCUSA. This is then reiterated in DCUSA Section 1C 'Change Control'. This includes DCUSA Parties, the Authority (in specified circumstances), the Independent System Operator and Planner (ISOP), and any such other persons or bodies as may be designated by the Authority. We note that the proposed legal text for DCP417 would amend the relevant clause in Section 1C to include ElectraLink as a body capable of raising Change Proposals, however we consider that the terms of the licence would continue to take precedent. Therefore, in order for DCP417 to come in to effect, and for the DCUSA Secretariat to be able to raise Change Proposals, it must first be designated for such purposes in accordance with Paragraph 22.5(a) of SLC 22 of the Electricity Distribution Licence.

As set out above, we are satisfied that the changes put forward in DCP417 will better facilitate the achievement of the Applicable DCUSA Objectives. Therefore, alongside approving DCP417, we have also published a separate decision letter designating the DCUSA Secretariat on an enduring basis as a body capable of raising change proposals to the DCUSA.

#### **Decision notice**

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority has decided that modification proposal DCP417: 'Ability for the DCUSA Secretariat to Raise Change Proposals' should be made.

**Gavin Baillie**

**Head of Industry Codes**

Signed on behalf of the Authority and authorised for that purpose.