



DCUSA CONSULTATION

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

DCP 262 Seeks to include a timeline for a credit/re-invoice from DNOs to LDNOs upon the receipt of updated HH DUoS data.

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a Consultation issued to DNO, IDNO, Suppliers, any other interested Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 262 'Schedule 19 Credit/Re-invoice for HH Specific Data'. Parties are invited to consider the questions set out below and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by **08 March 2016**.

2 BACKGROUND OF DCP 262

- 2.1 DCP 262 was raised by ESP Electricity Limited and seeks to include a timeline for a credit/re-invoice from Distribution Network Operators (DNOs) to Licenced Distribution Network Operators (LDNOs) upon the receipt of updated Half Hourly (HH) DUoS data.
- 2.2 The proposer notes that on a monthly basis and based on the consumption data received, the LDNOs provide a HH Data Report to the DNO Party. Currently, LDNOs provide HH data to the DNOs by the 15th of each month to allow the DNOs to produce invoices/credit notes to LDNOs for Distribution Use of System (DUoS) charges. When the revised HH consumption data is received from the relevant Data Collector (DC), in line with the billing arrangements in Clause 19 (Section 2B) Clause 44 (Section 2B), this can result in the need for a further invoice, or a credit being required from the DNOs to the LDNOs. DCUSA is silent on HH in regard to a defined timeline for receiving a credit/re-invoice once revised data is submitted.
- 2.3 In practice, the DNOs process some data efficiently, but in some cases the LDNOs wait for credit notes or invoices to be raised several months after the submission of the updated data. This causes concern for LDNOs as it can negatively affect cash flows within the

organisation. By including a timeline for this situation in the DCUSA, this will allow it to be managed in a more effective manner.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel established a Working Group to assess DCP 262. The group is comprised of Distributor, Supplier and Ofgem representatives. It is noted that all DCUSA Parties were invited to attend. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 3.2 The Working Group proposes that a defined timeline for DNOs submitting their credit rebill once revised Half Hourly data is received should be added to the DCUSA. The group considered the timeline to be set in the DCUSA and noted that the proposed 14 day timeline may not be appropriate as DNOs do not get their Half Hourly Data until the 15th day of the month and will have to rebill in the following month. It was suggested that a defined timeline could be set at 45 days to allow DNOs enough time to process their credit/rebill for the LDNOs.
- 3.3 The Working Group agreed to issue a consultation seeking industry views on the suggested timeline of 45 days and also for Parties to provide their views on the proposed change.
- 3.4 It was highlighted that although the DCP 262 was raised as a Part 1 Matter, the DCUSA Panel and Ofgem recommended that this change be progressed as a Part 2 Matter. The Working Group felt that this change should be progressed as a Part 1 Matter as it impacts Schedule 19 of DCUSA. The group agreed to consult the industry on whether the DCP 262 should be raised a Part 1 or Part 2 Matter and take forward accordingly.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The proposer believes that the CP meets the DCUSA General Objective 2 and General Objective 4.

DCUSA General Objective 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

- 4.2 DCUSA Objective 2 is better facilitated as the introduction of this change promotes effective competition. Due to the fact that LDNOs have settled the difference in Charges with Supplier Parties, in some cases the LDNO is not being invoiced/credited for the difference by the DNO Party. This affects the LDNO's cashflow and can be considered a barrier to competition. In effect, LDNOs are supporting the DNO's cashflow.

DCUSA General Objective 4 : The promotion of efficiency in the implementation and administration of this Agreement

- 4.3 The proposer believes that the DCUSA General Objective 4 will be better facilitated as it the introduction of this change will provide IDNOs and DNOs a clear timeline of how best to manage credit/re-invoicing for HH invoices. This will positively impact IDNOs by helping to better manage cash flows, and also providing DNOs a timeline of when to have this information produced and issued to the IDNOs. This efficiency will match that is already explained within Schedule 19 for NHH invoices.

5 DCP 262 – LEGAL DRAFTING

- 5.1 The proposed DCP 262 Legal Text has been provided as Attachment 2.
- 5.2 Following a review of the Consultation responses, the Working Group will update and finalise the legal text.

6 DCP 262 – IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 262 is 30 June 2016.

7 DCP 262 – CONSULTATION QUESTIONS

- 7.1 The Working Group is seeking industry views on the following consultation questions:

| Question Number | Question |
|-----------------|--|
| 1 | Do you understand the intent of the CP? Provide supporting comments. |

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| 2 | Are you supportive of the principles of the CP? Provide supporting comments. |
| 3 | Do you agree with the proposed legal text? Provide supporting comments. |
| 4 | Are you supportive of the proposed implementation date of 30 June 2016? |
| 5 | DCP 262 was raised as a Part 1 matter as it impacts Schedule 19 which is defined as a Part 1 matter in Clause 9.4.3 The DCUSA Panel have recommended that this Change Proposal be developed as a Part 2 Matter as it is a self-governance issue. Do you believe that CP should be raised as a Part 1 or Part 2 Matter? Provide supporting comments. |
| 6 | Do you agree with the Working Group's view that 45 days from receipt of revised Half Hourly Data is an appropriate timescale for the credit/rebill exercise to be carried out by DNOs, if not please provide your detailed rationale? |
| 7 | Do you believe that the DCP 262 change will have an impact on DNOs' internal billing processes, if so please provide your rationale? |
| 8 | Are there any technical constraints within DNOs' billing systems that need to be taken into consideration? If so, please provide an impact analysis of the associated costs and timescales. |
| 9 | Do you consider that the proposal better facilitates the DCUSA General Objectives 2 and 4? Please provide supporting comments on these and any other relevant DCUSA General or Charging Objective that you feel would be impacted by DCP 262. |
| 10 | Are there any alternative solutions or matters that should be considered by the Working Group? |
| 11 | Are you aware of any wider industry developments that may impact upon or be impacted by this CP? |

7.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than **08 March 2016**.

7.3 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.

8 NEXT STEPS

8.1 Responses to the Consultation will be reviewed by the DCP 262 Working Group. The Working Group will then determine the progression route for the CP.

8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA helpdesk by email to dcusa@electralink.co.uk or telephone 020 7432 3008.

9 attachments

Attachment 1 – DCP 262 Response Form

Attachment 2 – DCP 262 Proposed Legal Text

Attachment 3 – DCP 262 Change Proposal Form