









Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 307:</h1> <h2>Requiring IDNOs to comply with D2021 billing</h2> <p><i>Date Raised: 16/08/2017</i></p> <p><i>Proposer Name: Claire Towler</i></p> <p><i>Proposer Company: SSE Energy Supply Limited</i></p> <p><i>Party Category: Supplier</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<p>Purpose of Change Proposal:</p> <p>Extending compliance with D2021 billing to IDNOs, as it currently is with all other distributors, in order to automate the process and support a more accurate and efficient billing process.</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> • Treated as a Part 2 Matter • Treated as a Standard Change • Proceed to the Change Report phase <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties:</p> <p>Independent Distribution Network Operators, Suppliers</p>	
	<p>Impacted Clauses:</p> <p>21.2(B)</p>	

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8	Implementation	Proposer:
9	Recommendations	Claire Towler
		
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Indicative Timeline		
The Secretariat recommends the following timetable:		
Initial Assessment Report	13 September 2017	
Change Report Approved by Panel	18 October 2017	
Change Report issued for Voting	20 October 2017	
Party Voting Closes	10 November 2017	
Change Declaration Issued to Parties	14 November 2017	

1 Summary

What?

Currently suppliers are billed by DNOs via the D2021 EDI, invoices are sent in bulk and in the same format. This facilitates batch processing, requires minimal manual intervention and using the DTN ensures that this invoice data is kept secure. In our experience IDNOs do not use D2021 - instead invoices are sent to suppliers on a monthly basis in varying forms, either in individual PDFs, by post, or in one large PDF file comprised of multiple invoices. This introduces inconsistencies, an increased risk of manual error, as well as using considerably more time and resource to process these invoices.

Why?

This change will reduce the amount of errors and delays in the manual processing of IDNO billing; this should ensure timely and accurate settlement of IDNO to supplier billing for the benefit of both parties.

While it is understandable that IDNOs have been resistant to implementing use of the D2021 due to the costs entailed, the current climate of significant regulatory changes combined with the uplift in new IDNOs entering the market¹ has resulted in a very different landscape to the one that previous votes have taken place in. The result is the significantly increasing burden of managing manual billing processes. Going forward the number of invoices will only continue to increase, as will the time needed to process them. This change seeks to prevent time and resources being increasingly devoted to work that could very easily be automated and streamlined.

The ongoing uplift in the number of IDNOs is indicative of effective competition in the industry. This should be encouraged through changes that support the industry's overall ability to sustain this work, but rather than being equipped to adapt to this development, the current state of billing continues to impair efficiency; it hinders P300 by counteracting a major principle, which is to reduce impact upon parties as a result of increasing volumes of data.

How?

IDNOs will be obligated to adhere to D2021 billing principles, as detailed in Clause 21.2B.

Currently Clause 21.2B already states that 'the Company' (distributors) will adhere to D2021, but in our experience this has only been put into practice by DNOs, while IDNOs continue to use their own processes. Thus, a fundamental change of the code is not being proposed; instead we propose a clarification to enhance compliance with the code. This change would extend this clause to make it clear that IDNOs are included in this obligation and must follow the same billing practice as DNOs.

2 Governance

Justification for Part 1 and Part 2 Matter

This proposal will make it necessary for all parties to use the same billing process. The inconsistency that currently exists facilitates discrimination between parties – some have been able to opt-out of adhering to a commonly used process. This proposal will create a uniform approach and therefore does not correspond to any of the criteria of Part 1 matters.

Requested Next Steps

This Change Proposal should:

- Be treated as a Part 2 Matter
- Be treated as a Standard Change
- Proceed to Change Report

This change is not considered to require a working group as the proposition already sits within the DCUSA agreement. This therefore does not need to be approached as a new change, but a measure to ensure that parties are in compliance with an existing process.

¹ As of March 2017 out of 11 operating IDNOs, at least 3 of these licenses had been granted in the last 2 years.

3 Why Change?

Part B: Code Specific Details

The need for this change has arisen as a result of significant industry changes affecting billing. We believe suppliers and distributors are aware of the increased number of MPAN's being billed. As IDNOs invoice manually, the surge in workload has been significant, given the time that it takes to process one invoice manually as compared to automatically. Processing the increased volumes places unnecessary demands upon resources, but this could be resolved by ensuring that all DCUSA parties invoice in a standardised way that allows for bulk processing. It is a sentiment that mirrors and supports that of BSC modification P300, which aims to aggregate billing to cope with increased HH data. This will reduce costs and resources used overall.

This change seeks to extend improvements to the IDNO billing process initiated by previous, similar DCUSA change proposals – these have been included in Section 5.

The benefits of this change extend to suppliers as well as independent distributors. Reduced errors and streamlined billing should ensure that independent distributors receive payment of invoices on time. Small suppliers may also be better protected as they will be able to arrange payment of invoices on time, reducing any overdue debts.

Lastly, this change comes at a time when the entire industry is undergoing substantial changes that offer benefits for all parties, but their success risks being undermined if the systems that these depend upon are not updated. The future of Half Hourly settlement could provide real advantages but one impact of this is continued increases in data volume, and at a time of significant change it is prudent to future proof and streamline where possible to mitigate future risks.

4 Solution and Legal Text

Legal Text

21.2B Where the Company submits, ~~and the User agrees to receive,~~ accounts ~~to the User~~ by sending an electronic invoice it shall use an electronic invoice for all of that User's accounts (including revised accounts and credit-notes). For the avoidance of doubt, where this Clause 21.2B applies, Clause 59.4 shall apply to the sending of accounts during any period in which the Data Transfer Network is unavailable.

21.2X All electronic billing raised by Distributors to the User shall use the D2021 flow. This shall apply to both DNOs and IDNOs.

Explanatory Note:

The text of section 21.2 of the DCUSA currently ensures that all accounts submitted to suppliers (the User) are submitted as electronic invoices, and the text of section 21.6 defines electronic invoices as “an account providing the data items set out in data flow D2021 (as amended from time to time) sent using the Data Transfer Network”. These together confirm that the format of the invoices should be in keeping with D2021, but do not specify which parties this applies to. The proposed addition to the legal text is written in a way that is designed to clarify that this standard applies to all distributors, DNOs and IDNOs alike.

The proposed amendment to 21.2B redlines a portion of the text that leaves an element of optionality for parties – the intention of this is to address the primary issue of this proposal, which is a lack of adherence to code procedure by parties. In addition, a typing error present in this section has been redlined for the purposes of housekeeping.

5 Code Specific Matters

Reference Documents

Associated DCUSA change proposals:

DCP 142 – Using D2021 for all invoices/credit notes if it is used at all

DCP 262 – Schedule 19 Credit/Re-Invoice for HH Specific Data

6 Relevant Objectives

DCUSA Charging Objectives	Identified impact
<input type="checkbox"/> 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	None
<input type="checkbox"/> 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
<input type="checkbox"/> 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	None
<input type="checkbox"/> 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	None
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<input type="checkbox"/> 6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

DCUSA General Objectives	Identified impact
<input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input checked="" type="checkbox"/> 2 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	Positive
<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<p>This change facilitates objectives 2 and 4 by introducing uniform billing rules applicable to all distributors. This ensures that suppliers will use the same processes and procedures for both IDNOs and DNOs, which will help to create equitable interactions as well as efficiency for distributors in their dealings with suppliers. As the whole industry is adjusting to significant change at present, adaptation is key. This is one of numerous alterations proposed to better prepare parties for the future in an effort to create consistency and efficiency.</p>	

7 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

N/A

Does this Change Proposal Impact Other Codes?

- BSC ☐
- CUSC ☐
- Grid Code ☐
- MRA ☐
- SEC ☐
- Other ☐
- None ☒

Consideration of Wider Industry Impacts

N/A

Confidentiality

N/A

8 Implementation

DNOs should not be affected by this change as they already send D2021 in accordance with DCUSA. It is likely that all IDNOs will need to introduce a new process in order to comply with this change. The proposed implementation date has been chosen to provide around 12 months lead time for delivery.

Proposed Implementation Date

November 2018 DCUSA release

9 Recommendations

Part C: Guidance Notes for Completing the Form

Ref	Section	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	Governance	<p>A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.</p> <p>Part 1 Matter</p> <p>A change Proposal is considered a Part 1 Matter if it satisfies one or more of the following criteria:</p> <p>a) it is likely to have a significant impact on the interests of electricity consumers;</p> <p>b) it is likely to have a significant impact on competition in one or more of:</p> <ul style="list-style-type: none"> i. the generation of electricity; ii. the distribution of electricity; iii. the supply of electricity; and iv. any commercial activities connected with the generation, distribution or supply of electricity; <p>c) it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties);</p> <ul style="list-style-type: none"> i. it is directly related to the safety or security of the Distribution Network; and ii. it concerns the governance or the change control

		<p>arrangements applying to the DCUSA; and</p> <p>iii. it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A.</p> <p>Part 2 Matter</p> <p>A CP is considered a Part 2 Matter if it is proposing to change any actual or potential provisions of the DCUSA which does not satisfy one or more of the criteria set out above.</p>
3	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
4	Proposed Solution and Draft Legal Text	<p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.</p> <p>The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>
5	Proposed Implementation Date	<p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes into consideration the minimum notice periods for publishing tariffs. These are:</p> <ul style="list-style-type: none"> • 15 months, for DNOs acting within their Distribution Services Areas; or • 14 months, for IDNOs and DNOs acting outside their Distribution Services Area. <p>Please select an implementation date that provides sufficient time for the Change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected in future tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p>
6	Impacts & Other Considerations	Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.

7	Environmental Impact	Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance .
8	Confidentiality	Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem
9	DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
10	Detailed Rationale for DCUSA Objectives	Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
11	DCUSA Charging Objectives	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.
12	Defining 'Material' for Charging Methodology Changes	In respect of proposals to vary one or more of the Charging Methodologies, such proposals shall be deemed to be "material" if they might reasonably be expected to have a significant impact on the tariffs calculated under one or more of the methodologies.