









DCUSA Consultation		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 August 2017</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<p><b>Purpose of Change Proposal:</b></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>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 307.</p>		
	<p>The Working Group recommends that this Change Proposal should:</p> <ul style="list-style-type: none"> <li>• Proceed to Consultation</li> </ul>	
	<p>Parties are invited to consider the questions set in Section 10 and submit comments using the form attached as Attachment 1 to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by 05 April 2018.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the DCUSA Change Proposal.</p>	
	Impacted Parties: IDNOs, DNOs, Suppliers	
	Impacted Clauses: 21.2B	

Contents		 Any questions?
1. Summary	3	Contact: Joe Underwood
2 Governance	4	 Joseph.Underwood@electralink.co.uk
3 Why Change?	4	
4 Code Specific Matters	5	 0203 3191 851
5 Working Group Assessment	6	
6 Relevant Objectives	8	Proposer: Claire Towler
7 Impacts & Other Considerations	9	 Claire.Towler@sse.co.uk m
8 Implementation	9	
9 Legal Text	10	 01189 534 561
10 Consultation Questions	10	
Timetable		
The timetable for the progression of the Change Proposal (CP) is as follows:		
<b>Change Proposal timetable:</b>		
Activity	Date	
Initial Assessment Report Approved by Panel	13 September 2017	
First Consultation issued to Parties	13 March 2018	
Change Report issued to Panel	13 June 2018	
Change Report issued for Voting	22 June 2018	
Party Voting Ends	13 July 2018	
Change Declaration issued to Authority	17 July 2018	
Authority Decision	14 August 2018	

## 1. Summary

### What?

- 1.1 Currently some Suppliers are billed by DNOs via the D2021, 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 data is kept secure. Some IDNOs do not use D2021 - instead invoices are sent to Suppliers on a monthly basis in varying forms, including D2021 flows, either in individual PDFs, by post, or in one large PDF file comprised of multiple invoices. This introduces inconsistencies for Suppliers, a potential risk of manual error, as well as using more time and resource to process them.

### Why?

- 1.2 This change intends to 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.
- 1.3 While it is understandable that IDNOs have voiced concerns regarding the mandated use of the D2021 flow due to the costs entailed and governance arrangements around the commercial product being offered (as referenced in Section 5), it is the Proposer's view that the current climate of significant regulatory changes combined with the uplift in new IDNOs entering the market 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 it is likely that the number of invoices will increase, as will the time needed to process them. This change seeks to prevent time and resources being increasingly devoted to work that could be automated and streamlined.
- 1.4 The ongoing uplift in the number of IDNOs and increases in the number of Suppliers are 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 for some Suppliers.

### How?

- 1.5 Impacted Parties will be obligated to adhere to D2021 billing principles, as detailed in the legal text within Attachment 2 of this Consultation.
- 1.6 Currently Clause 21.2B already states that 'the Company' (Distributors) will adhere to D2021 principles where the Distributor chooses to send, and the Supplier agrees to receive the D2021. This change will extend this clause to make it clear that all Distributors sending the D2021 and all Suppliers receiving the D2021 must follow the same billing practices.

1. Do you understand the intent of DCP 307?
2. Are you supportive of the principles of DCP 307? If not, why not?
3. For Suppliers: Do you receive and process HH bills via the D2021? If not, please provide your reasonings.
4. For Distributors: What percentage of HH MPANs are billed via D2021, and what percentage are not?
5. For Distributors: How many HH Supplier MPIDs are billed via D2021, and how many are not?
6. For Distributors: Why are some Suppliers not billed via the D2021?

## 2 Governance

### Justification for Part 1 Matter

- 2.1 This proposal will make it necessary for all Parties to use the same billing process. This proposal should be considered a Part 1 matter as it is likely to discriminate in its effect between one Party or Class of Parties and another Party or Class of Parties. The Panel considers the Change Proposal should be progressed as a Part 1 matter.
- 2.2 The Working Group will use the feedback provided as part of this Consultation to further develop the change in readiness for the Change Report stage.

## 3 Why Change?

- 3.1 The need for this change has arisen as a result of significant industry changes affecting DUoS billing. The Proposer believes Suppliers and Distributors are aware of the increased number of site specific MPANs being billed. As not all Distributors use the D2021, there is potential for workload to increase, given the time that it takes to process one invoice manually as compared to automatically. Processing the increased volumes places additional demand upon resources, but this could be resolved by ensuring that all DCUSA Parties follow a standardised billing practice that allows for bulk processing. This may reduce costs and resources used overall.
- 3.2 This change seeks to extend improvements to the billing process initiated by previous, similar DCUSA change proposals – these have been included in Section 5.

- 3.3 The intended benefits of this change extend to Suppliers as well as Distributors. Reduced errors and streamlined billing should ensure that Distributors receive payment of invoices on time. Suppliers may also be better protected as they will be able to streamline bill validation processes and payment.
- 3.4 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 considered.

## 4 Code Specific Matters

### Reference Documents

- 4.1 When drafting DCP 307, the Proposer drew upon past CPs on similar subjects, aiming to ensure that DCP 307 differs sufficiently from the rejected proposals and draws upon the elements within them that garnered support. Key amongst these were DCP 142 'Using D2021 for all invoices/credit notes if it is used at all' and DCP 145 'Mandating compliance with D2021 processes'.
- 4.2 In the case of DCP 145, a respondent stated that they had suggested adding D2026 to the proposal but were told that they would need to raise this as a separate change, which did not satisfy their concern with the solution. Therefore, building on the outcomes of these previous modifications, if consistency and uniformity is to be achieved it might be necessary to include D2026 in considerations to ensure that Parties do not feel they need to reject the change overall owing to an incomplete solution.
- 4.3 Associated DCUSA change proposals:
- **DCP 142 - Using D2021 for all invoices/credit notes if it is used at all:**
    - This proposal was raised as a result of work done by the DCMF MIG Annual Review Billing Supergroup, *"established to determine best practices in DUoS billing and to facilitate moving the Industry towards such practices in order that Distributors adopt a common approach to billing"* (DCP 142 Change report, 2.1<sup>1</sup>). *"The group felt that by having a common approach to billing will make it easier for Suppliers to build validation routines and provides transparency for new entrants"* (DCP 142 Change report, 2.4). The proposal added legal text that instructed, where Parties agree to the

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<sup>1</sup> <https://www.dcusa.co.uk/Documents/DCP%20142%20Change%20Report.zip>

use of electronic invoices, the use of this for all accounts, 'including revised accounts and credit-notes'.

- DCP 307 upholds the principle of a common approach to billing that was sought in DCP 142, but seeks to extend this beyond Parties that already had agreed to use D2021. DCP 142 aimed to remedy a lack of consistency within D2021 billing, whereas DCP 307 seeks to remedy a lack of consistency in the general billing process, by encouraging all Parties to use the same billing method.
- **DCP 145 - Mandating compliance with D2021 processes:**
  - DCP 145<sup>2</sup> intended to ensure that Distributors that use D2021 comply with its business rules, in order to create uniformity and a common approach.
  - The consultation responses for DCP 145 indicated that the workgroup was supportive of the aims and principles of DCP 145 but that the solution itself was not sufficient. Question 1 of the consultation asked respondents if they agreed with the intent – all respondents except for 2 were in support. One rejecting Party gave the reasoning: *“the intent is too narrow and should include the supplier agreement and the D2026 data flow to complete the set. This is a one sided intent and change proposal”*. The other rejecting Party noted that DCP 145 and 148 were running concurrently and that these changes contradicted each other.
  - While DCP 145 sought to ensure compliance with D2021 for those that already used it, DCP 307 differs from this as the intent is to extend and mandate the use of D2021 to all applicable Parties, in light of recent industry changes that have significantly changed the scale of this issue.

## 5 Working Group Assessment

### DCP 307 Working Group Assessment

- 5.1 The DCUSA Panel agreed for DCP 307 to be considered by a Working Group. An open invitation was extended to all DCUSA Parties and to all other interested parties to participate in this Working Group. This invitation remains open for any interested parties.

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<sup>2</sup> <https://www.dcusa.co.uk/Documents/DCP%20145%20Change%20Report.zip>

5.2 The Working Group discussed whether DCP 307 is likely to have an onerous impact on smaller Parties as they may be required to develop systems with the ability to receive these data flows. One Working Group Member suggested that smaller Distributors are equally as impacted as small Suppliers. The Working Group discussed where the cost-benefit to industry was and if there should be a ‘threshold’, e.g. based on the number of invoices, the number of site specific MPANs, value etc.

**7. To what extent, if any, will DCP 307 have an onerous impact on smaller Parties? Please provide rationale.**

**8. What will the cost benefits of DCP 307 be to your organisation? Please provide rationale.**

**9. Do you agree there is a cost-benefit ‘threshold’? If so, how would that threshold be determined? Please provide your rationale.**

5.3 Working Group members agreed that DCP 307 could be burdensome on Parties who currently do not use the D2021 billing process.

**10. What are the potential time and cost implications DCP 307 would have on your organisation? Please provide your rationale.**

5.4 A Working Group Member asked whether mandating the D2021 flows would require DCP 307 to also address D2026 flows. The Chair informed the Working Group of the ElectraLink business rule regarding the D2026 flow:

*Business Rule:*

- 1) *Distribution companies to retain the right to send or receive paper invoices and be paid on existing DCUSA terms.*
- 2) *Suppliers to send D2026 Remittance File by email as necessary; determined by a Supplier’s site (and hence E-Billing Service connections) being subject to a DR scenario.*

The Working Group agreed that any change made addressing the D2021 flow may also need to encompass the D2026 flow.

**11. If you use the D2021, do you also use the D2026? If not, please provide rationale.**

**12. It is the Working Group’s consensus that any change made addressing the D2021 flow should also encompass the D2026 flow. Do you agree? Please provide your rationale.**

- 5.5 The current DUoS (Distribution Use of System) flows supports electricity charging processes, specifically the charging of Suppliers by Distributors for site specific DUoS. There are 2x flows; D2021 is an invoice, D2026 is a remittance (the latter is not always used).

**13. As ElectraLink own the IPR for the D2021 and D2026 flows, do parties believe there could be an issue in introducing compliance with a data flow which is not change managed in open governance? Please provide your rationale**

- 5.6 The DUOS flows are currently offered to users by ElectraLink on the basis of bilateral commercial contracts. ElectraLink have confirmed that there is IPR in the data structure of these flows as embodied in the Electronic Flow Dictionary, which has been established and maintained by ElectraLink to facilitate the operation of these flows on a commercial basis.
- 5.7 A working group member has raised concerns regarding the introduction of an obligation on parties which mandates them to enter into a commercial contract in order to fulfil their obligations.

**14. What is your view if the outcome of this DCP is to oblige Parties to enter into ElectraLink's bilateral contract?**

## 6 Relevant Objectives

### Assessment against the DCUSA Objectives

- 6.1 The Working Group considers that the following DCUSA General Objectives are better facilitated by DCP 307.

Impact of the Change Proposal on the Relevant Objectives:	
Relevant Objective	Identified impact
General Objective Two: 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
General Objective Four: The promotion of efficiency in the implementation and administration of the DCUSA.	Positive

- 6.2 DCP 307 better facilitates DCUSA General Objectives Two and Four by introducing uniform billing rules applicable to all Distributors. This ensures that Suppliers will use the same processes and procedures all Distributors 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.

**15. Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.**

## 7 Impacts & Other Considerations

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

7.1 No, DCP 307 is not related to the SCR or other change proposals in other codes.

### Consumer Impacts

7.2 No impacts.

### Environmental Impacts

7.3 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 307 was implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

### Engagement with the Authority

7.4 Ofgem has been fully engaged throughout the development of DCP 307 as an observer of the Working Group.

**16. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?**

## 8 Implementation

8.1 Some Distributors and some Suppliers may need to introduce new processes in order to comply with this change. The proposed implementation date has been changed since the initial Change Proposal was raised to 6-months following Authority decision.

**17. The proposed implementation date is 6-months following the Authority decision, do you agree with this? If not, why not?**

## 9 Legal Text

- 9.1 The legal text for DCP 307 has been provided as Attachment 2.
- 9.2 The Working Group notes that the text of clause 21.2 of the DCUSA currently ensures that, where Parties have agreed to it, all accounts submitted to Suppliers (the User) are submitted as electronic invoices, and the text of clause 21.5 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”*. The proposed addition to the legal text is written in a way that is designed to clarify that this standard will apply to all Distributors, DNOs and IDNOs alike.
- 9.3 The proposed amendment to 21.2B redlines a portion of the text to remove the element of optionality for Parties. In addition, a typing error present in this clause has been redlined for the purposes of housekeeping.
- 9.4 The addition of 21.2B.2 is the main focus of this change. Depending on the consultation responses regarding D2026, the scope of this proposal could expand to include the D2026; which may result in the solution expanding beyond the original scope of DCP 307.
- 9.5 The redlining to 21.2B intends to remove optionality, as this proposal would mean that Parties are obligated to use D2021.

### 18. Do you have any comments on the legal drafting?

## 10 Consultation Questions

- 10.1 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.
- 10.2 The Working Group is seeking industry views on the following consultation questions:

Question Number	Question
1.	Do you understand the intent of DCP 307?
2.	Are you supportive of the principles of DCP 307? If not, why not?
3.	For Suppliers: Do you receive and process HH bills via the D2021? If not, please provide your reasonings.

4.	For Distributors: What percentage of HH MPANs are billed via D2021, and what percentage are not?
5.	For Distributors: How many HH Supplier MPIDs are billed via D2021, and how many are not?
6.	For Distributors: Why are some Suppliers not billed via the D2021?
7.	To what extent, if any, will DCP 307 have an onerous impact on smaller Parties? Please provide your rationale.
8.	What will the cost benefits of DCP 307 be to your organisation? Please provide rationale.
9.	Do you agree there is a cost-benefit 'threshold'? If so, how would that threshold be determined? Please provide your rationale.
10.	What are the potential time and cost implications DCP 307 would have on your organisation? Please provide your rationale.
11.	If you use the D2021, do you also use the D2026? If not, please provide rationale.
12.	It is the Working Group's consensus that any change made addressing the D2021 flow should also encompass the D2026 flow. Do you agree? Please provide your rationale.
13.	As ElectraLink own the IPR for the D2021 and D2026 flows, do parties believe there could be an issue in introducing compliance with a data flow which is not change managed in open governance? Please provide your rationale.
14.	What is your view if the outcome of this DCP is to oblige Parties to enter into ElectraLink's bilateral contract?
15.	Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.
16.	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
17.	The proposed implementation date is 6-months following the Authority decision, do you agree with this? If not, why not?
18.	Do you have any comments on the legal drafting?

10.3 Responses should be submitted using Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than, 05 April 2018.

### Attachments

- Attachment 1 – DCP 307 Consultation Response Form
- Attachment 2 – DCP 307 Draft Legal Text