



## **DCUSA Change Report**

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DCP 145 – Mandating Compliance with D2021  
Processes

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 145 – Mandating Compliance with D2021 Processes.
- 1.2 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.
- 1.3 Parties are invited to consider the proposed legal drafting amendments (Appendix B) and submit their votes using the form attached as Appendix E to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than 1 February 2013.

## 2 BACKGROUND

- 2.1 DCP 145 has been raised by E.On Energy as a result of the work undertaken by the Distribution Charging Methodologies Forum (DCMF) Methodologies Issues Group (MIG) Annual Review Billing Supergroup. That group was established to determine best practices in DUoS billing and to facilitate moving the Industry towards such practices in order that Distributors adopt a common approach to billing.
- 2.2 The intent of DCP 145 is to ensure that all Distributors that use the D2021 comply with its business rules and data flow and data item definitions.
- 2.3 The D2021 electronic invoice is sent pursuant to a contract between the sending distributor and ElectraLink. This contract enables the distributor to use the DTN to send the flow. There are also contracts between suppliers that wish to receive the flow and ElectraLink. Suppliers are also expected to send electronic remittances using another flow. Associated with the contracts are the definition of the data flows and the items they contain, in similar format to the DTC. There are also a set of business rules for using the flows. A User Group is also constituted which considers any change proposals to the flows or the business rules.
- 2.4 The D2021 is not in Open Governance at the present time and non-compliance with business rules is a bi-lateral breach of contract with no effective mechanism for dealing with disputes other than litigation.
- 2.5 The DCMF MIG Annual Review Billing Supergroup has assessed different approaches used by Distributors under current practice and has determined

its view of the optimal common approach that should be adopted in relation to the matter stated in the intent.

- 2.6 The group felt that by having a common approach to billing will make it easier for Suppliers to build validation routines and provides transparency for new entrants.
- 2.7 This CP has been deemed a Part 1 matter as it is likely to discriminate in its effect upon Parties as some Distributors may have changes to make to their billing systems while others may not.

### **3 DCP 145 – WORKING GROUP**

- 3.1 The DCUSA Panel established a Working Group to assess and refine DCP 145. The Working Group was comprised of Suppliers, DNO Parties and Ofgem representation.
- 3.2 Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).

### **4 DCP 145 – CONSULTATION**

- 4.1 The Working Group carried out a consultation to give Parties an opportunity to review and comment on DCP 145. There were 11 responses received from Parties and these are documented in Appendix C.
- 4.2 The majority of the responses to the consultation were supportive of the intent and the principles of DCP 145. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Appendix C.
- 4.3 A summary of the responses received, and the Working Group's conclusions are set out below:

#### **Question 1 - Do you agree with the intent of DCP 145?**

- 4.4 The Working Group noted that the majority of respondents, except for two DNO Parties, agree with the intent of DCP 145.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	4	2
<b>Suppliers</b>	5	0
<b>IDNO</b>	0	0

- 4.5 One DNO Party Respondent explained that they did not agree with the intent of DCP 145, and in their opinion, it's limited to the D2021 and compliance with the business rules, data items and data flow definitions. They further noted that the intent of DCP 145 excludes the DUoS E-billing Agreement which is referred to within the attached legal text.
- 4.6 They noted that in their opinion the intent is too narrow and should include the supplier agreement and the D2026 data flow to complete the set, and feel that this is a one sided intent and Change Proposal.
- 4.7 The Working Group discussed and noted the comments contained within this response.
- 4.8 There was one other DNO respondent that did not agree with the intent of DCP 145 and the Working Group noted the response, but highlighted that there were no reasons provided to elaborate as to why they do not support the intent of the CP.

**Question 2 - Do you agree with the principles of DCP 145?**

- 4.9 The Working Group noted that the majority of respondents, except for two DNO Parties, agree with the principles of DCP 145.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	4	2
<b>Suppliers</b>	5	0
<b>IDNO</b>	0	0

- 4.10 One DNO Party Respondent noted that they are uncomfortable with, in their opinion, the one-sided nature of this change request. They noted that they have mentioned in DCP142 'Using D2021 for all invoices/credit notes if it is used at all' that this should be widened to cover the D2026 remittance, but this was rejected and left open for them to raise a separate change.
- 4.11 The Respondent further explains that another concern they have is whether they can place an obligation to comply with a bi-lateral agreement. They noted that DCUSA, in Conditions Precedent, places obligations on parties to be a party to other agreements but does not state that they must comply. They feel that such compliance sits within the governance of each agreement. They also noted that a legal stance on this issue, from the DCUSA lawyers, should be requested before any further work is undertaken

on this change proposal.

- 4.12 The Working Group does not agree with this point, and noted that other Industry codes also mention that Parties are a Party to, and compliant with the agreements.
- 4.13 The Working Group noted the point about it being a one-sided issue and noted that it was discussed in the DCMF MIG Billing expert group during the last meeting once everything had been drafted. It was agreed at that meeting to discuss the other side of the issue once the expert group reconvenes in 2013.
- 4.14 The Working Group also highlighted that the legal drafting for DCP 145, as is standard for all CPs within the DCUSA Change Process, will be sent for review to the DCUSA legal representatives for a complete review. Once this review has finished, and the Working Group has approved the final version as issued by the legal representatives, the DCP will then be progressed to Parties for voting.
- 4.15 There was one other DNO respondent that did not agree with the principles of DCP 145 and the Working group noted the response, but highlighted that there were no reasons provided to elaborate as to why they do not support the intent of the CP.

**Question 3 - Does the CP better facilitate the DCUSA General Objective 2? Please provide supporting comments.**

- 4.16 The Working Group agreed that DCUSA General Objectives 2 was better facilitated by DCP 145.
- 4.17 The following table outlined the respondents' views on which Objectives are facilitated by the CP:

DCUSA General Objectives	General Objective
Objective 1	0
Objective 2	9
Objective 3	0
Objective 4	0
Objective 5	0

- 4.18 The Working Group noted that 9 of the 11 respondents agreed that DCP 145 better facilitates DCUSA General Objective 2, with 3 DNO respondents disagreeing with this assertion.

- 4.19 One DNO Party noted that in their opinion the filtered request on how this better facilitates the DCUSA objectives continues with a narrow rather than full objective review, although they agree in this instance that only General Objective 2 is impacted.
- 4.20 They further explain that they see no benefit to the DCUSA objectives associated with General Objective 2 in that it may improve slightly supplier competition but it is negatively affected by its exclusion of the supplier agreement and the sending of the reciprocal e-remittance flow, thereby not facilitating better the competition in distribution. Overall they noted that in their opinion they believe that there is a negative impact on DCUSA Objective 2.
- 4.21 The Working Group agreed that it is a valid point concerning the CP being reviewed against all the Objectives. However, it was highlighted that the question does not preclude any Party from raising points about any of the Objectives, and Parties have done so in the past.
- 4.22 The Working Group also discussed the comments regarding competition and does not understand how this CP would have a negative impact on competition, and thus did not agree with this comment.
- 4.23 Another DNO Party noted that they do not believe this CP better facilitates any of the Objectives; however they have no issue with standardising practice across the industry.
- 4.24 There was one other DNO respondent that did not agree that DCP 145 better facilitated the DCUSA Objective 2 and the Working group noted the response, but highlighted that there were no reasons provided to elaborate as to why they do not support their response.
- 4.25 Another DNO Party explained that in their opinion DCP 145 does better facilitate DCUSA Objective 2 by putting in place more efficient and consistent practices for both DNO Billing and Supplier Validation processes.
- 4.26 A Supplier Party agreed that General Objective 2 is better facilitated as Suppliers will be better able to validate incoming invoices from Distributors as there will be a common approach. This was something that was envisaged when the common charging methodology was introduced in that the approach to charging should be common. A common approach makes it more transparent to new market entrants, as at present it is unclear what

approach is adopted by Distributors prior to receiving an invoice.

- 4.27 Another Supplier Party explained that they are in support of this change, and agreed that DCUSA General Objective 2 would be better facilitated. They noted that this will result in reduced handling of manual paper invoices and avoid delays in post. This will reduce manual data entry of transactions and therefore will reduce validation errors; and this ensures consistency in billing approach across the industry.

**Question 4 - Do you have any comments on the proposed legal drafting of DCP 145?**

- 4.28 The Working Group noted that the majority of respondents did not have any comments on the legal drafting.
- 4.29 One DNO Respondent noted that they agreed if DCP 148 is rejected. The Working Group noted that there is no provision for conditional voting under the DCUSA.
- 4.30 Another DNO Party Respondent explained that, in their opinion, the legal text needs to consider the words used by Wragges & Co, the DCUSA legal representatives, associated with DCP 111 'E billing for site specific bills' and the use of the phrase "electronic invoice".
- 4.31 They further noted that notwithstanding the reference to the agreement (which is not contained within the intent and is argued that this should therefore not be contained within the legal text) it may be easier to refer to "any associated documents" so that they have no need to review again should a new document emerge e.g. you omit the DUoS e-billing User Group Terms of Reference which includes the voting rights on change.
- 4.32 This DNO respondent also provided alternative legal drafting for the Working Group's consideration which addresses the issues raised within their response. The Working Group agreed to send that legal drafting versions to Wragges & Co for review and advice.

**Question 5 - Are you aware of any wider industry developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.**

- 4.33 The Working Group noted that the majority of respondents were not aware of any other impacts on the CP.
- 4.34 One Supplier Party explained that there are many DCUSA DCPs that are aimed at improving the billing and subsequent validation processes of Distributors and Suppliers. The majority of costs associated with these are development costs to billing or validation tools. These costs are greatly reduced when more than one change can be undertaken at any time.
- 4.35 The costs are all associated with not implementing this DCP. They estimate the development costs for each bespoke validation for this item to be approximately £3,500. To employ more validation staff £5,000 per annum per Distribution licence.
- 4.36 One DNO Party noted that there were a number of issues presented to the expert group on distributor non compliance within the D2021 submission. This information should have been submitted as part of the consultation so that all parties understand the potential consequences of such a change proposal, and can then assess the impact on their company. If the change proposal is successful, distributors will be in breach of DCUSA by not complying with the D2021 governance arrangements.
- 4.37 The Working Group noted the comments contained within this response.
- 4.38 Another DNO Party Respondent noted that they would agree with this change if DCP 148 was removed, as currently they feel that DCP 145 and DCP 148 contradict each other.
- 4.39 The Working Group did not agree with this point, and noted that the business rules may say you can do either, but DCP 145 will just state which one, and will remove some of the discretion that the other allows.
- 4.40 Another DNO explained that currently they are fully compliant with all mandatory business rules and data requirements of the D2021, and therefore meet Supplier requirements. They explained that they are aware that a number of data items/fields may well be re-specified for clarification or re-categorisation as mandatory in future D2021 Updates and these will be considered and reviewed as necessary at the time of change.
- 4.41 The Working Group noted the comments within this response.



**Question 6 - Do you agree with the implementation date of DCP 145?**

4.42 The Working Group noted that the majority of respondents, 9 of 11, agreed with the implementation date of DCP 145.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	4	2
<b>Suppliers</b>	5	0
<b>IDNO</b>	0	0

4.43 One DNO Party noted they believe the implementation date is not an issue. In their opinion, they feel the issue may be the wave of potential non-compliance requests that suppliers send in to the DCUSA Panel and the timescale to resolve these that may result in changes to the e-billing documentation, or distributor system changes as a consequence of such implementation. This may not be a bad thing if it improves the situation and reduces the number of issues that suppliers have, but the Panel and Ofgem may need to consider derogations against this clause.

4.44 The Working Group noted that any Party may apply to Ofgem for a derogation to any change according to their own business situation.

4.45 Another DNO Party noted that their response is dependent on what additional developments are required in order to provide a common approach to billing.

4.46 The Working Group noted the comments within this response.

4.47 There was one other DNO respondent that did not agree with the implementation date of DCP 145 and the Working group noted the response, but highlighted that there were no reasons provided to elaborate as to why they do not support the implementation date of the CP.

**Question 7 - Are there any alternative solutions or matters that should be considered by the Working Group?**

4.48 The Working Group noted that the majority of respondents, 8 of the 11 Respondents, were not aware of any other solutions or matters that the Working Group should consider.

4.49 One DNO Party commented that they believe a new change proposal should be raised in place of DCP 145 and DCP 148 to investigate the use of

D2021 flows as a whole.

- 4.50 The Working Group noted that any Party can raise any change that they wish; however, this CP is examining this particular solution and should be considered on its own merit.
- 4.51 One Supplier Party explained that they believe the MIG working group have already discussed this widely and believe this, DCP 145, to be the optimal solution.
- 4.52 Another DNO Party noted that in their opinion it would be helpful if evidence was provided that all avenues have been exhausted before considering acceptance of DCP 145.
- 4.53 They explained that their discussions with Electralink indicate that the number of changes submitted to the User Group is very low since the agreement was put in place some ten years ago, with the last one being raised by their company in November 2009 due to the introduction of the CDCM in April 2010. Their understanding is that the last meeting of the User Group was in early 2010, before that was in 2008.
- 4.54 They explain that whilst they accept change is not required in all instances, and compliance with the D2021 is the bigger issue, they queried whether these have been equally raised to the User Group for further discussion.
- 4.55 In their opinion, it seems that this avenue has not been fully exhausted and the inclusion of such a change proposal will not solve the issues that suppliers have.
- 4.56 The Working Group noted this CP has put forward a specific solution, and that it is the scope of the Working Group to examine this solution for progression.
- 4.57 It was noted that there may be alternate solutions for this, and most other CPs for that matter, but it lies outside the scope of the Working Group as it is their mandate to examine the solutions put forward for the CP and within the scope of the intent.

## **5 SUPPLEMENTARY QUESTIONS**

- 5.1 The Working Group agreed to ask Parties for additional information in the

form of Supplementary Questions in order to allow Parties to provide the impacts and materiality of implementing DCP 145. There were 9 responses received from Parties and are documented in Appendix D.

- 5.2 The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses.
- 5.3 A summary of the responses received, and the Working Group's conclusions are set out below:

**Question 1 - How will DCP 145 affect your organisation? Please provide supporting comments.**

- 5.4 The Working Group noted that the majority of respondents would not be impacted, or impacted positively, by the implementation of this CP.

- 5.5 One Supplier noted that manual bills raised by DNO create extra manual data entry work for validation purposes. The manual data entry is subject to high level of "human" errors, especially if the invoices are delayed in post, and the implementation of DCP 145 will help to remedy this situation.
- 5.6 One DNO Party Respondent noted that this would be dependent on what additional developments are required in order to provide a common approach to billing and whether data items within the current data flow move from an optional to a mandatory state.
- 5.7 The Working Group discussed and noted the comments contained within this response.
- 5.8 Another DNO Party noted that the impact on their organisation as a consequence of this change proposal depends entirely on suppliers, and whether they place DNOs in breach of DCUSA for any non-compliance associated with the e-billing documentation.
- 5.9 It was further explained that there are issues at present where some distributors do not populate the data flow as per the data catalogue which will result in such a breach.
- 5.10 There are other issues where a common approach is being requested and where such a common approach is agreed, any resultant non compliance would be a breach of DCUSA should this change proposal be accepted.
- 5.11 The Working Group discussed this response and agreed that this CP is not about placing any DNO into breach of the DCUSA, but to get a common practice in place.
- 5.12 Another DNO Party Respondent explained that they believe a new change proposal should be raised in place of DCP 145 and DCP 148, to investigate the use of D2021 flows as a whole.
- 5.13 The Working Group noted these comments, however, highlighted that this response does not show the impact on their organisation as the question asked.

**Question 2 - Will there be any associated costs with implementing DCP 145? Please provide supporting comments.**

- 5.14 The Working Group noted that there are no impacts on 9 of the 10

Respondents.

5.15 One DNO Respondent noted that associated costs would be dependent upon which data items were to be made mandatory and the volume of these changes which affect their company.

5.16 The Working Group discussed this response and noted the comments and agreed that there were no specific scenarios or costs given by the respondent to address.

5.17 Another DNO Respondent explained that if there is:

- any non compliance;
- any differing understandings associated with the population of the data flow; or
- a need to change or clarify business rules associated with the data structure of the D2021

This should go through due e-billing governance and if approved they have an obligation to deliver such a change whether this change proposal is accepted or not.

5.18 They believe that such an obligation is also placed on suppliers regarding any changes to the D2026 structure, and they also believe suppliers do honour such an obligation.

5.19 They therefore believe that there is no cost impact associated with this change proposal.

5.20 The Working Group discussed the comments and noted this response.

## **6 PROPOSED LEGAL TEXT**

6.1 The proposed legal drafting of DCP 145 has been considered by the Working Group, and reviewed by Wragge & Co, and is attached as Appendix B.

## **7 DCP 145 – WORKING GROUP CONCLUSIONS**

7.1 The Working Group's conclusion, reflecting Party opinion as presented in the Consultation responses and Supplementary Questions, is that the proposed drafting meets the intent of DCP 145 and therefore should be issued for voting and Party determination.

## 8 EVALUATION AGAINST THE DCUSA OBJECTIVES

8.1 The majority of the Working Group considers that the following DCUSA General Objective is better facilitated by DCP 145:

**General Objective 2<sup>1</sup>** – Better Facilitated. The Working Group agrees that DCP 145 will promote consistency and transparency in the methods faced by Suppliers, thereby better facilitating DCUSA General Objective 2.

## 9 IMPLEMENTATION

9.1 DCP 145 is classified as a Part 1 matter in accordance with Clause 9.4.2 (B) of the Agreement, and therefore will go to the Authority for determination after the voting process has completed.

9.2 The implementation date, subject to Authority approval, is 1 October 2013.

## 10 ENGAGEMENT WITH THE AUTHORITY

10.1 Ofgem has been fully engaged throughout the development of DCP 145 as a member of the Working Group.

## 11 PANEL RECOMMENDATION

11.1 The DCUSA Panel approved this Change Report on 16 January 2013 and considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 145.

11.2 The timetable for the progression of the Change Proposals is set out below:

Activity	Date
Change Report issued for voting	18 January 2013
Voting closes	1 February 2013
Change Declaration	5 February 2013
Authority Decision	12 March 2013
CP Implemented	1 October 2013

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<sup>1</sup> 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

**12 APPENDICES:**

- Appendix A – DCP 145 Change Proposal
- Appendix B – DCP 145 Proposed Legal Drafting
- Appendix C – DCP 145 Consultation Documents
- Appendix D – DCP 145 Supplementary Questions Summary
- Appendix E - DCP 145 Voting Form