

DCUSA DCP 147 Supplementary Questions Responses – Collated Comments

| Question One | How will DCP 147 affect your organisation? Please provide supporting comments. | Working Group comments |
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| British Gas | No impact | The Working Group noted that the majority of respondents would not be impacted by the implementation of this CP. |
| EDF Energy | The treatment of transactional charges will be consistently treated throughout the industry. The controls and financial authority levels will be better controlled within our company. | |
| ENWL | <p>The change would result in a move away from the current billing process whereby a bill contains both Use of System and Meter Asset Provision (MAP) charges to that of the change proposal via a transactional charge. This therefore would have the following affect on our company:</p> <ul style="list-style-type: none"> • A need to amend the MAP charging statement and obtain Ofgem approval. • Amend the tariff arrangements associated with those that have the MAP charges forming part of them. • Produce a report covering off the monthly MAP charges (a report that may be simple (i.e. a report run on a specific date) or complex (a report run on a daily basis and aggregated over the month) dependent upon | The Working Group discussed these points and noted the comments. The Working Group discussed the possibility of whether it would be possible to run the existing report and change the date from 14 to 30 days, it was noted that this would be an additional report. |

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| | <p>a common approach being agreed);</p> <ul style="list-style-type: none"> • Run the report on a monthly basis; • Produce invoices on a monthly basis for all suppliers; • Undertake additional debt follow up processes; and <p>Undertake additional cash remittance processes.</p> | |
| GTC | There will be no impact to ourselves as we already follow this practice | |
| Northern Power Grid | Revenue Protection charges are included within our non-half hourly use of system charge. If the charge was disaggregated then Northern Powergrid would need an alternative billing mechanism to bill this charge. | The Working Group noted the comments. |
| Scottish Power Energy Retail | <p>We have provided a joint response to the supplementary questions to DCPs 141, 142, 144 – 149 as we believe the same answer applies to each change.</p> <p>These changes will encourage consistency across all DNOs. Under current arrangements suppliers are required to manage manual workarounds to cater for the different processes employed by some DNOs. This requires manual intervention and time which in turn incurs cost. Successful implementation of these changes will reduce the need for manual intervention and in turn reduce the costs to suppliers. As stated in our previous response this reduction in the costs incurred by parties will help to facilitate effective competition in the supply of electricity.</p> | |

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| | <p>With reference to DCP 141 only we do not understand why the legal text has been amended to now say “DNO Parties who do not use de-linking....” and why such a distinction has been made. We are unsure why a DNO using de-linking should treat an invalid settlement class any different from one who does not. As above, the main benefit of these changes is that consistency helps reduce complexity and brings down costs associated with manual workarounds. The success of this is reduced if exceptions are made without sufficient justification.</p> | |
| SSE Distribution | No impact | |
| SSE Energy Supply | SSE Supply would benefit from DCP147 as this would enable us to implement a common approach to the set-up of tariffs and validation of invoices across all DNOs. The requirement for manual work around would be removed. | |
| UKPN | We already unbundle our charges so no impact | |
| WPD | This does not affect our organisation. | |
| Question Two | Will there be any associated costs with implementing DCP 147? Please provide | |

| | supporting comments. | |
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| British Gas | No | The Working Group noted that there are impacts on two DNOs and the comments are noted below for each respective company. |
| EDF Energy | NO there will no direct cost associated with this change, however it will give better cash flow utilisation. | |
| ENWL | <p>One off costs</p> <p>This will involve the production of an amended MAP charging statement and the approval from Ofgem. Once approved we need to manually amend the tariff charges at the appropriate time. This is likely to take 2-3 days effort (over a period of weeks) dependent upon whether there are any queries raised by Ofgem at the time.</p> <p>The production of the report will need to involve a series of discussions, either under this change proposal or bi-laterally with suppliers so that we have one common approach associated with the report. There are probably differing methodologies already in place now even if they are on a transactional basis. Some we suspect more accurate than others. We do not want to be in a position of being impacted by a further request for the report to be common. The impact will be the production of a questionnaire, review cycle, response cycle and may result in a further DCUSA change proposal if there are differing views. This may take 5-10 days effort over a number of weeks.</p> <p>The production of the report may be very simple or</p> | The Working Group discussed and noted the response. It was noted by the Working Group, in regard to this point, that this practice already replicated at the Supplier end as they have to have systems in place that coincide with the DNOs invoicing. |

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| | <p>very complex. It could be in the region of £1k to £5k dependent upon the complexity.</p> <p>Business costs</p> <p>Since this is a new process we will have over 50 new transactional bills to be raised on a monthly basis. Dependent upon the agreed solution this could be a simple bill raised based on a date within a month and the supplier pays based on the volume attributable at that time but as if it was for the whole month. Alternatively it could be more complex in that we may need to understand the volumes by supplier for each day and provide such volumes and price on a daily basis (like we effectively do through the Settlement process now).</p> <p>So we will need to produce the bill, print and despatch. Once we have sent this out, we would need to include this in the debt follow up processes and clearance of such once paid. Dependent upon how much manual intervention is required the impact is in the region of an additional 0.5-0.75 FTE. It is expected that this will need to be replicated in part at the supplier end in receiving and processing the invoice for payment.</p> | |
| GTC | No | |
| Northern Power Grid | Yes. However the associated cost will be dependent on the chosen billing mechanism. c £50k | The Working Group confirmed that this figure covers both stopping the existing procedures and introducing the new procedures into practice. |
| Scottish Power Energy Retail | We would not envisage incurring any additional costs as a result of implementing these DCPs. | |

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| SSE Distribution | No | |
| SSE Energy Supply | SSE Supply would not have any costs to implement this change. It is envisaged that cost savings maybe made through the standardisation of processes. | |
| UKPN | No foreseen costs | |
| WPD | There are no costs to our organisation. | |