

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP149 – Prohibiting HH Invoices Containing Data from 2 Different Clock Time Calendar Months		
Decision:	The Authority ¹ has decided that proposal DCP149 should not be made ²		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	16 July 2013	Implementation Date:	N/A

Background to the modification proposal

Distributors invoice suppliers and generators for the cost of distributing electricity from the point of generation to consumption. Distribution Use of System (DUoS) charges are incorporated into the total electricity bill that the consumer receives from their supplier.

Clock time in Great Britain (GB) is based on Greenwich Mean Time (GMT). Clock time is advanced one hour from GMT to British Summer Time (BST) at 01:00 on the last Sunday in March. Clock time reverts to GMT at 02:00 on the last Sunday in October.

During the summer months, some distributors do not adjust half-hourly (HH) invoices to reflect BST and they continue to invoice suppliers based on GMT. For these distributors, this means that monthly invoices may exclude an hour at the start of the month and contain an hour from the following month (in clock time). The DNOs therefore adopt different approaches to billing suppliers.

The modification proposal

This modification was raised by E.ON ('the proposer') following discussions at a DUoS billing forum³ and it aims to ensure that all distributors adopt a common approach to billing DUoS charges.

The intent of the proposed modification is to ensure that all distributors raise invoices based on clock time (ie that invoices reflect GMT during the winter months and BST during the summer months). The DUoS billing forum assessed the different methods currently used by DNOs and considered that the proposed method is the optimum approach.

The proposer considers that this modification will help ensure that distributors adopt a common approach to calculating and billing DUoS charges. The proposer believes that this will make it easier for suppliers to build validation routines and provide transparency on billing for new entrants.

DCUSA Parties' recommendation

The Change Declaration for DCP149 indicates that DNO⁴, IDNO⁵/OTSO,⁶ Supplier and DG⁷ parties were eligible to vote on DCP149. In each party category where votes were cast (no votes were cast in the DG party category), there was majority (>50%) support for the proposal. In accordance with the weighted vote procedure, the recommendation is that DCP149 is accepted. The outcome of the weighted vote is set out in the table below:

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ Distribution Charging Methodologies Forum (DCMF) Methodology Issues Group (MIG) Billing Supergroup

⁴ Distribution Network Operator

⁵ Independent Distribution Network Operator

⁶ Offshore Transmission System Operators

⁷ Distributed Generation

DCP149	WEIGHTED VOTING (%)							
	DNO		IDNO/OTSO		SUPPLIER		DG ⁸	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	76	24	100	0	100	0	N/A	N/A
IMPLEMENTATION DATE	76	24	100	0	100	0	N/A	N/A

Our decision

We have considered the issues raised by the proposal and the Change Declaration dated 11 June 2013. We have considered and taken into account the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration.

We consider that the change proposal does not demonstrate that implementation of DCP149 will better facilitate the achievement of the DCUSA General Objectives.⁹

Reasons for our decision

DCUSA General Objective 3.1.2 – the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity

The proposer considers that this modification would facilitate DCUSA General Objective 3.1.2. The proposer considers that ensuring that distributors adopt a common approach to calculating and billing suppliers for DUoS charges could facilitate competition by ensuring transparency and consistency for suppliers. This may have proportionately greater benefits for new market entrants and smaller suppliers and therefore help to improve competition.

Currently under DCUSA paragraph 21.2, as soon as reasonably practicable after the end of each charging period, a distributor must submit an invoice specifying the DUoS charges payable for all or part of that charging period. The existing definition of a charging period is, subject to any contrary indication, a reference to the period specified in the Relevant Charging Statement¹⁰ (or, if no period is specified therein, a calendar month). The proposed legal text replaces the term “charging period” in DCUSA paragraph 21.2 with “month”.

One distributor raised concerns, at the voting stage, that replacing the term “charging period” with “month” altered when a distributor may invoice a supplier. This DNO considered that the potential impact of this aspect of the legal text had not been fully assessed by the workgroup.

We consider that the points raised by the distributor are valid. A distributor’s charging period could be a calendar month, but this may not always be the case (eg due to change of supplier or an MPAN being de-energised or disconnected). The Change Report does not explain the rationale for replacing the term “charging period” and we consider that the impact of the proposed legal text has not been fully assessed or demonstrated. The Change Report does not address the cost to the distributors of implementing this aspect of the change proposal and there may be other unforeseen effects. We are therefore

⁸ No votes were cast in this category of Parties

⁹ The DCUSA General Objectives (Applicable DCUSA Objectives) are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence and are also set out in Clause 3.1 of the DCUSA.

¹⁰ The Relevant Charging Statement is defined in DCUSA as the statement prepared by a distributor in relation to charges for use of system for the time being in force pursuant to Condition 14 of its Distribution Licence.

unable to assess whether the costs of implementing this change proposal are outweighed by the potential benefit to competition in the supply market.

Overall, whilst we consider there may be benefits based on the evidence provided, on balance we cannot conclude that this change proposal better facilitates the relevant DCUSA Objectives.

Andrew Burgess

Associate Partner, Transmission and Distribution Policy

Signed on behalf of the Authority and authorised for that purpose