



DCUSA Change Report

DCP 111 - E-BILLING FOR SITE SPECIFIC BILLS

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 111 – E-Billing for Site Specific Bills.
- 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 amendments (Appendix B) and submit their votes using the form attached as Appendix D to dcusa@electralink.co.uk no later than 20 June 2012.

2 BACKGROUND

- 2.1 Within the DCUSA, section 2A, Clause 21 sets out the process for Parties to follow for site specific billing and payments. Companies shall submit to the User an account specifying the Use of System Charges payable by or to the User for the whole or any part of that charging period, as soon as is reasonably practicable after the end of each charging period. Users are required to pay all sums due within 14 days of the date of an account submitted by the Company.
- 2.2 There are currently three mechanisms used for issuing invoices:
 - Electronic Billing using the DUoS E-Billing D2021 / D2026 data flows on the Data Transfer Network provided by ElectraLink Ltd;
 - Email Billing (Emailing a bill); and
 - Paper Billing (Posting a bill).
- 2.3 DCP 111 has been raised by Electricity North West Limited (ENWL) and seeks to mandate the use of electronic billing using the D2021 flow for all site specific bills. This would remove the ability for Parties to issue bills by email or paper means.
- 2.4 The proposer considers that approximately 95% of site-specific bills are issued electronically using the D2021 flow on the ElectraLink DUoS E-Billing system, but that there are a small number of Half Hourly (HH) sites that continue to use paper billing. ENWL considers that the requirement to maintain two separate systems and processes has both cost and resource

implications, and the costs incurred due to paper billing are disproportionate to the small number of sites which utilise this type of billing.

- 2.5 The proposer also considers that paper billing requires significantly more manual processing for DNOs and Suppliers, as they are more likely to be subject to changes to Parties' contact details and late payments (resulting from errors, failure to deliver, late receipt etc). ENWL has a follow-up procedure on the payment due date which results in additional costs being incurred by the company. The proposer considers that these have a direct impact on DNOs' income stream and cause difficulty in managing cash flow.
- 2.6 The proposer considers that E-Billing using the D2021 data flow provides a much more efficient and effective solution than the non-electronic methods in place. The system provides an auto-confirmation that the flow has been sent and also that it has been successfully delivered to the Party/Customer. The flow is delivered to a generic mailbox mitigating the risk of changes to staff / contact details. The format is fixed, meaning that it can easily be checked and processed by the recipient. Prompt delivery of the invoice (i.e. on the date it is raised) provides Suppliers with the maximum number of days available to validate and send a remittance.
- 2.7 DCP 111 therefore seeks to mandate the use of the D2021 for site-specific bills. The CP specifically excludes a requirement to send the remittance advice on the D2026 flow, to allow flexibility to the recipient. However, once participants have signed up to use the DUoS E-Billing service, their gateways can be configured to send the D2026 as standard practice.

3 DCP 111 – WORKING GROUP CONSIDERATIONS

- 3.1 The Working Group comprised of Supplier, DNO and IDNO Parties. Meetings are held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 3.2 All Working Group members are supportive of the general principle of DCP 111. Distributor members confirmed that they experience the same issues as those identified by Proposer and the CP would let them mitigate risks and provide certainty in respect of their bills.
- 3.3 Supplier members consider that the implementation of DCP 111 would remove the need to input the paper bills manually into their systems which results in additional workload and increased risk of manual input errors.

Suppliers also indicated that paper bills often have rounding errors which have to be queried delaying the remittance advice; whereas the D2021 format allows multiple decimal places and all invoices are verified automatically.

- 3.4 Paper invoices have to be picked out separately by Suppliers and processed as soon as they arrive to allow extra time to check for such errors given the time it can take to rectify them. Suppliers are also impacted by the costs associated with the maintenance of two separate processes.
- 3.5 IDNOs have indicated that by mandating the use of E- Billing there will be associated costs on billing systems and they have indicated that they would not be supportive of DCP 111.
- 3.6 The Working Group has determined that Portfolio Billing and NHH Billing are excluded from the scope of the Change Proposal.

4 DCP 111 – CONSULTATION

- 4.1 The Working Group reviewed each of the 17 responses received to the consultation and concluded that all of the respondents understood the intent of DCP 111.
- 4.2 The Working Group agreed that the majority of Supplier and DNO respondents were supportive of the principle of the CP. IDNOs indicated that they do not wish to be mandated by the CP and were not supportive of its principles in the consultation responses. Some Suppliers indicated that they would only support the CP if all Parties, including IDNOs were obligated to abide by the principles of the change.
- 4.3 The majority of consultation respondents agreed with the Working Group that DCUSA Objective 4 is better facilitated by the CP. The following table outlined the respondents' views on which Objectives are facilitated by the CP:

	General Objective
Objective #1	1
Objective #2	2
Objective #3	5
Objective #4	9
Objective #5	0

- 4.4 One respondent noted that it was potentially detrimental to Objective 2¹, as it does not facilitate effective competition. It was explained that the costs of implementing changes to their billing system will place them at a disadvantage as the costs cannot be passed on to their customers due to regulated price controls. A second respondent considered that the CP does not facilitate any of the DCUSA Objectives.
- 4.5 A number of respondents indicated that they would be financially impacted by the CP; as well as concerns relating to the potential impacts on IDNOs. Some Suppliers would only support the CP if IDNOs were mandated to comply with the CP. However, IDNOs have indicated that if this CP were implemented, it would result in system changes where the costs, in their view, cannot be justified. Due to the low number of MPANs they have registered they manually add DUoS invoice totals to their billing system. By mandating the use of E-Billing each IDNO would have additional costs in signing up to the E-Billing Service (approx £1250) as well as the costs associated with billing system development (£25-35K).
- 4.6 One respondent noted that the D2021 flow is in need of review and the Working Group agreed that the E-Billing User Group would be best placed to review this flow. The group agreed that any changes to this flow are outside the scope of this CP.
- 4.7 There were mixed views from Parties in relation to the implementation date of the CP noting that it could potentially need a 9-12 month lead time to allow for system changes.
- 4.8 Respondents also noted that DCP 103 - DUoS Charges for sub 100kw HH settled sites - could result in a potential increase in the number of site specific bills; therefore increasing the total number of [paper] bills significantly. However as DCP 103 is still in the development stage the Working Group concluded that it should not hold up the progression of DCP 111.

5 DCP 111 REQUEST FOR INFORMATION (RFI)

- 5.1 The Working Group agreed to issue a Request for Information (RFI), to all DCUSA Parties seeking further views on the proposed solution. The Working

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.

Group reviewed each of the responses received to the RFI.

Please indicate which threshold for a Company's portfolio of Energised HH sites is preferred: 250, 500 or 1,000 MPANs and provide supporting comments.

- 5.2 The Working Group agreed to add a Clause to the legal drafting stating that when the Company's portfolio of sites reaching a volume of 250/500 or 1,000, then they would be obligated to use E-Billing. A number of Suppliers indicated in the RFI that they would support the lower of the thresholds outlined within the document. IDNOs indicated that whatever threshold is agreed there will be associated costs with the implementation of the CP and would therefore not support the CP.

Is the mandated date of using E-Billing on 01 April 2014 achievable? Please provide supporting comments.

- 5.3 The majority of respondents agreed that the mandated date for Parties to use E-Billing, of 01 April 2014 would be achievable. However, some respondents noted concern in relation to the impact of mandating the use of E-Billing will have on their billing systems and resulting costs.

Any other comments.

- 5.4 One respondent noted that the Working Group should take into account the impact on the thresholds or implementation date following the development of a number of DCUSA and BSC changes. The Working Group noted that the development of these changes may help or hinder the CP, however each change is still at its initial stages of review, solutions have not been developed and the implementation dates had not been agreed yet.

- 5.5 A summary of the collated consultation and RFI responses and Working Group comments to these responses is attached as Appendix C.

6 DCP 111 – WORKING GROUP CONCLUSIONS

- 6.1 The Working Group concluded that the majority of respondents to the consultation and RFI understood the intent of DCP 111 and were supportive of its principles.
- 6.2 Some suppliers have noted that they would withdraw their support, should the CP not be mandated for the IDNOs.

6.3 The Working Group concluded that the CP will provide the following benefits:

- Enhanced security via secure transmission of half hourly invoices direct to parties;
- Reduction in manually intensive validation process as invoices would be validated automatically, reduction in transcription errors and data input as this will no longer be manual input. Reduction in disputes as no manual inputs;
- Potential reduction in disputed invoices and enhancing cash flow;
- Cost reduction from less invoice paper and printer toner;
- Reduction in 'carbon footprint' by becoming more environmentally friendly;
- Reduction in timescales from production to receipt of e –billing. More time to validate the invoice; and
- Will reduce the risk on all parties in the production of incorrect invoices, issues with delivery and assist with the validation process.

6.4 The Working Group concluded that there is an option for Parties to use the D2021 flow and configure it on a Party's DTN Gateway; it can use the D flow Master tool within the DTS to populate an instance of that flow. For example, if an IDNO's billing system produces paper copies of HH bills, it could manually input those into a D2021 flow format using D flow Master. The group concluded that there would still be an administration cost to use this option, but it would be a solution for IDNOs to be compliant with the CP following 01 April 2014 without the cost of having to amend their billing systems.

7 PROPOSED LEGAL TEXT

7.1 The draft legal text has been reviewed by Wragge & Co and is attached as Appendix B.

7.2 The DCP 111 legal drafting updates Clause 21 of the DCUSA. The drafting will add a new clause, that states from the earlier of the first date on which the number of the Company's Metering Points and/or Metering Systems that equals or exceeds 250; or 1 April 2014,

7.3 The drafting will also state that all accounts submitted pursuant of this clause shall be sent using an electronic invoice. "Electronic invoice", in this

clause will mean an account providing the data items set out in data flow D2021 (as amended from time to time) sent using the Data Transfer Network.

7.4

8 EVALUATION AGAINST THE DCUSA OBJECTIVES

8.1 The Working Group considers that the following DCUSA Objectives are better facilitated by DCP 111:

- Objective 1² – Better Facilitated. The Working Group concluded that the CP will reduce the possibility of payment errors and reduce reconciliations and disputes with DNOs and IDNOs.
- Objective 2³ – Better Facilitated. The CP will facilitate competition as it will ensure that all Parties are on a level playing field, by all being able to send and receive electronic bills.
- Objective 3⁴ – Better Facilitated. As billing processes are based on a common approach to sending HH invoices to Suppliers. This change potentially increases efficiency of discharge of license obligations. By removing paper billing it will improve the efficiency of invoice transactions.
- Objective 4⁵ – No Impact. The Working Group concluded that this Objective relates to the administration of the DCUSA and not the operation between parties; and therefore is not facilitated by the CP and therefore is not impacted by the CP.
- Objective 5⁶ – No Impact.

² The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System

³ 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

⁴ The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.

⁵ The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.

⁶ 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.

9 IMPLEMENTATION

9.1 Subject to Party approval, DCP 111 will be implemented on 28 June 2012.

10 PANEL RECOMMENDATION

10.1 The DCUSA Panel approved the DCP 111 Change Report by ex committee on the 01 June 2012.

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

Activity	Date
Change Report issued for voting	01 June 2012
Voting closes	20 June 2012
Change Declaration	22 June 2012
CP Implemented	28 June 2012

11 APPENDICES:

- Appendix A – DCP 111 Change Proposal
- Appendix B - Proposed Legal Drafting
- Appendix C – DCP 111 Consultation and RFI Documents
- Appendix D - DCP 111 Voting Form