

DCUSA DCP 078 Consultation Responses – Collated Comments

	Question One	Do you understand the intent of the CP?	Working Group comments.
1	British Gas	Yes	Noted
2	CE Electric	Yes. This CP is to introduce arrangements between Distribution Network Operators and Suppliers whereby money is owed due to an overall credit balance position.	Noted
3	Central Networks	Yes	Noted
4	E ON UK	Yes	Noted
5	ESP Electricity	Yes	Noted
6	Independent Power Networks	Yes	Noted
7	Npower	Yes	Noted
8	SmartestEnergy	Yes	Noted
9	SP Distribution/SP Manweb	Yes	Noted
10	SSE Energy Supply Limited	The intent of the CP is understood	Noted
11	SSE Power Distribution	Yes	Noted
12	The Electricity Networks Co	Yes	Noted

13	UK Power Networks	Yes	Noted
14	Western Power	Yes	Noted
	Question Two	Are you supportive of the principles established by this proposal?	
15	British Gas	Yes it would appear to be fair and equitable that reciprocal payment arrangements are put in place	Noted
16	CE Electric	As long as the netting off arrangements already in place between Suppliers and Distribution Network Operators is not affected then we are supportive of the principles of the proposal. This CP should only apply whereby a Supplier is continuously billed overall credit invoice(s) each month that cannot be netted off against overall debit invoice(s). This intends to limit the volume of unnecessary transactions between Suppliers and Distribution Network Operators each month.	<p>Agreed with the comment and noted that the drafting will address their concerns.</p> <p>The Group agreed to ensure that the Change Report Highlights this.</p>
17	Central Networks	Yes	Noted
18	E ON UK	Yes	Noted
19	ESP Electricity	Yes	Noted
29	Independent Power Networks	Yes	Noted
21	Npower	Yes	Noted
22	SmartestEnergy	Yes	Noted
23	SP Distribution/SP Manweb	No. We believe current arrangements are fit for purpose and, furthermore, we are not aware of there	The Working Group agreed that there is a recognised need for a new process to

		<p>being any specific issue (past or present) within the industry which would drive the need for this CP.</p> <p><u>Settlement Class</u></p> <p>Corrections to data (+ or -) by subsequent reconciliation runs are billed along with initial settlement flows of future periods and netted off within (and interest calculated) a monthly invoice. Credit invoices for Supplier corrections do not occur.</p> <p><u>Site Specific</u></p> <p>Individual HH MPAN bills are issued within a monthly run, almost entirely by EDI means. If supplier initial readings change, amendments are made generally via a separate run with significant changes issued immediately. Payments for all HH are made on a single settlement consolidated basis, inclusive of debits and credits.</p> <p>The above arrangements ensure debits and credits are settled within the same timescales. Suppliers therefore always have the opportunity to receive monies due at the same time as settling their charges.</p>	be put in place.
24	SSE Energy Supply Limited	<p>Whilst we appreciate the position and the intent of the CP raiser. After reviewing the text in its current form we do not feel that we can support the principles established in this proposal. In practice the management / costs of facilitating the changes of this CP would outweigh any benefits for us as Supplier.</p>	<p>The Working Group did not see any depth to the content of the comment and agreed that they can not see the CP having an impact and that it will benefit to the industry.</p>

		All of our responses are based on this view.	
25	SSE Power Distribution	We accept that the basic principles behind this proposal are reasonable but have significant concerns with regard to the practicality of implementation. On balance, we do not support the Change Proposal.	Noted
26	The Electricity Networks Co	Yes	Noted
27	UK Power Networks	Yes	Noted
28	Western Power	Yes – As long as DNO's and Suppliers can continue to make bi-lateral agreements to net off debit and credit invoices.	See response to question 16.
	Question Three	Are there any unintended consequences of this proposal?	
29	British Gas	Have not identified any	Noted
30	CE Electric	No	Noted
31	Central Networks	We are not aware of any	Noted
32	E ON UK	Not that we are aware of.	Noted
33	ESP Electricity	Not that we can foresee.	Noted
34	Independent Power Networks	None identified	Noted
35	The Electricity Networks Co	Not that we can foresee.	Noted

36	Npower	Yes	Need clarification from Npower as to their response.
37	SmartestEnergy	Not that we can think of	Noted
38	SP Distribution/SP Manweb	We are concerned this CP gives Suppliers the opportunity (for Site Specific billing) to pay all debits values, leaving the DNO with the responsibility to refund remaining credit values. The DNO would therefore be refunding these credit values without certainty that the Supplier validation procedure has been completed or that the Supplier is expecting and can identify the refund.	This scenario shouldn't occur because you can do netting-off agreements which is covered in this CP.
39	SSE Energy Supply Limited	<p>* Increase in management and control required to validate, process and monitor payments / receipts.</p> <p>*Shortening of supplier validation timeframe in order to leave time to notify distributors of disputed invoices and to arrange payment of agreed invoices to Supplier if in a 'net positive position'</p> <p>*Could lead to 'splitting out' of Payment Invoices against Credit Invoices in order to manage payments. This would have a negative effect on cash flow.</p> <p>*Could affect processing/claiming of credit notes against agreed disputed invoices.</p>	Should add something to legal drafting saying that netting off is possible when Parties agree. This would address all problems.
40	SSE Power Distribution	We believe that significant changes would have to be made to systems and processes to satisfactorily implement this proposal. These would inevitably have resource and cost implications, which we do not	They are saying that netting off doesn't happen; when under this CP it does.

		believe the scale of the issue would justify.	
41	UK Power Networks	No	Noted
42	Western Power	None that we are aware of.	Noted
	Question Four	Do you consider that the proposal better facilitates the DCUSA objectives? Please provide supporting comments	
43	British Gas	We agree that DCUSA objective 2 would be better facilitated by providing certainty and transparency of the process and ensuring that fair and equitable payment terms are applied consistently across the market.	Noted
44	CE Electric	This proposal facilitates objective 2 to ensure that there is equality in payment arrangements for both Distribution Network Operators and Suppliers.	Noted
45	Central Networks	Yes. The proposal better facilitates objective 2 by ensuring that parties representing generators receive the payments they are due under the CDCM.	Noted
46	E ON UK	We agree with the proposer that the Change Proposal will better facilitate General DCUSA Objective 2 by providing certainty and transparency of process and ensuring that fair and equitable payment terms are in place for all parties	Noted
47	ESP Electricity	ESPE believe Objective 2 is better facilitated in allowing reciprocal payments to Users for generation-dominated areas. ESPE believe Objective 3 is also better facilitated in	Noted that Objective 2 is better facilitated.

		allowing a mechanism for the DNO/IDNO Parties to comply with their respective SLC13 and 14 (UoS Methodology and Charging Statements) requirements	
48	Independent Power Networks	<p>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</p> <p><i>In so much as this proposal would act as an “enabler” for suppliers to pass on monies to generators in a timely manner, thus ensuring that generators are not placed at a disadvantage by receiving late payment.</i></p> <p>4) The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it</p> <p><i>In so much as the proposal clarifies current ambiguity by introducing clarity on the obligations for distributors to make payment to users.</i></p>	<p>Noted.</p> <p>Agreed more efficient with netting off.</p>
49	Npower	<p>YES</p> <p>1) The DCUSA should be consistent with the tariffs i.e. allow payments to suppliers.</p>	Noted objective 2.

		2) It is in the interests of effective competition that all suppliers should be treated by Distributors according to the same rules.	
50	SmartestEnergy	<p>We believe the proposal meets all of the objectives.</p> <p>We believe that reciprocity is required in the DCUSA and clarifying the rules will align with CDCM/EDCM and assist competition by reassuring generators that payments will be made. Formalising the payments would allow the ability to challenge any non-payment under the DCUSA.</p>	Noted
51	SP Distribution/SP Manweb	We are concerned that the implementation of this CP could introduce unnecessary administrative burdens on DCUSA parties and do not therefore believe the DCUSA objectives to be better facilitated.	Noted
52	SSE Energy Supply Limited	<p>1. No – we believe that this would have a negative impact, co-ordination would be more difficult and it would not be economic.</p> <p>2. Possibly if this CP is developed further. See response to Alternative Solutions.</p>	noted
53	SSE Power Distribution	We do not believe that the proposal clearly facilitates any of the DCUSA objectives better than the current arrangements.	Noted
54	The Electricity Networks Co	Yes. We agree with the proposer in that it will provide certainty and transparency of the process and ensure that fair and equitable payment terms are in place for all parties.	Noted objective 2.

55	UK Power Networks	2. Creates transparency under which suppliers can understand the commercial arrangements they face.	Noted.
56	Western Power	<p>Yes the proposal better facilitates the DCUSA objectives</p> <p>By allowing :-</p> <ol style="list-style-type: none"> 1) 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 2) The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it 	Noted.
	Question Five	Do you have any comments on the proposed legal text?	
57	CE Electric	Within 21.3 the obligation to pay should only be valid as long as there is an overall credit balance position against the Suppliers account, which cannot be cleared using other debit invoices.	Needs to specify.
58	SmartestEnergy	It appears to us to meet the intent of the Change Proposal	Noted
59	SP Distribution/SP Manweb	We do not believe the proposed text delivers the intended backstop approach; rather we consider it defines the reciprocal payment arrangement as becoming the normal practice.	Because it doest have netting.
60	SSE Energy Supply	We are comfortable with the proposed legal text for	Agreed to amend legal drafting.

	Limited	<p>the intent of this CP, however we do not agree with the intent as it stands. Please see response to alternative solutions.</p> <p>Clause 23. Payment Default is not defined enough. The terms 'party' or 'other party' should specifically state the party it is intending, i.e. the 'non defaulting party' or the 'defaulting party'</p>	
61	SSE Power Distribution	<p>The Material Breach provisions do not work on a reciprocal basis.</p> <p>Schedule 4 also seems to require attention to clearly work with reciprocal principles.</p>	Can't work on reciprocal basis. Agreed to update 23.4 of legal drafting.
	Question Six	Are there any alternative solutions that should be considered?	
62	British Gas	We have not identified any	Noted
63	CE Electric	No	Noted
64	Central Networks	No	Noted
65	E ON UK	No	Noted
66	ESP Electricity	None that we are aware of.	Noted
67	Independent Power Networks	None identified	Noted
68	Npower	No	Noted
69	SmartestEnergy	No	Noted
70	SP Distribution/SP	We consider the current arrangements to be fit for	Noted

	Manweb	purpose and do not therefore see a need for change.	
71	SSE Energy Supply Limited	The DCUSA should be amended to allow the flexibility based upon existing arrangements, but allowing bilateral agreements between suppliers and distributors affected by this issue.	Covered off. Will address under updated.
72	SSE Power Distribution	Bilateral working arrangements can be agreed between parties to overcome any issues which may arise with respect to (relatively rare) UoS credit balances. Mandatory measures may lead to disproportionate system and process changes for DNOs relative to the magnitude of the issue.	Will be covered of in updated drafting.
73	The Electricity Networks Co	No	Noted
74	UK Power Networks	No	Noted
75	Western Power	No	Noted
	Question Seven	Are you supportive of the proposed implementation date of 01 April 2011?	
76	British Gas	Yes	Noted
77	CE Electric	Yes	Noted
78	Central Networks	Yes	Noted
79	E ON UK	Yes	Noted
80	ESP Electricity	Yes	Noted
81	Independent Power Networks	We are neutral on this implementation date.	Noted

82	The Electricity Networks Co	Yes	Noted
83	Npower	Yes	Noted
84	SmartestEnergy	Yes	Noted
85	SP Distribution/SP Manweb	Should this CP be approved we believe significant process and system changes would be necessary. The full impact and costs and timescales of these would need to be reviewed. We do not believe the timetable to be achievable.	Noted
86	SSE Energy Supply Limited	No – not as drafted	Noted
87	SSE Power Distribution	No – we do not support implementation. In any event, this is not a practical timescale to allow DNOs to make changes to systems and processes.	Noted
88	UK Power Networks	Yes	Noted
89	Western Power	Yes	Noted
	Question Eight	Please state any other comments or views on the Change Proposal.	
90	Electricity North West	I would like to submit for the record that we at ENWL are in agreement to the word amendments and believe that this revised wording makes the DCUSA rules fair and equitable to both parties when requesting and implementing payment arrangements.	Noted
91	E ON UK	The working group may wish to consider the consequences of a material breach by a Distributor	Considered by the Working Group.

		party. At present the DCUSA is clear as to the consequences for a Supplier Party, but the proposed legal text is silent on the consequences for a Distributor. The Working group may also wish to consider the consequences of a Distributor not having to provide credit cover.	
92	The Electricity Networks Co	Where the supplier has demand sites and generation sites there should be a facility to net off any generation credits against any demand charges in terms of invoicing.	Covered off under update.
93	Npower	Does consideration need to be given to 'Payment Default' should the DNO be the defaulting party?	Covered off under update.
94	SP Distribution/SP Manweb	As we have stated, we have no awareness of the issue driving this CP. We believe it would be appropriate for the Working Group to provide evidence of the scale of the perceived issue faced by Suppliers, i.e. volumes and values of instances where the existing arrangements for netting off have broken down.	Evidence of perceived issues faced by Suppliers. This is commercially sensitive. Need for Colin to review this comment and see what he thinks.