



1

DCUSA REQUEST FOR INFORMATION

DCP 100 - Payment timescales alignment and simplification

PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a Request for Information (RFI) issued to DCUSA Distributor and Supplier Parties in accordance with Clause 11.14 of the DCUSA. The RFI is information to support the analysis and development of DCUSA CP 100 'Payment timescales alignment and simplification'.
- 1.3 DCP 100 seeks to align the arrangements for payment of Use of System charges with other similar arrangements and to facilitate the management of credit cover, particularly over Bank Holiday periods. In addition, it seeks to amend the timescales for raising disputes as set out in Schedule 4 to align with the new payment timescales.

2 SUMMARY

- 2.1 DCP 100 was raised by Npower and seeks to align the arrangements for the payment of Use of System charges with other similar industry arrangements and to facilitate the management of credit cover, particularly over Bank Holiday periods. The CP will also amend the timescales for raising disputes as set out in Schedule 4 of the DCUSA to align with the new payment timescales that are proposed in DCP 100.
- 2.2 Each of the Industry Codes and Agreements currently specify different timescales and arrangements for the payment of invoices. This inconsistency creates difficulties and additional costs for Parties.
- 2.3 In cases where the payment timescales are specified in "days" rather "Working Days", Parties potentially have to make special arrangements for paying invoices that are due on or around Bank Holidays. This leads to an increased workload on the days prior to Bank Holidays, and on occasions Suppliers have to make special payment arrangements with banks to avoid default.

- 2.4 It is noted that Parties do not have to make such arrangements for paying invoices in which the payment timescales are defined as “Working Days”, as this excludes Bank Holidays.
- 2.5 DCP 100 would allow some Parties to plan their workload more effectively and allow more time to validate invoices that are due on or around Bank Holidays which should result in fewer erroneous disputes.
- 2.6 There would be a reduction in the need to make special bank payment arrangements, or make early payment of invoices in the run up to Bank Holidays. This will result in some Parties being better able to manage their cash flows. It should also reduce the number of incidences where warning notices have to be issued by DNOs, credit cover limits are breached and Distributors have to handle cash payments or other short-notice credit arrangements.

3 REQUEST FOR INFORMATION

- 3.1 This RFI seeks views from DCUSA Distributor and Supplier Parties on the following questions:
- If DCP 100 were implemented, please provide the materiality of the impacts on cash flows for the following scenarios:
 - Daily, monthly, and yearly basis – quantified for the following interest rates: 0.5, 2.5, 5, 7.5 and 10%; and
 - The overall impacts on cash flows over the holiday season including Christmas and New Year.
 - How many invoices, on a monthly basis, are raised and of those how many are disputed?
 - For DNOs: If DCP 100 is approved and implemented, please detail any manual follow-up processes that would need to be performed, as well as any costs associated with these processes.

- For Suppliers: Provide details and examples of when your validation processing period has been impacted by bank holidays, and any corresponding costs associated resulting from this.
- If DCP 100 were approved and implemented, please provide details of what system changes would be required in order to deliver the intent of the CP, as well as any costs associated with these changes.

3.2 Responses should be submitted using Appendix B to dcusa@electralink.co.uk no later than **21 December 2011**.

3.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

4 NEXT STEPS

4.1 Following the end of the RFI period the responses will be considered by the Working Group in preparation of its final report and recommendation to the DCUSA Panel. The Change Proposal will then be issued to the DCUSA Panel for voting.

4.2 If you have any questions about this RFI or the DCUSA Change Process, please contact the DCUSA Help Desk by email: dcusa@electralink.co.uk or telephone: 020 7432 3014.

5 APPENDICES

Appendix A – DCP 100 Change Proposal

Appendix B – DCP 100 Response Form