



## **DCUSA Change Report**

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DCP 149 – Prohibiting HH Invoices Containing  
Data from 2 Different Clock Time Calendar  
Months

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 149 – Prohibiting HH Invoices Containing Data from 2 Different Clock Time Calendar Months.
- 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 7 June 2013.

## 2 BACKGROUND

- 2.1 DCP 149 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 Distribution Use of System (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 149 is to ensure that all Distributors, whether they use clock time or GMT data, raise invoices that contain only data for a given clock time calendar month.
- 2.3 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.
- 2.4 The Proposer explained that in the case of Distributors who use GMT data for a GMT month but do not adjust it to a clock month, invoices raised for a summer month contain an hour from the following month and lose an hour from the start of the month (in clock time); the Billing Group felt this was not within the spirit of the Common Distribution Charging Methodology (CDCM).

- 2.5 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 149 – WORKING GROUP**

- 3.1 The DCUSA Panel established a Working Group to assess and refine DCP 149. 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 149 – CONSULTATION**

- 4.1 The Working Group carried out a Consultation to give Parties an opportunity to review and comment on DCP 149. There were 12 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 149. 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 149?**

- 4.4 The Working Group noted that the majority of respondents, except for two DNO Parties, agree with the intent of DCP 149.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	4	2
<b>Suppliers</b>	5	0
<b>IDNO</b>	1	0

- 4.5 The Working Group noted that the two DNO respondents that did not agree with the intent of DCP 149 provided no supporting comments to elaborate as to why they do not support the intent of the CP.

#### **Question 2 - Do you agree with the principles of DCP 149?**

- 4.6 The Working Group noted that the majority of respondents, except for two DNO Parties, agree with the principles of DCP 149.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	4	2
<b>Suppliers</b>	5	0
<b>IDNO</b>	1	0

- 4.7 One DNO respondent noted that whilst they understand the principles of a common approach, and in their view a common approach should be provided without the need for such a change, this change proposal will ensure that clarification is provided, subject to their comments made on the legal text.
- 4.8 The Working Group noted that two DNOs did not agree with the principles of DCP 149 but responded simply with a “no”; therefore, the Working Group did not have any information to address their concerns. However, the Working Group did highlight that Parties were not asked to provide supporting comments with this question.

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

- 4.9 The Working Group, and overall majority of Respondents, agreed that DCUSA General Objectives 2 is better facilitated by DCP 149.
- 4.10 The following table outlined the respondents’ views on which Objectives are facilitated by the CP:

<b>DCUSA General Objectives</b>	<b>General Objective</b>
<b>Objective 1</b>	0
<b>Objective 2</b>	10
<b>Objective 3</b>	1
<b>Objective 4</b>	0
<b>Objective 5</b>	0

- 4.11 The Working Group noted that 10 of the 12 respondents agreed that DCP 149 better facilitates DCUSA General Objective 2, with 2 DNO respondents disagreeing with this assertion.
- 4.12 One Supplier Party noted that by having a clear and consistent methodology for billing data will promote competition in the market, making the business rules and procedures easier to understand for new entrants, thus DCP 149

better facilitates DCUSA General Objective 2.

- 4.13 One DNO Party noted that they agree DCP 149 better facilitates General Objective 2 as it means suppliers don't have to build billing systems that can cope with two different clock-change methods.
- 4.14 Another Supplier Party explained that in their view a consistent approach from all DNOs will be to the benefit of all suppliers, better facilitating effective completion and therefore General Objective 2.
- 4.15 Another DNO Party noted that they felt that this was a limited review of the objectives which is being suggested, when in their opinion all of the objectives should be measured against the CP.
- 4.16 They further explained that being restrictive to DCUSA parties in responding only to specific objectives is not helpful and as such they intend to comment against all of the DCUSA General Objectives.
- 4.17 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.
- 4.18 They noted in their response that it is their view that General objective 2 is better facilitated by ensuring that Suppliers do not need to have two forms of validation as they do now; and it will also reduce costs for new entrants.
- 4.19 It was further explained by this respondent that in their opinion, General Objective 3 may be better facilitated by ensuring that Distributors comply with both the Licence and the codes contained within the Licence should the current practice be proven to be non compliant.

**Question 4 - Do you have any comments on the proposed legal drafting of DCP 149?**

- 4.20 The Working Group noted that the majority of respondents did not have any comments on the legal drafting.
- 4.21 Two respondents to the consultation provided additional comments relating the legal text in order to provide clarity, which are detailed within the collated consultation response document contained within Appendix C. The Working Group reviewed and noted both the responses and agreed

that all questions and suggestions should go to the DCUSA legal advisors.

- 4.22 It was agreed that the Working Group will examine all the comments and amendments in detail and decide upon a final version for the Change Report after receiving feedback from the DCUSA legal advisors.

**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.**

- 4.23 The Working Group noted that the majority of respondents were not aware of any other impacts on the CP.
- 4.24 One Supplier Party noted 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.
- 4.25 They further noted that 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 £4,000 and to employ more validation staff would be £12,500 per annum per Distribution licence.
- 4.26 A DNO Party noted that there are a number of changes affecting billing currently being assessed within the Industry.
- 4.27 They explained that the potential impact that smart metering may hold if the Balancing & Settlement Code P280 'Introduction of new Measurement Classes' Modification is not accepted (resulting in more HH site specific bills) is one area of unknown and as indicated within responses to the withdrawn DCP103 'DUoS Charges for Sub 100kW HH Settled Sites', there may be a need for Distributors to purchase new billing engines.
- 4.28 If BSC P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' Modification is accepted this will also result in an increase in sites being billed in a site specific HH basis. This may impact Distributor's ability to bill the potential doubling of invoices.

- 4.29 The respondent also noted that the DCMF Methodology Issues Group (DCMF MIG) sub group looking at the perceived discrepancy associated with billing the same site on HH or NHH tariffs may impact billing systems, the extent of which is currently not known.
- 4.30 They further explained that in their opinion, it may be sensible to move the implementation date to align with April 2014 where some of the above industry changes have this as their preferred implementation date to minimise the overall impact of change, however smart metering may be a bigger lever in seeking a deferral.
- 4.31 The Working Group reviewed and noted the comments; however, none of the changes referred to within this response may be accepted, so this CP should not be delayed pending the unknown decisions of other changes. It is also standard practice that a CP is evaluated and assessed on its own merits and not on a conditional basis.

**Question 6 - Do you agree with the implementation date of DCP 149?**

- 4.32 The Working Group noted that the majority of respondents, 9 of 12, agreed with the implementation date of DCP 149.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	3	3
<b>Suppliers</b>	5	0
<b>IDNO</b>	1	0

- 4.33 One Supplier Party noted that they agree with the implementation date and that they recognise that adjusting billing systems to accommodate small changes can be costly. They further explain that they do not believe this should be a reason to either reject the modification or delay the change implementation. It was noted that DNOs in those circumstances should apply for derogations and seek to implement in an efficient fashion.
- 4.34 One DNO Party noted that as discussed within their response to Question 5, they feel that this question should be based on the potential changes currently being discussed within the Industry and the impact that this change has on the affected Parties.
- 4.35 They suggest that at the earliest April 2014 for an implementation date, but if new billing systems are required it may be later and aligned to smart

metering requirements.

- 4.36 The Working Group reviewed and noted the comments; however, highlighted that none of the changes referred to within this response may be accepted, so this CP should not be delayed pending the unknown decisions of other changes. It is also standard practice that a CP is evaluated and assessed on its own merits and not on a conditional basis.

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

- 4.37 The Working Group noted that the majority of respondents, 10 of the 12 Respondents, were not aware of any other solutions or matters that the Working Group should consider.
- 4.38 One DNO Party noted that their alternative proposals are contained within their response to the legal text question. The Working Group noted this comment and highlighted that as per the previous discussion, all the questions surrounding the legal text will be forwarded to the DCUSA legal advisors.
- 4.39 This respondent further explained that whilst they agree with this change proposal, it is unfortunate that the Working Group's intentions of assessing impacts on Parties have not been reflected within this consultation document. They felt that Parties should have had an opportunity to comment on other effects this CP may have on their businesses; and such an omission means that this change proposal cannot be assessed in a fair manner.
- 4.40 The Working Group discussed and agreed with this point. It was agreed that Supplementary questions would be sent out to all respondents asking for this additional information.
- 4.41 Another DNO Party noted that they feel this change would have a discriminatory effect on some distributors who will have to change their billing systems.
- 4.42 The Working Group noted that is why this CP has been raised as a Part 1 matter, so that Ofgem will have final consent upon whether it is implemented or not.



- 4.43 A Supplier Party explained that there were no other solutions for the Working Group to explore as they believe the DCMF MIG Billing Sub Group have already discussed this widely and believes this to be the optimal solution.

## **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 149. 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 149 affect your organisation? Please provide supporting comments.**

- 5.4 The Working Group noted that the majority of respondents, 7 of 9 respondents, would not be impacted by the implementation of this CP.
- 5.5 One Supplier Party noted that whilst this should not have significant impact on their business, DCP 149 should provide a more consistent approach in terms of customer billing and interfacing data from settlements systems to billing system.
- 5.6 Another Supplier Party explained that this change will encourage consistency across all DNOs. Under current arrangements suppliers are required to manage manual workarounds to cater for the different processes employed by some DNOs. This requires manual intervention and time which in turn incurs cost. Successful implementation of this change will reduce the need for manual intervention and in turn reduce the costs to suppliers. They noted that as stated in their previous response, this reduction in the costs incurred by Parties will help to facilitate effective competition in the supply of electricity.
- 5.7 A DNO Party noted that if they were to adopt this change, they would move to processing the D0036 data flow. As a result, changes to their billing

system would need to be undertaken.

**Question 2 - Will there be any associated costs with implementing DCP 149? Please provide supporting comments.**

- 5.8 The Working Group noted that there are impacts on two DNOs and the comments are noted below for each respective company.
- 5.9 The first DNO explained that their billing system will need to be developed with indicative costs of approximately £300k, in line with the response to Question 1 of the Supplementary Questions. It was explained that this cost covers both hardware and software developments.
- 5.10 The Working Group discussed these figures and it was confirmed by this DNO that if all the Billing Group CPs went through, to implement them all would be about £500k for a new billing system. These figures in this question are for the individual changes, not a set of changes that would be possible if multiple CPs were approved.
- 5.11 The second DNO which noted that there would be costs associated with implementing DCP 149 explained that at this time they estimate the work to be a high cost project as it involves IT development and changes to their core billing system. The Working Group noted that there were no particular costs given to accompany the response.
- 5.12 One Supplier Party explained that there would be no direct costs associated with DCP 149, however it will create savings in the sense of being able to better utilise the resources that they currently employ.

## **6 PROPOSED LEGAL TEXT**

- 6.1 The proposed legal drafting of DCP 149 has been considered by the Working Group, and reviewed by Wragge & Co, and is attached as Appendix B.

## **7 DCP 149 – WORKING GROUP CONCLUSIONS**

- 7.1 The Working Group members noted that there were split opinions on this CP across the DNOs; however it was agreed by the overall majority of the Working Group that a single approach prescribed within DCP 149 is the optimal solution and meets the intent of the CP.

- 7.2 Therefore, 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 149 and therefore should be issued for Party voting and 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 149:

**General Objective 2<sup>1</sup>** – Better Facilitated. The overall majority of Working Group members agree that DCP 149 will provide a consistent approach from all DNOs which will be to the benefit of all suppliers, better facilitating effective competition. It was also explained that DCP 149 will promote consistency and transparency in the methods faced by Suppliers. For these reasons it was agreed that DCP 149 will better facilitate DCUSA General Objective 2.

## 9 IMPLEMENTATION

- 9.1 DCP 149 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 149 as a member of the Working Group.

## 11 PANEL RECOMMENDATION

- 11.1 The DCUSA Panel approved this Change Report on 15 May 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 149.
- 11.2 The timetable for the progression of the Change Proposals is set out below:

Activity	Date
Change Report issued for voting	17 May 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

Voting closes	7 June 2013
Change Declaration	11 June 2013
Authority Decision	16 July 2013
CP Implemented	1 October 2013

**12 APPENDICES:**

- Appendix A – DCP 149 Change Proposal
- Appendix B – DCP 149 Proposed Legal Drafting
- Appendix C – DCP 149 Consultation Documents
- Appendix D – DCP 149 Supplementary Questions Summary
- Appendix E - DCP 149 Voting Form