

**DCUSA CHANGE DECLARATION**

**DCP 144 - Prohibiting Rounding of HH Data**

**VOTING DATE: 7 December 2012**

DCP 144	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
CHANGE SOLUTION	Accept	Accept	Accept
IMPLEMENTATION DATE	Accept	Accept	Accept
RECOMMENDATION	<p><b>Change Solution – ACCEPT.</b>                      In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was greater than 50% in all Categories.</p> <p><b>Implementation Date – ACCEPT.</b>                      In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was greater than 50% in all Categories.</p>		
PART ONE / PART TWO	Part One – Authority Determination Required		

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	COMMENTS
<b>DNO PARTIES</b>			
UKPN - Eastern Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 as it standardises the approach to billing and will provide for more accurate billing.
UKPN - London Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 as it standardises the approach to billing and will provide for more accurate billing.
UKPN - South Eastern Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 as it standardises the approach to billing and will provide for more accurate billing.
Electricity North West Ltd	Reject	Accept	<p>It must be recognised that we are compliant with this change proposal whether it is accepted or not and we agree with the principles of this change request, however we have a number of concerns regarding the lack of information being made available by the working group in order to assess whether this change proposal better facilitates the DCUSA Objectives.</p> <p>In the first instance the minutes of the first meeting stated that there would be a set of general questions (5.4), one being:</p> <p>'does the CP better facilitate the DCUSA</p>

		<p>General/Charging objectives?’</p> <p>and under clause 6.3, 14.1 and 14.2 that additional questions across all the DCP141-149 suite of change proposals would have two additional questions relating to:</p> <ul style="list-style-type: none"> <li>• the system impact and associated costs and</li> <li>• the impact if all change proposals were accepted en bloc.</li> </ul> <p>In the consultation document the question on the objectives was limited to objective 2. We raised an issue in our response on this only for the working group to agree that we had a valid point (Change Report 4.17) but to state that this didn’t prevent anyone considering the rest of them.</p> <p>What did the parties respond on? – objective 2.</p> <p>No party response considered any other objective. They were led to objective 2 and all parties responded as directed.</p> <p>In our response we commented that there was no evidence to judge whether this objective was indeed better facilitated and requested evidence as to whether all suppliers were impacted or whether this is just a too onerous validation issue. We will revisit later the</p>
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		<p>working group comment on 'too onerous a validation issue', but based on the information available at the time and that provided in this Change Report we do not believe that any material evidence is provided to justify a change.</p> <p>On the additional two questions identified above, these were omitted and again we raised the concern that without such information it would be difficult to assess this change proposal. It was only as a 'post meeting note' to the second meeting that the industry was given the opportunity to comment on these, but only on the individual change proposal and not that of the suite of changes as a whole. In fact the e-mail received from the DCUSA secretariat stated that these supplementary questions were at the request of Ofgem. At this point the working group had the opportunity to request a further review against the wider DCUSA objectives. This they didn't do.</p> <p>Under clause 4.6 of the Change Report, we cannot understand the relevance of the incorporation of the CDCM when this change proposal has nothing to do with the CDCM.</p> <p>With regard to Change Report 4.19 (the first one) whilst we tend to agree with</p>
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		<p>the sentiments of the statement there are a number of underlying concerns we have over the materiality here as we expressed under Change Report 4.33 but in our opinion not adequately addressed. It asked for costs and an impact but not, in our view, at the level of detail that should have been requested.</p> <p>Suppliers have a right to apply validation to the bills we send in. We asked the question as to whether the validation was too onerous and that this may be why they receive more validation issues than other suppliers (even this statement is subjective because no data is available from the working group). Rounding by its very nature will have ups and downs and are more than likely to cancel each other out, and when you also consider that the data we receive from the supplier's data collector may have missing data which we may or may not estimate the validation issue may be due to such instances rather than a rounding issue.</p> <p>Whilst we can understand the concern here, perhaps it is because the distributor concerned does not estimate reactive or any missing data whereas the supplier validation includes such a calculation that the errors occur. This again is pure speculation, but with no</p>
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		<p>evidence of:</p> <ul style="list-style-type: none"> <li>• volumes of errors having been requested from suppliers specific to the rounding issue; and/or</li> <li>• the level of validation they apply; and</li> <li>• any calculation they undertake in deriving the likely distributor bill;</li> </ul> <p>it is difficult to assess how material this issue is and whether the outcome will better facilitate the DCUSA objectives.</p> <p>The distributor concerned stated in the working group, as part of the consultation response to the principles of this change proposal that, 'there is minimal volumes associated with this'. The working group did not consider a supplementary question to sense check this, and there is no mention as to whether this information was made available to the working group. They however concluded, in the consultation response, that this change is more about a common approach and accuracy of billing. A statement that is 'commonly' used in the suite of change proposals DCP141-149.</p> <p>The working group have an obligation to the DCUSA Panel in ensuring that</p>
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		<p>sufficient information is available to parties, and in this case Ofgem, so that they can determine whether the change proposal better facilitates the DCUSA objectives when it comes to the Change Report stage and ultimately the voting stage. In our opinion the conclusions being made by the majority of the working group against the DCUSA objectives (and they are the same words as the change proposal) are being made without sufficient evidence to support such a decision. In fact if anything there is a distinct lack of transparency around how suppliers validate to prove whether this is an issue or not.</p> <p>It would have been helpful if the voting outcome of the working group for or against the DCUSA objectives was known rather than just a majority decision as was indicated within the Change Report.</p> <p>Secondly the issue of whether this change proposal is a Part 1 matter - we queried with the expert group whether these changes were indeed a Part 1 matter, and then queried with the working group whether if they were so deemed to be Part 1 why clause 9.5.2 did not make reference to such. We cannot understand the logic behind what is currently a Part 2 clause being</p>
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		<p>amended, judged as a Part 1 matter due to it "having different impacts on different parties which could be viewed as discriminatory", yet still retaining a Part 2 status.</p> <p>Ofgem in their recent consultation on "Code Governance Review Phase 2" have stated that in DCUSA 33% of Part 1 changes could have been dealt with as part of self governance yet the Panel in supporting this suite of change proposals have agreed with the sponsor that they are treated as a Part 1 matter yet the sponsor and the working group still wish to retain the Part 2 status. Irrespective of the outcome of this change proposal it would be helpful if this was clarified in more detail.</p> <p>What is interesting is the comment made in the working group response to our issue on this (contained in the response to our legal text response):</p> <p>"As a part 1 matter, this will go to Ofgem for final determination, which will lead to a more balanced decision, rather than simply the party vote."</p> <p>Such a statement doesn't augur well for self governance.</p> <p>Regarding Change Report 4.26 it can only be assumed that these costs are relating to potential costs faced by new</p>
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		<p>entrants but came from the Sponsor, who should be commended because they were the only party who submitted costs apart from the impacted distributor. On IT costs this depends on the starting point and for existing suppliers is already a sunk cost. Any validation costs depend on the level of validation that the new entrant deems necessary.</p> <p>A counter argument may be that by relaxing the validation may reduce costs as well. If a supplier can state no impact (which was stated by one supplier in the consultation response and in the DCUSA Standing Issues Group minutes) then it can equally apply to new entrants and even existing suppliers.</p> <p>Unless further information is provided it is difficult to judge this area. Other suppliers inferred reduced costs but provided no detail of substance or a generic response across a suite of systems that makes it difficult to understand whether, for this particular change request, there is any impact at all. As indicated above, one supplier stated no costs yet this didn't feature in the Change Report conclusions to the supplementary questions (5.6-5.10).</p> <p>Within the consultation response it was</p>
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		<p>also noted by the working group that this issue had indeed been raised at the DCUSA Standing Issues Group. The outcome of which was:</p> <p>“The SIG agreed that, in order for the process to be clarified, a DCUSA change would need to be raised. The SIG noted that the DCUSA does currently not set out any requirements for data items contained in invoices and expressed concern that if the DCUSA is specifying too much detail in the Agreement, it could become restrictive for Parties.”</p> <p>It seems the Standing Issues Group had concerns over this change proposal at the time.</p> <p>We also query the comments made by one party in the consultation document over the statement ‘this issue has been discussed widely by the billing expert group’. As a member of the expert group when this was discussed, this was a simple issue of one distributor rounding when the rest don’t, so to say it was widely discussed is stretching the point.</p> <p>In summary, there may well be a justification for change, but the evidence provided is not sufficient in order to make an assessment as to whether this better facilitates the DCUSA objectives. It is unfortunate</p>
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			that Ofgem do not have the powers to 'send this back' to DCUSA for further analysis (as suggested under the Code Governance Review Phase 2) so it is our view that this change proposal should be rejected.
Northern PowerGrid - Northern Electric Distribution Ltd	Reject	Reject	<p>Northern Powergrid currently rounds HH data received within the D0275 flow to the nearest integer. For as long as this has been the case, we have received no formal disputes.</p> <p>In terms of the implementation date; if this change were to be accepted, Northern Powergrid would apply for derogation. This would be on the basis that this change would cause a significant impact to the way in which our system loads the D0275 flow and how our system uses this information to create invoices.</p>
Northern PowerGrid - Yorkshire Electricity Distribution plc	Reject	Reject	<p>Northern Powergrid currently rounds HH data received within the D0275 flow to the nearest integer. For as long as this has been the case, we have received no formal disputes.</p> <p>In terms of the implementation date; if this change were to be accepted, Northern Powergrid would apply for derogation. This would be on the basis that this change would cause a significant impact to the way in which our system loads the D0275 flow and</p>

			how our system uses this information to create invoices.
SP Distribution	Accept	Accept	SP Energy Networks (SPEN) agreed with the original DCP and Legal Drafting We believe the amended wording still reflects the intent of the DCP 144, though a simpler amendment might have been to substitute "unrounded" for "unadjusted" at the start of para 21.2.2 of original legal drafting.
SP Manweb	Accept	Accept	SP Energy Networks (SPEN) agreed with the original DCP and Legal Drafting We believe the amended wording still reflects the intent of the DCP 144, though a simpler amendment might have been to substitute "unrounded" for "unadjusted" at the start of para 21.2.2 of original legal drafting.
Scottish Hydro-Electric Power Distribution plc	Accept	Accept	N/A
Southern Electric Power Distribution pl	Accept	Accept	N/A
Western Power Distribution - East Midlands plc; Western Power Distribution - West Midlands plc; Western Power Distribution - South West plc; Western Power Distribution - South Wales plc;	Accept	Accept	WPD is already compliant.

<b>IDNO PARTIES</b>			
ENC	Accept	Accept	n/a
ESP Electricity Ltd	Accept	Accept	n/a
UK Power Networks (IDNO)	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 as it standardises the approach to billing and will provide for more accurate billing.
<b>SUPPLIER PARTIES</b>			
British Gas	Accept	Accept	We recognise that some parties will incur implementation costs in order to be compliant with this change and potentially these could appear to outweigh the benefits of the change. However, to achieve a common approach for DUoS billing practices we feel the best way forward is for this change to be approved. Parties can then apply for derogations, as necessary, to allow the changes to be implemented as efficiently as possible.
EON	Accept	Accept	We believe that it should be perfectly reasonable for a Supplier to be able to reconcile the invoicing it receives from a Distributor using the data that is provided to both. The ability to round data will mean that suppliers are unable to build validation tools with any certainty that the data will not be

			altered from that which both parties are provided. It does not seem reasonable that suppliers should have to build bespoke validation techniques with no certainty that these could change month on month. We therefore believe that DCUSA objective 2 is better facilitated in that it enables all suppliers to have certainty that the data they are using to validate HH invoices has not been altered and that any failure in validation is not caused by the rounding of individual HH values.
Npower	Accept	Accept	n/a
Scottish Power Energy Retail Ltd	Accept	Accept	A consistent approach across all DNOs ensures that suppliers have confidence that data provided is in a transparent and equal format regardless of DNO. This also means that less manual intervention is required to validate invoices received from those DNOs.
SSE Energy Supply Ltd	Accept	Accept	n/a