

### **DCUSA DCP 146 Consultation Responses – Collated Comments**

<b>Question One</b>	<b>Do you agree with the intent of DCP 146?</b>	<b>Working Group Comments</b>
British Gas	Yes	The Working Group noted that the majority of respondents agreed with the intent of DCP 146.
EDF Energy	Yes	
ENC	Yes	
ENWL	No. This change proposal is DCP017 (establishment of a regular billing cycle for site specific billing) revisited in a modified form. This was rejected by the industry in 2008. When you compare the two this change proposal is more onerous than DCP017 in that the proposal in the Change Report indicated “no more than four days in any calendar month”. This change proposal only allows for two but in different parts of the month. Whilst we accept that time has moved on and the impact may be less due to our NHH bills now forming part of Supercustomer DUoS the rationale for rejection then is still valid now.	The Working Group noted the comments within this response.
EON Energy	Yes	
Northern Power Grid	Yes on condition that the response to question 5 can be adhered to	

Npower	N/A	
ScottishPower Energy Retail	Yes	
SP Manweb Plc and SP Distribution Ltd's	Yes	
SSE Energy Supply Ltd	Yes – but we are mindful of the effect that this proposed change might have on DNO/IDNO's billing systems and cashflow.	
SSE Power Distribution	No	
UKPN	Yes	
Western Power	Yes	
<b>Question Two</b>	<b>Do you agree with the principles of DCP 146?</b>	
British Gas	Yes	The Working Group noted that the majority of respondents agree with the principles of DCP 146.
EDF Energy	Yes	
ENC	Yes	
ENWL	No.  The justification is about consistency and a common approach not about the benefits to the	The Working Group discussed the comments contained within this response, and their comments are detailed below.

	<p>industry or the consequential impacts that this may have. We challenged all of the reasons used to justify the previous change proposal at that time. It is interesting to note that the same justification on the previous change proposal has not been made on this one, but a consistent reasoning across the suite of change proposals being used.</p> <p>We believe such a change would result in the following issues manifesting themselves:</p> <ul style="list-style-type: none"> <li>• lack of time to undertake validation due to increased volumes associated with only two instances every month. In fact when you consider the expert group comments (meeting 3) it states that the first one will be for the main billing run and the second for any cancellations, amendment and rebilling, albeit the legal text does not state as such;</li> <li>• potential increase in credit cover arrangements being required from</li> </ul>	<p>The Working Group noted that the volume of validation would be the same, albeit it may possibly be done within a different time frame.</p> <p>Credit cover – The Working Group discussed this point, and noted that it is calculated by the billed but not yet paid plus 15 day value. It was also explained that Schedule 1, 2.2 of the DCUSA explains credit cover. It was noted that this could possibly increase credit cover, but the Working Group did not think that this would make a material difference in practice.</p> <p>The Working Group agreed to go back and ask ENWL what the effects of the credit cover would be for more clarity – quantify the impact.</p> <p>Withholding bills – The credit cover should take this point into account, and that is sufficient for any bad debts to be covered in the next price control. However, it was noted</p>
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	<p>suppliers which may impact the smaller supplier (smoothing over the month may avoid this), that said larger suppliers are now having to consider their position due to bank and company credit ratings;</p> <ul style="list-style-type: none"> <li>• withholding bills may not serve the distributor in recovering debt from potentially defaulting suppliers who have financial difficulties;</li> <li>• impacts on distributor cash flow by having to wait for a valid invoice to be despatched;</li> <li>• impact on resources due to two pinch points (inefficiency);</li> <li>• lack of flexibility available to the distributor;</li> <li>• impact on systems (major impact to this distributor); and</li> <li>• Potential increase in estimated readings</li> </ul>	<p>that there is a cash flow risk.</p> <p>Impact on resources – The Working Group thought that doing invoicing on a daily basis would require much more resource, however it is a valid point. As such it is up to each respective company to manage how they utilise their resources. It was also highlighted that there is a cost implication on Suppliers in regard to validating these invoices at different points throughout the month. The Working Group agreed that it would be less costly to have only 2 billing runs per month, as well as, more efficient.</p> <p>Potential increase in estimated readings – The Working Group did not agree with this point as some distributors do this now, and there are no issues.</p> <p>The Working Group noted that the Industry cannot refer to things in the past that have been rejected in order to not make changes. The Industry should learn from the mistakes,</p>
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	<p>resulting in more interaction/disputes with the supplier.</p> <p>All these were highlighted in the consultation responses during DCP017. It is somewhat a surprise that there was no mention of such a change request within the minutes of the working group meeting. We believe it would be helpful if Ofgem consider the contents of that change proposal when determining on this one.</p>	but also take into account the developments in the industry and ways to move forward.
EON Energy	Yes	
Northern Power Grid	Yes	
Npower	N/A	
ScottishPower Energy Retail	Yes	
SP Manweb Plc and SP Distribution Ltd's	Yes	
SSE Energy Supply Ltd	Yes – where costs are reasonable	
SSE Power Distribution	No	
UKPN	Yes	
Western Power	No	
<b>Question Three</b>	<b>Does the CP better facilitate the DCUSA General Objective 2? Please provide supporting</b>	

	comments.	
British Gas	Yes, promotes competition in the market. Having specific time periods for billing DUoS will be useful for suppliers managing their cashflow forecasts and will be attractive to new entrants trying to enter the market.	The Working Group noted that the majority of respondents to this consultation agreed that Objective 2 was better facilitated by this CP.
EDF Energy	We are in support of this change. This will reduce number of billing runs, combined with increased validation processing time as invoices cannot be raised at a weekend or on bank holidays.	
ENC	We agree with the working groups assessment	
ENWL	<p>The theme of being restrictive to DCUSA parties in responding to the objectives is not helpful, and as such, due to the importance and impact this change has on our business we intend to comment against all of the general objectives.</p> <p><i>“the development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks”</i></p> <p>This Change Proposal will build in inefficiencies and increased costs to this Distributor. At present we bill on receipt of metering data with a Final Bill Day set 5 days after the end of the previous</p>	<p>The Working Group also agreed that ENWL raised a valid point concerning the CP being reviewed against all the Objectives. However, it was highlighted that the question does not preclude any Party from raising points about any of the Objectives, and Parties have done so in the past.</p> <p>The Working Group discussed the points contained within this response and they are listed below.</p> <p>First point – The Working Group noted that it is</p>

	<p>month. We therefore bill on a daily basis up to this date. This together with stringent validation ensures that as far as is practicable accurate billing is undertaken, and a bill only sent out when this has been undertaken. Such an approach would have to change to bill on two fixed dates. In fact where errors are found we are effectively restricting ourselves from billing until the second run during the month (based on the current legal text, or the next month based on the comments in the expert group meeting 3). If the first period is too early we will increase the use of estimated data and then a need to adjust the bill should an actual read be received at the second run. This will increase processing time and increase disputes and as such builds in inefficiencies and reduced customer service into the process. If we delay we increase the impact on cash flow. Also other concerns on cash flow are equally applicable. Since we turn around the advances and bill the Supplier at the time of the reading we would have to delay such a bill and „hold them“ until one of the two allowed billing days. A further consideration is that it is uneconomical to withhold bills when a Supplier is in potential financial difficulty. Such a proposal affectively provides no latitude for a Distributor to act in an appropriate manner to protect its income stream. Overall we believe that this change proposal is a</p>	<p>not about the Distribution business, but rather about the distribution network; therefore, the Working Group felt this point was invalid.</p> <p>Objective 2 – The working group noted the comments</p>
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	<p>backward step, it is inefficient and not economical, and as such it will have a <b>negative impact</b> on this objective.</p> <p>The Working Group minutes of meeting number one refers to General objective 2 being the one that is better facilitated through consistency and transparency, a common theme again through the suite of change proposals with no supporting evidence. The objective states: <i>“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”.</i></p> <p>In our opinion each Distributor will be sending the frequency of bills to all Suppliers in the same manner they have adopted, in our instance the use of daily billing.</p> <p>You could argue that we are actually using the data sent by the Data Collector which is duly processed by both the Supplier and ourselves. Just like a supplier would do with their end customer, receive the readings then bill. So from a customer perspective there is no difference. Moving to this proposed solution may create differences between the two (use of estimated v actual data) that may be challenged by the</p>	
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	<p>Supplier when this data actually arrives. This creates additional work for both parties.</p> <p>In some instances there may be an impact on Suppliers and their credit cover arrangements. By smearing bills over a wider period it has the benefit of reducing the credit cover required.</p> <p>Whilst this may not be perceived as an impact by the larger Suppliers, it will be for the smaller Suppliers who do not have a credit rating and have to rely on cash deposits and/or a good payment record. Likewise the use of estimated data that may need to be subsequently amended a few days later may also impact the stability of the credit cover arrangements. By waiting for actual data, and having the ability to bill when such data is received, we build in some form of stability.</p> <p>So overall this proposal will create a <b>negative impact</b> on this objective.</p> <p>We see this Change Proposal as having <b>no impact</b> on the third, fourth and fifth objectives.</p>	
EON Energy	Yes	
Northern Power Grid	Yes	
Npower	N/A	

ScottishPower Energy Retail	Under the current arrangements we have to manage several billing runs which require a number of manual processing workarounds to balance payment deadlines often with decreasing economies of scale. This is not an efficient way to operate and requires a lot manual resource to manage it on a monthly basis. By streamlining the number of billing runs to 2 per month, suppliers would benefit from less manual work being required and a consistent approach regardless of DNO. This would better facilitate General Objective 2.	
SP Manweb Plc and SP Distribution Ltd's	Yes, attempts to limit the number of HH billing runs within a given period	
SSE Energy Supply Ltd	Yes – this would provide a consistent billing timetable to suppliers.	
SSE Power Distribution	No	
UKPN	Yes	
Western Power	We do not believe this better facilitates any of the Objectives; however we have no issue with standardising practice across the industry.	The Working Group noted the comments within this response.
<b>Question Four</b>	<b>Do you have any comments on the proposed</b>	

	legal drafting of DCP 146?	
British Gas	No	
EDF Energy	No	
ENC	No	
ENWL	We believe that this change proposal should be rejected so we have no comments on this legal text other than this change has been raised as a part 1 matter so clause 9.5.2 will need to be updated to reflect such a situation if it is to progress further.	<p>The Working Group did not agree with this point, it is a Part 1 change that does not introduce a Part 1 clause. The change could potentially have different impacts on different parties, which could be viewed as discriminatory.</p> <p>As a Part 1 matter, this will go to Ofgem for final determination; which will lead to a more balanced decision, rather than simply the Party vote.</p>
EON Energy	N/A	
Northern Power Grid	No	
Npower	N/A	
ScottishPower Energy Retail	No	
SP Manweb Plc and SP Distribution Ltd's	The legal drafting does not represent the views of the group at the consultation stage and in particular has changed from the solution minuted following Meeting 3. Specifically, the Group agreed that DNO's should use "reasonable	<p>The Working Group noted that the references to meeting 3 was pre-work done under the DCMF MIG Billing sub group.</p> <p>The Working Group noted that this was not an</p>

	endeavours to limit billing to 2 weekly periods in month, the first covering a main billing run and the second covering any cancellations, amendments and re-billing....” The legal text now specifies the weeks in which billing runs take place, which we SP Energy Networks do NOT support as this notionally restricts actions available to each DNO, even though not mandated in the text. We would support a re-draft along the lines of the original agreement – one main billing run, one cancel/re-bill but without a time period being specified.	<p>agreement, and that it was a draft that was circulated within that group, and after it was circulated the legal text moved on to the current version of the drafting.</p> <p>The Working Group feel that the current legal text provides more flexibility as you can put any type of invoice through during those time periods, and otherwise without the wording, it could lead to delays in some revision bills.</p>
SSE Energy Supply Ltd	No	
SSE Power Distribution	SSEPD feels this could be a large impact on DNO and IDNO parties.	The Working Group thought that this could be more efficient for IDNOs with limited resources to have a specified time to review the invoices.
UKPN	No	
Western Power	Yes – billing frequently takes more than one working day, depending on when the process is kicked off it can run overnight which is technically two working days. We believe the wording should be “once in the week” rather than “on one day only”.	<p>The Working Group noted that Parties should use reasonable endeavours to overcome this issue.</p> <p>However, the Working Group agreed to change the drafting as WPD has specified for greater clarity.</p>

<b>Question Five</b>	<b>In what circumstances would you have to bill more than two times in one month?</b>	
British Gas	N/A	
EDF Energy	We need to define “Exceptional” and this rule should be applied to both over and under Billing.	The Working Group agreed that “Reasonable Endeavours” should cover this point.
ENC	We would only be required to bill more than two times in one month if we are crediting and re-invoicing any charges.	The Working Group reiterated that if a company applies reasonable endeavours then a circumstance where a large bill may be queried and then a credit/re-bill is issued would be fine.
ENWL	On a normal billing cycle we bill upon receipt of a complete set of meter advances for the previous month, billing occurs from the 1st up to the 5th of the month, in the event that a complete set of meter advances are not received by the 5th of the month then an estimated bill is produced. For those accounts that fail our validation, we withhold the bill and discuss with the supplier and/or their agent so that correct data can be progressed, and as such a delay may be encountered in sending out the account in such instances. Billing throughout the month occurs where a de-	The Working Group noted the comments and agreed that the billing could still be completed, with adjustments done to the dates.

	energisation, disconnection or change of supplier has occurred.	
EON Energy	N/A	
Northern Power Grid	A DNO may choose to revert to weekly billing if a supplier was showing signs of financial difficulties and this was substantiated by their credit cover position.	The Working Group noted the comments.
Npower	N/A	
ScottishPower Energy Retail	N/A	
SP Manweb Plc and SP Distribution Ltd's	HH Billing is based on completeness and accuracy of data submitted by Suppliers via their Data Collectors and is outwith direct control of DNO's. We experience considerable volumes of re-submitted readings from many HHDC's. We wish to reserve our right as a business entity to carry out any billing practice that relates to our Income and Cash Management whenever we feel outcome is material to this. We believe that if data is complete and accurate in the first instance, there should not normally be a requirement for any more than the 2 runs referred to in this consultation.	The Working group noted the comments.
SSE Energy Supply Ltd	N/A	
SSE Power Distribution	SSEPD believe the frequency of billing is a commercial business decision and we would not	The Working Group noted the comments.

	support it being mandated by a DCUSA change proposal.	
UKPN	Rarely –e.g. new system change implemented, delay in receipt of data, system error	The Working Group noted that these items would be completed under reasonable endeavours.
Western Power	At customer's request	The Working Group noted that these items would be completed under reasonable endeavours.
<b>Question Six</b>	<b>Do you agree with the timing of the billing runs, if not, what alternates would you find more reasonable? Please provide supporting comments.</b>	
British Gas	Yes, in addition we think it would be useful for DNO's to publish a month in advance the exact days they will be sending the invoices. This will help suppliers plan their cashflow and improve the efficiency of the market overall.	The Working Group discussed this point and noted that this could be prohibitive to the DNOs to provide this information, as it may be impossible to predict the exact days.
EDF Energy	Yes	
ENC	Yes	
ENWL	The billing timetable should be left to the distributor to manage taking into consideration,	The Working Group noted that this position only takes the Distributor's viewpoint into

	flexibility, resources, accuracy, cash flow and credit cover provisions.	account, and there is also the Suppliers' need s to consider in regard to the implementation of this CP.
EON Energy	N/A	
Northern Power Grid	Yes	
Npower	N/A	
ScottishPower Energy Retail	We are happy with the timing proposed.	
SP Manweb Plc and SP Distribution Ltd's	No. We do not believe the timing should be specified as per answer to 4 above.	The Working Group noted this comment.
SSE Power Distribution	No billing frequency need should be at commercial need of the business.	The Working Group noted this comment.
SSE Energy Supply Ltd	Yes – but we are aware of the effect this proposal might have on Distributors and their billing systems.	
UKPN	Yes	
Western Power	No, we believe it should be once in the first week and once in the fourth 7 days to allow for the SF run for a full month to be billed promptly.	The Working Group noted this comment, and agreed to discuss this in more detail within the legal text.
<b>Question Seven</b>	<b>Are you aware of any wider industry</b>	



	<b>developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.</b>	
British Gas	No	The Working Group noted that the majority of respondents to this CP were not aware of any other developments which would impact upon the implementation of this CP.
EDF Energy	No	
ENC	No	
ENWL	As mentioned earlier, this has already been debated and rejected by DCP017. There are a number of related DCPs within this pack of change proposals in and around the same area. It would be sensible to deliver the approved ones at the same time since they would impact the same area. The potential impact that smart metering may hold for us if the Balancing & Settlement Code P280 is not accepted (more HH site specific bills) is one area of unknown and as indicated within responses to the withdrawn DCP103 (DUoS	The Working Group discussed this point and noted that these are issues related to P280, not this CP in particular.

	<p>charges for sub 100kW HH settled sites), there may be a need for distributors to purchase new billing engines.</p> <p>Imagine BSC P280 being rejected and we have approved this change proposal. Once smart metering has rolled out and suppliers determine to settle HH, we would have to send out 2.3 million bills on the first billing run and then undertake any amendments on the second one (if the legal text is amended in line with the expert group minutes). We are not sure whether the batch would have completed, by the second run let alone the following month. This is not what suppliers do for their customers i.e. have their data collectors read once a quarter and send out all their bills on one day. This is inefficient, impacts resources, systems and cash flow. The same reasoning that we have quoted here, yet they expect distributors to do something they don't.</p> <p>So if P280 is rejected we would argue that no changes to the billing functionality should be undertaken until a full understanding of the impact smart metering will have, and suppliers intentions to use HH settlements and the volumes associated with such is understood, so that distributors can undertake an impact assessment on their billing systems. It would therefore not be appropriate to undertake change in this area at a</p>	
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	time of considerable uncertainty within the industry. We see only increased costs and no benefits to the distributor. Such work is classed as a major change to the IT application and business processes.	
EON Energy	N/A	
Northern Power Grid	None that we are aware of	
Npower	N/A	
ScottishPower Energy Retail	No	
SP Manweb Plc and SP Distribution Ltd's	No	
SSE Energy Supply Ltd	No	
SSE Power Distribution	None known at this time.	
UKPN	No	
Western Power	No	
<b>Question Eight</b>	<b>Do you agree with the implementation date of DCP 146?</b>	
British Gas	Yes	
EDF Energy	Yes	

ENC	Yes	
ENWL	<p>No.</p> <p>This should be delayed until the industry is aware of the impact that smart metering will have on both the supplier and distributor systems. The introduction of the Green Deal, potential changes to charging methodologies, BSC changes such as P280 and P272, DCUSA change DCP151 (linked to P280), and the smart meter roll out are impacting the industry resources both IT and business. To further exacerbate this is not welcome at this time of significant industry change and uncertainty.</p>	<p>The Working Group noted the comments, but also reiterated that these changes are in the pipeline currently, but highlighted that the acceptance of this, or any change, is not guaranteed. The Working Group also noted that there could be other potential changes raised, and the question would be, how long does one wait to progress this, or any change.</p> <p>It was also reiterated that each change should be considered on its own merit.</p> <p>It was also highlighted that any Party can apply for a derogation to any approved CP depending on their own circumstances.</p>
EON Energy	N/A	
Northern Power Grid	Yes	
Npower	N/A	
ScottishPower Energy Retail	Yes	
SP Manweb Plc and SP Distribution Ltd's	Yes. In the main we carry out only 2 HH Billing runs per month and do not foresee this changing, subject to business decisions as detailed above.	
SSE Energy Supply Ltd	Yes – we realise this might impact some distributors more than other. This date provides enough adjustment time.	

SSE Power Distribution	No	The Working Group noted that there was no detail of the reasons why they do not agree with the implementation date.
UKPN	Yes	
Western Power	Yes	
<b>Question Nine</b>	<b>Are there any alternative solutions or matters that should be considered by the Working Group?</b>	
British Gas	No	
EDF Energy	No	
ENC	No	
ENWL	Consideration should be given to potentially tightening the obligation on suppliers in ensuring that their data collectors send data in a timely manner which would reduce the number of billing runs we undertake and ensure accurate data is provided. The argument will be that this is already catered for in the BSC, but it begs the question as to why we still end up estimating data and with this change proposal a potential to increase such estimation (and why under DCP143 we have a mandate for distributors to undertake such estimation associated with reactive advances).	<p>The Working Group feels that this is already done in a timely manner, and if ENWL feels that any Party is noncompliant with the BSC that should be raised with them directly.</p> <p>The Working Group discussed and noted all the comments within this response. The Working Group noted that whilst this is the view of ENWL, the Working Group did not agree with these points within the context of DCP 146.</p>

	<p>The back end of the process will also be impacted due to the increase in size of files (number of invoices contained within). Additional resource impact will result due to the need to matching remittances to invoices, especially were suppliers still have an issue in sending us remittances in a timely manner.</p> <p>Finally, the working group requested under minute 6.3 that costs and impacts would form part of all the consultations. This has not found its way into this change proposal so how can this be impacted in a fair manner.</p> <p>We would suggest that it is essential that such information is requested by the working group so that such an assessment can be made and to aid the debate on whether this does in fact better facilitate the DCUSA objectives.</p> <p>We look forward to reviewing this request for information since without such analysis no case is made for change.</p>	
EON Energy	N/A	
Northern Power Grid	None that we are aware of	
Npower	N/A	
ScottishPower Energy Retail	None that we are aware of at this time.	

SP Manweb Plc and SP Distribution Ltd's	It may be of benefit to address the root cause of re-billing actions i.e. review the issues creating the need for transmission of corrected readings from Suppliers via their HHDCs.	The Working Group noted the comments, and noted that this is a wider issue for the Industry.  The Working Group agreed to go back to SP and ask for clarification about what causes the data to come in later.
SSE Energy Supply Ltd	No	
SSE Power Distribution	No	
UKPN	No	
Western Power	No	