

## DCUSA Change Proposal Form

This form should be used by DCUSA Parties who wish raise a draft or formal Change Proposal and for DCUSA members and other interested parties to return their comments on DCUSA Change Proposals which have been circulated for consultation.

Originators - please complete Section A of this form and submit to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk).

Respondents – please complete Section B of this form and return it to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) your response should include your assessment of the solution and comments on the Change Proposal drafting. If you reject the solution then please supply your reason for rejection and an alternative solution. Even if you reject a solution your responses should state whether the proposed implementation date is acceptable to your organisation. If it is not acceptable, please indicate the reasons why and an alternative date.

SECTION A: To be completed by originator

Document Control	
CP Status	Standard / <del>Urgent</del>
Date Submitted	12-6-08
CP Number*	DCP 027
Version Number	1.0
CP Ref*	06/08
Attachments	none

\* Assigned by DCUSA Secretariat

Originator Details	
Party Name	EDF Energy Networks (EPN) plc
Originator Name	Peter Waymont
Party Category	Distributor / <del>Supplier</del> / IDNO / DG
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Change Proposal Details	
CP Title	Invoicing
DCUSA Parties believed to be impacted	Distributor / Supplier / IDNO / <del>DG</del>
Proposal to Change	Part 1 / <del>Part 2</del> / Other

	Schedule /Clauses: 8.9 – 8.12
Summary of Change	To change the way that DUCSA describes the way that DCUSA's invoices are raised.
Related CPs	<i>Please indicate if this CP is related to or impacts any other CP already in the DCUSA or other industry Change Process</i> none

### Proposed Solution

*Changed drafting:*

#### Share of **Actual** Costs

8.9 The amount (a **Cost Contribution**) that each Party shall be obliged to ~~pay bear~~ towards the Recoverable Costs ~~provided for in an Approved Budget~~, in respect of each Quarter occurring during ~~the each~~ Financial Year ~~to which that Approved Budget relates~~, shall:

8.9.1 in the case of each DG Party, in its capacity as such, be zero; and

8.9.2 in the case of each other Party, be calculated as follows:

$$CC = 50\% \times \frac{N}{TN} \times AB$$

where:

CC is the relevant Party's Cost Contribution in respect of that Quarter;

N is, in respect of a DNO Party or an IDNO Party, the aggregate number of Metering Points which each such Party has on its MPAS Registration System; and, in respect of a Supplier Party, the aggregate number of Metering Points against which that Party is registered across all of the MPAS Registration Systems (based, in each case, on the average figure for the three months comprising that Quarter and provided under clause 27.6 of the MRA);

TN is, in respect of each Party and that Quarter, the aggregate number of Metering Points across all of the MPAS Registration Systems (based on the average aggregate figure for the three months comprising that Quarter and provided under clause 27.6 of the MRA); and

AB is the total amount of the Recoverable Costs ~~provided for in an Approved Budget and~~ incurred ~~or accounted for~~ in that Quarter.

**Recovery of Budgeted Costs**

- 8.10 The Panel shall, in respect of each Party and ~~in advance~~ as soon as reasonably practicable after the start of each Quarter:
  - 8.10.1 calculate the Panel's best estimate of that Party's Cost Contribution (together with VAT thereon, if applicable) ~~in respect of the~~ based on that Quarter's share of the Approved Budget; and
  - 8.10.2 arrange for an invoice or other statement, on such terms as the Panel may from time to time prescribe, for an amount equal to such estimate to be sent to that Party.
- 8.11 Each Party shall, on receipt of an invoice or other statement submitted under Clause 8.10, pay the amount requested of it in accordance with (and within the time period prescribed by) the terms referred to in Clause 8.10.

**Reconciliation Of Costs**

- 8.12 Within 40 Working Days following the end of each Financial Year, the Panel shall calculate each Party's actual Cost Contribution in respect of each Quarter of that Financial Year, in accordance with Clause 8.9, and shall reconcile the actual amounts against the amounts paid or owed by that Party in accordance with Clause 8.11.

**Proposed Implementation Technique**

Phased Implementation / Big Bang

**Proposed Implementation Date**

*Please specify and give a reason if proposed date is outside the release schedule*

February / June / November Release                      Year: 2008

Other:

**DCUSA Objectives**

*Please state which DCUSA Objective(s) will be better facilitated by this CP*

- 4. The promotion of efficiency in the implementation and administration of this Agreement.

### Business Justification Including Market Benefits

The DCUSA steering group in drafting the DCUSA came up with the idea that invoices for a quarter should be raised in advance of the quarter. In practise this makes accounting difficult as the income and costs are out of line by a quarter. This can cause problems with the accounts at year end where the income for the following year has been invoiced in the profit and loss account and will need to be provided for and so the balance sheet does not give a true picture of the state of the company as they carry a large debtor (for the unpaid invoices) and a large creditor (to provide for the income received in advance).

In practise DCUSA Ltd has raised invoices at the start of each quarter.

In addition, there is a degree of incoherence between Clauses 8.9.2 and 8.10 that the auditors have highlighted. This change seeks to clarify that Clause 8.9 is backward looking in terms of the actual costs incurred (and which each Party should bear), whereas Clause 8.10 is forward looking in terms of the budget to be invoiced (and which each Party should pay). Any differences between the two different points of view are taken care of in the year end reconciliation process under Clause 8.12. References to the budget in Clause 8.9 have been removed to aid clarity although it should be noted that under Clause 8.7 any costs should only be approved for payment if they are included in the budget.

Also, the term AB has been expanded to include costs accounted for (as some costs for the year may not yet have been paid) and Clause 8.12 has been expanded to include monies owed (in case some invoices have not been paid at the time of the year end reconciliation)

In summary, this change seeks to add clarity to the DCUSA drafting by better describing the practical and accounting processes that have been adopted to date.

It is unfortunate that this is another change concerned with DCUSA's finances but the number of these has arisen for 2 reasons, firstly some of the DCUSA steering group's original ideas have proven unworkable in practise and secondly, the finances of the organisation are important to those paying them (and who are mostly shareholders).

### Authority Consent

Yes (Part One) / ~~No (Part Two)~~