

DCUSA DCP 100 Consultation Responses – Collated Comments

Question One	Do you understand the intent of DCP100 and are you supportive of its principles?	
British Gas	Yes	Noted.
CE Electric	Yes	Noted.
Electricity North West Limited	<p>We understand the intent of the change proposal but struggle to understand what is meant by ‘similar arrangements’ associated with payment terms and the impact on credit cover.</p> <p>It would be helpful to provide examples of where payment terms within the industry differ from ‘days’.</p> <p>The change proposal covers disputes but there is no legal text changes being proposed to facilitate the management of credit cover. Clarification on the impact on credit cover is required to understand whether there is a legal text issue is required.</p> <p>With the above questions in mind it is difficult to conclude whether we are supportive of the intent, let alone whether the proposed legal text actually meets the intent.</p>	<p>The Working Group discussed this point, and it was agreed that the Proposer would provide a written summary of other Industry Codes and Agreements’ payment terms and their impacts on credit cover.</p> <p>This summary will accompany the Change Report when it is circulated for voting.</p>
IPNL	Yes	Noted.
E.On UK	Yes	Noted.
Npower	Yes, the intent is understood and npower is supportive of its	Noted.

	principles.	
SP Distribution & SP Manweb	<p>We understand the intent of DCP100. We are not supportive of its principles for the following reason:</p> <p>The DCUSA states:</p> <p><i>“Within 14 days of the date of an Initial Account or Reconciliation Account submitted in accordance with Clause 20.3 or 20.4, the User shall pay to the Company all sums due”</i></p> <p>The User is not therefore obligated to pay on the 14th day, rather the 14th day is the final date for payment prior to provisions of default coming into effect. We therefore question whether the intent of DCP100 is to prevent Suppliers having “to make special arrangements for paying invoices that fall due on or around Bank Holidays” and is in fact more about dealing with an intent to only pay at the last possible opportunity prior to the imposition of default penalties, especially where Bank Holidays occur.</p> <p>It is important to note that payment on any day prior to the 14th day does not constitute early payment and indeed we experience instances where Suppliers have settled well inside the 14 day window.</p>	<p>The Working Group discussed these points in detail whilst reviewing the summary of Consultation responses. A consensus was not reached as to whether this CP put into place special arrangements and the need for these to be codified within the DCUSA.</p> <p>The Working Group noted the points.</p>
SSE Energy Supply Ltd	Yes	Noted.
SSE Power Distribution	Yes – to both parts of the question.	Noted.
The Electricity Networks Co	Yes we understand the intent of the DCP100.	Noted.
UK Power Networks	<p>Yes we understand the intent.</p> <p>No we do not support its principles.</p>	Noted.

Western Power	Whilst we understand the intent of the Change Proposal, we are not supportive of its principles.	Noted.
Question Two	Which version of legal text drafting (version 1 or version 2) do you think is more appropriate to meet the intent of DCP 100? Please provide supporting comments.	
British Gas	Version 1 appears to be clearer and provides maximum time to validate and pay	Noted.
CE Electric	<p>Version 1 is more structured.</p> <p>There needs to be a clear definition of what constitutes a working day as weekends would be affected by this term.</p> <p>We have assessed that for our half-hourly billing during 2010 there was no difference to the payment due date from 14 calendar days to 10 working days. However, there would be an impact if billing timescales changed and a potential impact on when bank holidays fall each year.</p> <p>However, for our non-half hourly billing during 2010 we do see an average delay of three days in payment when bank holidays occur when moving to 10 working days. Therefore, this would affect the timely collection of approximately £35m for that billing month.</p> <p>For both versions, we are concerned that amending the payment timescale to reflect working days would have a detrimental impact upon our cash flow position.</p> <p>If weekends were also treated in the same way as bank holidays then we would see a further impact upon cash flow which</p>	<p>The Working Group discussed this point, and it was argued that there could be a detrimental impact upon DNO cash flow positions; however, this could also be the case for the Supplier's cash flow positions.</p> <p>It was noted by members of the Working Group that the procedures already in place have been agreed and ratified, and that the need to change these now is not fully understood.</p> <p>The Working Group did not reach a majority view on this comment, and therefore the comments were noted by the Working Group.</p>

	would again be increased if parties fail to pay invoices by their payment due date. We would also need to consider investment activities due to payments potentially being received at a later date.	
Electricity North West Limited	The intent refers to 'similar arrangements'. We need to understand what we are aligning to in order to understand which legal text meets the intent. No information has been provided within this consultation document and it is also silent within the minutes to make a valued judgement and provide a response to this question.	The response to this question was covered during the discussions pertaining to question 1, and will be addressed with the summary of other Industry Codes and Agreements.
E.on UK	<p>We support the first drafting as we feel this adequately deals with the two dominant issues faced by suppliers, they are:</p> <ol style="list-style-type: none"> 1. When an invoice should be paid if its due date falls on a Bank Holiday or non working day 2. When an invoice should be paid if there are one or more Bank Holidays/non working days between the invoice issue date and the invoice due date 	Noted.
IPNL	Version 1 would appear to provide the more sound solution as it consistently provides a 10 working day timeframe for payments to be made. Using version 2 will not necessarily negate the need for special arrangements or extra work to pay the invoice by the due date and so does not necessarily address the issue that the change proposal sets out to resolve.	Noted.
Npower	In our view, version 1 is the more appropriate set of legal drafting as it maximises the time available to the user to validate invoices, raise disputes where appropriate and arrange for payment to be made.	Noted.

SP Distribution & SP Manweb	<p>We have already stated in our response to Question 1 above that we do not support the principles of DCP100.</p> <p>Simply comparing both scenarios, we consider that version 2 of the legal text appears to address the issue of Suppliers dealing with last day settlement (prior to default) arising on a weekend or bank holiday, while at same time limiting the significant impact on DNO cash flows from <u>any</u> extension of the existing allowable payment period.</p> <p>Note: if accounts are issued on a working day, which is our standard practice, the last day of settlement prior to default will also fall due on a working day. The issue therefore relates to those few occasions in which the last day also falls on a bank holiday. Should that particular situation occur we still consider the User has ample opportunity to settle invoices in the allowed period prior to default and evidence to date supports this view.</p>	Noted.
SSE Energy Supply Ltd	Version 1. Consistent fixed terms for payment.	Noted.
SSE Power Distribution	<p>We feel that version 1 is more appropriate as it aligns more reasonably with other similar payment arrangements by proposing Working / Business Days as the basis of the payment timescales as opposed to Calendar Days.</p> <p>We do not support version 2.</p>	Noted.
The Electricity Networks Co	We do not feel that any change is necessary however if we to choose a preference between the 2 options we would go for version 2 as it minimises the delay in payments due on non working days.	Noted.
UK Power Networks	The intent is to align the DCUSA with “similar arrangements” and manage credit cover over bank holidays etc.	The Working Group discussed item, and it was agreed that the written summary of other Industry

	<p>No evidence of “similar arrangements” has been provided so, while either form of drafting will result in payments not having to be made earlier than the due date, it cannot be verified whether either actually meets the stated intent.</p> <p>It is unclear why the payment terms have an impact on managing credit cover. A Supplier may lose its good payment record for not paying on time. Our experience is that when this occurs it is usually because of a process issue and does not appear to be linked to weekend or bank holiday due dates.</p> <p>It is also unclear what should happen with Scottish bank holidays as to whether the payer’s or payee’s working days are the consideration.</p>	<p>Codes and Agreements’ payment terms would cover most points within this comment.</p> <p>In regard to Scottish Bank Holidays, the Working Group concluded that more investigation and work needed to be undertaken to examine how other Industry Codes and Agreements treat these days within their payment terms.</p>
Western Power	No comment	Noted.
Question Three	If DCP 100 is approved, do you think that the disputes timescale needs to align with the payment timescales as is the current practice? Please provide supporting comments.	
British Gas	Yes this would seem the sensible thing to do	Noted.
CE Electric	If the payment arrangements are to be revised then to ensure consistency the disputes timescale should also be amended.	Noted.
Electricity North West Limited	The question is somewhat misleading. It infers that DCP100 is approved without the dispute clauses being aligned i.e. the expectation of a future change. This change proposal is inclusive of such a requirement and is in the intent of the change proposal. Whether parties are supportive or not the change proposal will need to include changes to Schedule 4 that align with the payment terms.	Noted.

E.on UK	The dispute timescales should be aligned with the payment timescales so that you are only able to dispute an invoice in the period between it being issued and becoming due for payment. This would fit more easily with current practices.	Noted.
IPNL	For consistency, it would seem plausible that the disputes process should use the same “working day” terminology as per the payments process. This will result in a consistent approach to the timescales used in both making payments and disputing related invoices.	Noted.
Npower	The current dispute timescales in DCUSA mirror the payment timescales. It seems to us to be sensible to continue to provide for disputes to be raised up to the payment date of an invoice. If the dispute and payment timescales are not aligned, then errors in invoices could potentially be picked up after the dispute timescale had ended but before an invoice had been paid, and it would not be clear from DCUSA how these errors should be dealt with.	Noted.
SP Distribution & SP Manweb	Whilst we believe the disputes timescale could remain as presently drafted, we consider it sensible that timescales across the DCUSA are aligned, thus ensuring greater consistency. While this proposal refers to Suppliers position, we would assume any impact on DCUSA would also relate to IDNO conditions.	Noted.
SSE Energy Supply Ltd	Yes. Consistency of approach with DCUSA agreement.	Noted.
SSE Power Distribution	It would not be logical for the payment and disputes timescales to vary from each other.	Noted.
The Electricity Networks Co	Yes, an invoice must either be paid or disputed in the timeframe and therefore they must be aligned.	Noted.

UK Power Networks	We see no reason why disputes should take as long as payment. We presume there is an administrative element at the end of the payment process and that validation occurs earlier. Therefore the raising of a dispute could happen within the time it takes to validate an invoice. In practice disputes are generally raised well before payment is due.	Noted.
Western Power	Yes – we believe that payment timescales and dispute timescales are linked and therefore it would seem logical to align these.	Noted.
Question Four	Would there be any changes to current systems necessary to implement DCP 100? If so, please provide an overview of the changes along with an estimation of the costs and a timescale.	
British Gas	No	Noted.
CE Electric	If version 1 of DCP100 were implemented, then we would be required to carry out IT changes to our billing systems in order to correctly calculate the payment due date. Indicative costs would be around £15k to £20k and estimated to take 4 to 6 months to develop from internal approval.	Noted.
Electricity North West Limited	This depends on the options being proposed. Version 1 – yes. We would need to change the system to calculate the invoice payment date based on 10 and 22 Working Days from the invoice date in order to meet the change proposal requirements. We would also have to change our follow up work queues to such a requirement to ensure that the two aligned. This would be classed as a medium change and with the	Noted.

	<p>amount of current work activity we would expect an implementation date of six months after approval (in line with other industry timescales associated with IT changes)</p> <p>Version 2 – maybe. We would need to evaluate the costs v the business workaround associated with follow up work queues on outstanding debt. The manual processes being impacted at a time of resource constraint (bank holidays tend to result in additional holiday requests).</p>	
E.on UK	We do not envisage any system changes being required.	Noted.
IPNL	IPNL does not anticipate any systems changes for DCP100 as the invoice due date is “manually” input onto the invoice.	Noted.
Npower	We would need to make a change to our billing and payment system, however the costs of this would be relatively small. We would need two months to implement changes to our systems.	Noted.
SP Distribution & SP Manweb	At present our DUoS Invoices specifically state the date by which the payment should be made. This will have to be amended should DCP100 be approved for implementation. Any formal change to our IT systems would be expensive, complex (to account for every bank holiday going forward) and would take considerable time (likely 6 months or more). At best, we would be required initially to amend internal processes to ensure the new terms were controlled via manual intervention and amend our Invoice due dates and payment default dates accordingly. In addition, we would require to review our Credit Management activities relating to Supplier Credit Cover arrangements and internal reporting such as provision of Cash and Debt Forecasts.	The Working Group discussed this response, as well as all others to this particular question, in great detail. It was agreed by the Proposer that the implementation date could be moved to the June release of the DCUSA in order to accommodate everyone’s system changes requirements.
SSE Energy Supply Ltd	Yes – our software provider has provided an indicative estimate at circa k3k and would take approx 2 months from date of	Noted.

	approval.	
SSE Power Distribution	We would not require significant changes to systems if version 1 is adopted.	Noted.
The Electricity Networks Co	Yes we would have a change to our current system to implement the DCP 100, this would be a minor change and would not delay the implementation date of this consultation.	Noted.
UK Power Networks	Yes. Our invoicing system does not support working day payment terms as configured. It will require configuration and then the customer records amended to the new payment terms. There will also be changes to business processes and training.	Noted.
Western Power	<p>The current billing system for South West and South Wales would require manual intervention and is therefore reliant upon altering system setting to take account of bank holidays.</p> <p>The current billing system for the East Midlands and West Midlands would require a software update in order to comply with this proposal at a total cost of approx £15k across all users of this system.</p> <p>We have been advised by the software providers that they would be unable to meet the implementation date of November</p>	Noted.
Question Five	Do you agree that DCP100 better meets the DCUSA General Objectives? Please provide supporting comments along with your assessment against the objectives.	
British Gas	2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the	Noted.

	<p>promotion of such competition in the sale, distribution and purchase of electricity</p> <p>4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p>Rationale for better facilitation of the DCUSA Objectives identified above</p> <p>We agree with the proposer that his change will better facilitate competition by removing inconsistencies and allowing Parties to use their resources more effectively, thereby reducing costs. It will simplify the management of credit cover and will reduce Parties' costs but should not have any impact on the business of the Distributors. It will allow easier access to the market for new participants as payment timescales will be clearer and easier to manage.</p> <p>We agree that the administration of this agreement will be improved as a result of this change. Other industry codes such as the Uniform Network Code and the Connection use of System Agreement. Both these agreements have special provisions included for dealing with non-working days to ensure payments are made in a timely manner.</p>	
CE Electric	This DCP supports Objective 4 as it aims to ensure reduce inconsistencies thus promoting efficiency between all parties involved.	Noted.
Electricity North West Limited	<p>No.</p> <p>At best objective 2 is neutral. The payment terms are the payment terms so how they can better facilitate effective competition when they are the same for all parties is difficult to</p>	The Working Group discussed these points and was unable to reach a consensus among members.

	<p>understand.</p> <p>It seems to us that from a supplier perspective it may slightly improve the situation if this is the tipping point to have more by 'working days' rather than 'days'. If however it is not then it will make no difference. It would be helpful to know which way is the best way to go. Is the majority in 'days' or in 'working days'? If 'days' surely it would be better to move the other codes the other way.</p> <p>We believe that it would make distributors less efficient by increasing manual activity in this area thereby reducing the facilitation of objective 1.</p> <p>Objective 4 in our mind is more to do with the administration of DCUSA and not that of the parties associated with billing and payments so this objective is neutral.</p> <p>Overall we do not believe that this change proposal better facilitates the DCUSA objectives.</p>	
E.on UK	We are happy with the assessment of the proposer.	Noted.
IPNL	IPNL believes that Objective 4 "The promotion of efficiency in the implementation and administration of this Agreement" is met as payment timescales are clarified for certain periods during the year.	Noted.
Npower	<p>Yes, we consider that DCP100 better meets DCUSA Objectives 2 and 4.</p> <p>This change will better facilitate competition by removing inconsistencies and allowing Parties to use their resources more effectively, thereby reducing costs. It will simplify the management of credit cover and will reduce Parties' costs. It will allow easier access to the market for new participants as</p>	Noted.

	<p>payment timescales will be clearer and easier to manage.</p> <p>It will promote efficiency in the administration of this Agreement by easing the process of paying Use of System charges, enabling better opportunity for validation of invoices, raising of disputes, and management of credit cover requirements. Presently, parties have to make special arrangements for paying invoices that fall due on or around Bank Holidays. This increases costs and workload. This proposal will allow Parties to manage better their arrangements for payment of invoices and allow them to plan resource to be confident in the integrity of these invoices.</p>	
SP Distribution & SP Manweb	<p>We do not agree that DCP100 better meets the DCUSA General Objectives. As previously stated this change proposal appears to encourage the practice of making payment on the last day prior to default. As stated earlier, Settlement of charges are due <u>from the date of issue</u> of any account, with payment default occurring if not paid “within 14 days” of this date.</p>	<p>The Working Group noted this comment, and it was reiterated by the Proposer that this was not the intent of this CP. The intent was to allow more days for validation and payment of invoices during bank holiday periods.</p> <p>A majority view was not reached on this point, and therefore the Working Group noted the comments.</p>
SSE Energy Supply Ltd	Yes	Noted.
SSE Power Distribution	<p>The CP better facilitates Objective 4 as it is more reasonable and efficient for the basis of payments to be measured in Working / Business Days.</p>	Noted.
The Electricity Network Co	<p>We agree with the proposer in-so-far as the change will ensure standard practice of the timescales and, therefore, better facilitate competition.</p>	Noted.
UK Power Networks	<p>No.</p> <p>The Working Group makes a case for Objective 2. It is unclear how changing these payment terms facilitates competition. We</p>	Noted.

	<p>do not see how these payment terms, nor their difference to as yet unspecified “similar arrangements”, create a barrier to entry. We believe that organisations such as electricity suppliers must make payments to other companies that are on a calendar day basis and so must be able to manage such payments.</p> <p>The Working Group makes a case for Objective 4. It is unclear how changing payment terms as between parties facilitates efficiency in the admin. of the DCUSA. Charges between parties do not form part of the admin. of DCUSA.</p> <p>We are concerned that the impact of this change is to the detriment of Objective 1 which is around economic networks. This change will have an adverse impact on distributors’ cash flow, that cash flow impact will require funding and hence increase distributors’ overall costs.</p>	
Western Power	No comment	
Question Six	Do you believe that the intent of DCP100 is adequately met or that there are alternative ways of meeting the intent of DCP100 that have not been considered by the Working Group?	
British Gas	Other charges such as Tnuos charges have provisions that accommodate where the payment date falls on a non-working day. This type of arrangement should also be investigated.	TNUoS - Transmission network use of system charges (CUSC)
CE Electric	Not that we are aware of.	Noted.
Electricity North West	The intent is to align with other ‘similar arrangements’. Until	Noted.

Limited	these are shared with us we cannot answer this question.	
E.on UK	(no response provided)	Noted.
IPNL	IPNL believes that the intent of DCP100 is adequately met.	Noted.
Npower	We believe that the intent of DCP100 would be adequately met by the legal drafting version 1.	Noted.
SP Distribution & SP Manweb	<p>The working group appear to have focused entirely on clarification of final date that payment can be made without application of penalty charges.</p> <p>With current arrangements embedded for some years now we consider it should have been possible to advance or reduce the time period available before default, e.g. to 7 days. Suppliers have always had advance notice of readings (HH D0036/D0275) and summary billing data (daily Supercustomer D0242's) that can and should be used to validate DUoS bills in advance of receiving the invoices. We consider this type of initiative would better serve the objectives of DCUSA.</p> <p>There is little evidence to suggest that the perceived issue raised under DCP100 is material. In our experience most businesses require to adjust their internal procedures over holiday periods, in order to continue to meet deadlines. If Suppliers introduced efficiencies to pay their DUoS charges in advance of the last date for payment, no problems would occur regarding late penalty charges, even in holiday periods.</p>	The Working Group noted the comments.
SSE Energy Supply Ltd	Yes, agree that intent is being adequately met.	Noted.
SSE Power Distribution	The intent has been adequately met.	Noted.
The Electricity Network Co	Yes. We believe that the intent of DCP 100 is adequately met.	Noted.

UK Power Networks	The intent is to align the DCUSA with “similar arrangements” and so manage credit cover over bank holidays etc. No evidence of “similar arrangements” has been provided so we cannot state whether the intent is adequately met.	Noted.
Western Power	No comment	Noted.
Question Seven	Do you agree with the implementation date of DCP 100? If not, please provide supporting comments and suggest an alternative.	
British Gas	We agree with the implementation date	Noted.
CE Electric	We could not accommodate an implementation date of 1 November 2011 as we may be required to carry out IT billing system changes as well as ensuring our internal cash flow processes are setup to accommodate either version of the legal drafting of the DCP. A Q1 2012 implementation date is preferable.	As detailed above, the Proposer agreed to move the implementation date to the June release of the DCUSA in order to accommodate all system changes needed by Parties.
Electricity North West Limited	No. If we need a system change it needs to be six months after the voting response date should the voting response be to support this change proposal.	Noted.
E.on UK	As we have no system changes to make we could implement as soon as the industry is ready.	Noted.
IPNL	IPNL is supportive of the proposed implementation date.	Noted.
Npower	Once a decision is taken on this Change Proposal, we would need two months to make the necessary system changes to accommodate the new payment timescales. Therefore, if a	Noted.

	decision on this CP is taken before the end of December then implementation in the February release of DCUSA could be possible.	
SP Distribution & SP Manweb	We believe the implementation date is unrealistically short to allow distributors to amend their IT Systems and processes following any change being agreed.	Noted.
SSE Energy Supply Ltd	November timescales are now too tight. Our software provider has indicated that delivery of changes to system would take 2 months from date of approval of DCP100. A possible more realistic timescale would be to introduce for start of next Financial Year. This would provide consistent approach for payments/cash flows throughout a single financial year.	Noted.
SSE Power Distribution	We have no issues with the proposed implementation date.	Noted.
The Electricity Network Co	If it goes ahead yes we agree with the implementation date of DCP100.	Noted.
UK Power Networks	No. While we do not support this change, if it were approved a November implementation would not give time for the necessary systems and business process changes.	Noted.
Western Power	No – our software providers would be unable to provide an update to the WPD East and West billing system by the proposed implementation date.	Noted.
Question 8	The Working Group discussed the financial effect on Parties of implementing or not implementing this CP. Please provide comments as appropriate on the following issues which were	

	<p>raised:</p> <ul style="list-style-type: none">• If DCP 100 is implemented, Distributors would be receiving payments at a later date during most months of the year as weekends would be affected with the use of the term “working days”.• If DCP 100 is not implemented, there are financial impacts on Suppliers from continuing to have to make payments early during periods with bank holidays in order to remain compliant with the DCUSA.• If DCP 100 is implemented, there was concern that as the interest rates currently stand the financial implications are on current rate thresholds, however, when interest rates are higher then the resulting delayed payments could have implications which need to be considered. Please provide any potential impact that you feel may have relevance to this point, along with supporting comments. <p>* Please provide any additional scenarios or comments which</p>	
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	you feel are relevant to the financial impacts of DCP 100.	
British Gas	N/A	Noted.
CE Electric	None	Noted.
Electricity North West Limited	<p>On the first point it would probably be 50:50. The months impacted align with the bank holidays.</p> <p>On the second point this has been the case for 11 years. By changing this we move the impact from suppliers to distributors from a cash flow perspective and perhaps impacting both parties where payment disputes may occur due to potential workarounds and knowledge at a time of reduced resources.</p> <p>On the third point this is the same impact as the second point. A move from suppliers being impacted to that of distributors being impacted.</p>	Noted
E.on UK	<p>We currently are forced to make payments before proper validation has occurred and so leaves us potentially exposed should these invoices subsequently be proved to be incorrect. To pay invoices over a shortened period due to Bank Holidays we are often forced to rely on more expensive forms of transfer than would normally be used.</p>	Noted.
IPNL	IPNL does not believe the values affected by introducing DCP100 are substantial enough to reject the proposal. As an IDNO, IPNL will also benefit through clearer payment timescales for boundary payments to DNOs.	<p>The Working Group discussed this point in detail. It was noted that the effects of this would depend upon the size of the company.</p> <p>The Working Group noted the rest of the comments for this particular question, as a majority view was not achieved.</p>
Npower	For many years, suppliers have made efforts to ensure that	Noted.

	<p>payment deadlines for use of system invoices are met, and have borne the consequences of having to validate invoices in reduced timescales and to make payment early whenever a bank holiday falls within a payment period. This has clearly had significant cost implications for suppliers.</p>	
SP Distribution & SP Manweb	<p><u>Bullet one</u></p> <p>Agreed – in general terms 14 Calendar Days will equal 10 working days. However the use of the Working Days term (Scenario 1) would mean that the 2 week / 10 day window will be expanded whenever a bank Holiday falls within that 2 week period, possibly delaying the final allowable payment date by 1-3 days (up to 6 days for Festive Season). We consider this an unacceptable position.</p> <p>In Scenario 2, the 14 day terms remain and here the “extension” is limited to where the due date falls on a Weekend (unlikely) or a Bank Holiday, when payment would be made next available working day (1-3 days extension). While this is a better position relative to Scenario 1, it still encourages and supports delay in payments to the last allowable date, to the cost of DNOs.</p> <p><u>Bullet two</u></p> <p>Disagree – any payments made within 14 days are not “early”, they are simply “within” the allowed period before default provisions would be applied. As stated above, Suppliers can and do make payments inside this window, but are not encouraged to do so by this proposal. If Suppliers arrange to pay at last possible date, they will clearly be impacted at times where the allowable period is restricted by Bank Holidays. We do not consider that supporting this practice by introducing</p>	Noted.

	<p>DCP100 would better meet DCUSA General Objectives.</p> <p><u>Bullet three</u></p> <p>Late payment penalty interest is charged at base rate plus 8% plus an administration fee. Late payments should be avoided regardless of the penalties applicable. We consider Suppliers are risking incurring fees by their business process of arranging payment at the latest acceptable date. This is evidenced by this change proposal which concentrates solely on clarifying/extending the final possible date for making payment prior to default.</p> <p><u>Other comments</u></p> <p>Scenario 1 (10 Working Days) creates up to a 6 day cash flow delay for distributors for high value Supercustomer (NHH) invoices issued on the 21st December 2011. We consider this to be unacceptable.</p> <p>As stated Suppliers can and should validate charges in advance of receiving invoices. This would normally result in easily meeting the present DCUSA requirements. In extreme or even normal circumstances, Suppliers may also choose to settle invoices on receipt (well within timescales) and validate retrospectively. The billing data comes from Suppliers or their Agents and disputes in our recent experience are few and far between.</p>	
SSE Energy Supply Ltd	Scenario 3, is equally applicable whether DCP100 is implemented or not.	Noted.
SSE Power Distribution	N/A	
The Electricity	<ul style="list-style-type: none"> Current terms are 14 days so unless an invoice is raised on a weekend then on most occasions this will not be a 	Noted.

Network Co	<p>problem.</p> <ul style="list-style-type: none"> • There are financial implications to us if it is implemented. • Impact analysis is done on the company's Cost of Capital not current interest rates and so the analysis holds. 	
UK Power Networks	<p>If DCP100 is implemented, distributors will receive payment later than they currently do and this will have an adverse impact on cashflow.</p> <p>If DCP100 is not implemented there are no financial impacts on suppliers as the status quo, which has been in place since 1998 if not earlier, is maintained and suppliers will pay in the same way they always have done. They are cash neutral. The second bullet point is therefore queried.</p> <p>Interest rates will have a bearing on funding the distributor's cashflow which is undermined if DCP100 is implemented.</p>	Noted
Western Power	We feel that DNO's super customer cash flow will be adversely affected during the Bank holiday periods.	Noted.
Question 9	Please state any other general comments or views on DCP 100.	
British Gas	We do have concerns in relation to Duos billing that are touched on by this proposal but we would go further. Day 1 is the issue date, this is not however the day we receive the invoice. Most of the invoices arrive by post, so Day 1 for us will depend upon the reliability of royal mail, Snow, Strikes etc. If we had invoices via Fax or email, this enables Day 1 processing.	<p>The Working Group noted the comments raised for this question. It was discussed that most invoices are e-billed and do not arrive by Post. This was countered and said that this also included transactional invoices.</p> <p>The Working Group did not form a majority view on</p>

	<p>Duos invoice issue dates & therefore due dates vary & Distributors are usually unable to tell us when these dates will be (even a few weeks beforehand). This causes us problems with Cashflow forecasting as we cannot always predict which week payments will be due. A schedule setting out when invoices will be issued, similar to that produced by xoserve would greatly help with Cashflow planning.</p> <p>In Summary:-</p> <ul style="list-style-type: none"> • W support the proposal We may need to specify that Adhoc Bank Holidays e.g. The Royal Wedding are non working days. • Electronic invoicing, whether Fax or Email should be implemented for all DUoS invoices. • A schedule of issue dates / due dates would help with Cashflow forecasting & invoice tracking (we monitor that invoices are received). 	this topic.
CE Electric	We need to ensure that if either option within this DCP is implemented we need clearly understand that all areas have been addressed and appropriately managed.	Noted.
Electricity North West Limited	It seems to us that the intent needs to be fully understood and details of the impact known to all parties to make a valued judgement as to the benefit such a change will have to the industry. This information is not available at this stage.	Noted.
E.on UK	We believe that the working group should carry out analysis of how many invoice runs are likely to be impacted by these changes. Christmas and New Year periods would seem to be	Noted.

	obvious candidates, but further analysis should help to show the materiality of the problem.	
IPNL	N/A	
Npower	N/A	
SP Distribution & SP Manweb	<p>As per Elexon Billing Calendar, Supercustomer DUoS Billing will be billed on 21st December 2011. This will be due for payment immediately with payment default normally applying if payment is received after 4th January 2012.</p> <p>Scenario 1 would result in payment being made on 10th January (unacceptable)</p> <p>Scenario 2 would result in payment being made on 4th January</p> <p>Existing DCUSA would result in payment being made 4th January</p> <ul style="list-style-type: none"> - While this can change depending on year, it brings some of the content behind the proposal into perspective, and perhaps fails to evidence the need for change. 	<p>The Working Group discussed this response, and many thought there were valid points contained within it. It was noted however by the Proposer of the CP, that this doesn't say how many days that a Supplier would get to analyse and validate the bill, which is the reasoning behind the CP.</p> <p>The Working Group discussed and noted all the comments.</p>
SSE Energy Supply Ltd	N/A	
SSE Power Distribution	N/A	
The Electricity Network Co	N/A	
UK Power Networks	<p>It is unclear what "special arrangements" suppliers have to put in place with banks where payment is made early as a result of a due date falling on a non-working day.</p> <p>Para 2.4 of the consultation suggests parties will be better able to manage cash flow as a result of this change. That is not correct for all parties.</p>	The Working Group discussed this point, and all the comments were noted.

	<p>It remains unclear to us why validation appears to be a problem when suppliers should have received the same data as the distributor for calculating DUoS charges and have in most cases requested the work for transactional charges.</p> <p>As site specific and settlement class DUoS charges are on 14 day payment terms, and one presumes that DNOs generally raise invoices on working days (?), this issue can only be relevant at bank holidays as opposed to weekends for DUoS. Our evidence is that DUoS bills are occasionally paid late, by suppliers of all sizes, but that we have no occasion in the last 12 months when a late paid bill was due on a weekend or bank holiday.</p> <p>That leaves transactional charges which are on 30 day payment terms. Therefore an invoice raised on a working day could fall due at a weekend. Our evidence of invoices paid late in the last 12 months shows that a handful of this type are paid late. Those are invoices for de-energisations and late payment is mostly by two large suppliers on invoices that were due at the weekend (we have none that relate to bank holidays). However the values, when compared with DUoS invoices are very small.</p> <p>Therefore there may be more acceptance of a proposal that left DUoS payment terms alone, and therefore had little impact on large value cash flow, and considered transactional charges only. We believe a move to 28 day payment terms for transactional charges would remove the non-working day issue for weekends and the likelihood of invoices falling due on bank holidays would be low. This would be more manageable for all concerned.</p>	
Western Power	No other comments	

