

DCUSA CHANGE REPORT	
CHANGE PROPOSAL	DCP 060 – Introduction of Portfolio Billing Alternative Solution
DATE OF ISSUE	18 March 2010
ISSUED TO	DNO and IDNO Contract Managers
PARTIES ENTITLED TO VOTE	DNO and IDNO Parties
RETURN DEADLINE (Voting End Date)	24 March 2010 – DCUSA@electralink.co.uk

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA. The Change Report details DCP 060 - Introduction of Portfolio Billing Alternative Solution. The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.2 Parties are invited to consider the proposed amendment attached as Appendix A and submit votes using the form attached as Appendix B to dcusa@electralink.co.uk by 24 March 2010.

2 DCP 060 - INTRODUCTION OF PORTFOLIO BILLING ALTERNATIVE SOLUTION.

- 2.1 DCP 060 has been raised by ESP Electricity Limited following discussions at the DCUSA IDNO-DNO Billing Group and the Interim IDNO-DNO Billing Group. The CP seeks to amend the DCUSA to facilitate the implementation of the "Interim Solution" for portfolio billing on April 1st 2010. Portfolio billing is a requirement of the Common Distribution Charging Methodologies (CDCM).
- 2.2 DCP 060 seeks to make amendment to Clause 43.7 'Invoicing of Charges' to reference a new portfolio billing Schedule (Schedule XX).
- 2.3 It is envisaged that any enduring Portfolio Billing solution developed by the DCUSA IDNO-DNO Billing Group will result in a further DCP that will modify or replace the text in Schedule XX.
- 2.4 It should be noted that this proposal does not seek to change Clauses 42.2 or 42.3. While it is recognised that these will need to be changed in light of Ofgem's decision document regarding boundary metering, it was felt that this needed to be raised as a separate DCUSA change proposal. In addition, the Interim Portfolio Billing Solution is not seen as an "Alternative Solution", despite reference to this in the original change proposal. This is because it does not apply to Connection Points between Companies and Users in all cases, due to the fact that it does not describe billing in respect of any other networks between the DNO

Party and the network to whom the consumer is connected (i.e. nested networks).

- 2.5 The Schedule sets out the process for determining the data by reference to which the Use of System Charges payable by the EDNO to the DNO Party are to be calculated. Charges in respect of non-half-hourly customers will utilise data provided as a result of BSC Modification P246 - Reporting to Licensed Distribution System Operators (LDSOs) of Aggregated Metering Data for Embedded Networks. Charges in respect of half-hourly customers will utilise a report provided by embedded network operators to DNO Parties based on their own billing to suppliers.
- 2.6 Paragraph 4.1 of Schedule XX specifies the information that the EDNO shall provide to the DNO Party to enable the DNO Party to carry out a reasonableness check of the billing data. It does not provide detailed information that could lead to a full accuracy check. This data was as agreed by the Interim IDNO-DNO Billing Group.

3 PROPOSED AMENDMENT AND LEGAL DRAFTING

- 3.1 The proposed legal drafting for DCP 060 has been reviewed by Wragge and Co and is attached as Appendix A.
- 3.2 The drafting makes use of the term EDNO. This is different to the term used in the CDCM, "LDNO". The reason for this is the fact that the Interim Portfolio Solution does not recognise nested network situations and so the distributor being charged may, in a very few cases, not be the distributor connected to the DNO Party. Therefore the terminology provides a differentiation. It should be noted that the DCUSA IDNO-DNO Billing Group is looking at ways to address the complication of nested networks, at which point it will be sensible to bring the terminology in the two schedules into line.
- 3.3 The Interim IDNO-DNO Billing Group considered the use of a working practice document that might sit outside of DCUSA. However they were concerned about the governance and change control of such a working practice. This would be the first such DCUSA working practice. The Group considered applying DCUSA change processes to the working practice but in the end decided that the optimal place for the process to sit was as a DCUSA schedule with full DCUSA governance.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 DCP 060 will better facilitate all of the DCUSA Objectives.
- 4.2 Objective 1- The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks: The CP will ensure a more economical provision of data and reduce the need for metering equipment for billing purposes by assisting the implementation of portfolio billing which will reduce costs and ensure efficiency throughout the industry.

- 4.3 Objective 2 –The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity: The CP will also ensure further open competition by ensuring billing, and associated requirements, are more transparent to potential new entrants, more economical in that there is only one solution and more effective.
- 4.4 Objective 3 - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences: The CP is required to support the implementation of the CDCM within the DCUSA which is a Licence requirement on Distributors.
- 4.5 Objective 4 – The promotion of efficiency in the implementation and administration of this Agreement: The CP will bring clarity to the Agreement and fully reflect the processes required to support portfolio billing and the CDCM thus increasing the effectiveness of the Code.
- 4.6 DCP060 has not been assessed against the Charging Objectives. This is because it does not change one of the Charging Methodologies itself but rather describes a process by which an element of the CDCM will be implemented. It was felt that the Charging Objectives need only be considered where the Charging Methodologies are being changed.

5 IMPLEMENTATION DATE

- 5.1 This change is deemed to be an urgent Change Proposal in accordance with Clause 10.7.3 as it is linked to an imminent date related event. Ofgem has indicated that portfolio billing should be in place by 01 April 2010 and this CP is required to provide an agreed procedure within the DCUSA that can be clearly understood and followed by existing and new entrant parties.
- 5.2 The proposed implementation date for DCP 060 is 01 April 2010 or failing that as soon as practical following Authority Consent.

6 PANEL RECOMMENDATION

- 6.1 The Panel approved the DCP 060 Change Report on 17 March 2010.
- 6.2 In accordance with Clause 12.4 of the DCUSA the Panel has determined that DCP 060 should be issued to all DNO and IDNO Parties for voting for a period of 5 Working Days. The Panel considers that there will be no cost, system or process impacts on Supplier, DG and OTSO Parties as a consequence of this CP.
- 6.3 The timetable for the progression of the Change Proposal is set out below:

ACTIVITY	DATE
Party Voting	18 March – 25 March 2010
Change Declaration	26 March 2010
Authority Consent	26 March 2010 – 01 April 2010 ¹
Implementation	01 April 2010 or as soon as practical following Authority Consent

Appendices:

- A. DCP 060 – Legal Drafting
- B. DCP 060 – Voting Form

¹ This reduced determination period has been agreed with the Authority