

### **DCUSA DCP 147 Consultation Responses – Collated Comments**

Question One	Do you agree with the intent of DCP 147?	Working Group Comments
British Gas	Yes	The Working Group noted that the majority of respondents agree with the intent of DCP 147.
EDF Energy	Yes	
ENC	Yes	
ENWL	<p>From a Use of System Charges perspective we agree that services such as Meter Asset Provision (MAP) and Revenue Protection are not, and should not, be classed as Use of System.</p> <p>When considering MAP charges, we only provide MAP services covered by the Distribution Licence Condition 36, and as such any future reference we make is referred to as Legacy MAP rather than a general MAP provision.</p> <p>Use of System is covered by the Distribution Licence Condition 14, whereas the Meter Asset Provision is as stated above (both are referenced within the definition of the Relevant Charging Statement within DCUSA). Revenue Protection Services is a service offered to suppliers and recovered as part of our miscellaneous services.</p> <p>This is equally clarified when considering Clause 19.2 regarding the charges.</p> <p>There is no argument over Revenue Protection Services being covered by Transactional Charges. There is probably no argument over non Legacy MAP charges in that they are covered by a separate bi-lateral agreement.</p> <p>There is no clear indication as to how Legacy MAP charges can be invoiced within DCUSA. Looking through our Legacy MAP Charging Statement and DCUSA there is a case that it can be recovered by using the same approach to invoicing Use of System when you</p>	<p>The Working Group noted that ENWL is the only Distributor that recovers their legacy MAP charges via the DUoS charges.</p> <p>It was discussed that ENWL questions whether or not this is a transactional charge. The Working Group noted that this may be a legal drafting question, and would be covered within Q5 of the consultation.</p> <p>The Working Group also noted that Use of System charges has 14 day payment terms, and transactional charges are not and should be 30 day payment terms. It was explained that this is on the same invoice, and as such reduces the time frame for these types of charges to be paid.</p> <p>It was highlighted that the intent is to have it not done this way and to have a common approach. The CP does not say that their current method is incorrect, this CP would just change it to be common among all DNOs.</p>

	<p>consider the following:</p> <p>The definition of Transactional Charges is covered by Clause 22.1, which states:</p> <p>“This Clause 22 applies in respect of those Charges to be calculated by reference to the number or frequency of specific transactions (Transactional Charges), except where the billing and payment arrangements are otherwise provided for under the Master Registration Agreement, the BSC, or the CUSC”</p> <p>With Legacy MAP charges there are “no number or frequency of specific transactions” (the definition of Transactional Charges). The meter sits on the wall and is not visited by the MAP. Any transactions associated with this are classed as Meter Operator activities and are charged for by the Meter Operator to the supplier under bi-lateral agreements.</p> <p>Legacy MAP charges has a charging statement that is approved by Ofgem. Our statement states that the recovery of such charges will be via Supercustomer billing in accordance with a Standard Settlement Class combination for Users who are signatories to DCUSA.</p> <p>The recovery of such charges is therefore via the “Non Half Hourly DUoS Report” and as such provides an automatic daily charge within a tariff that contains both Use of System and MAP charges.</p> <p>We would argue that we are therefore allowed to recover such charges via this approach and as such we disagree with the intent.</p>	
EON Energy	Yes	
Northern Powergrid	No as no formal disputes have been raised under the current billing process	The Working Group noted even though issues have not been raised formally, issues have been raised informally with Northern Power Grid.
Npower	Yes	

ScottishPower Energy Retail	Yes	
SP Manweb Plc and SP Distribution Ltd's	Yes	
SSE Energy Supply Ltd	Yes	
SSE Power Distribution	Yes	
UKPN	yes	
Western Power	Yes	
<b>Question Two</b>	<b>Do you agree with the principles of DCP 147?</b>	<b>Working Group Comments</b>
British Gas	Yes	The Working Group noted that the majority of respondents agree with the principles of DCP 147.
EDF Energy	Yes	
ENC	Yes	
ENWL	<p>The principles here are once again “a common approach to billing makes it easier for suppliers to build validation routines and provides transparency for new entrants”, and the reasoning being given is also about the impact on payment terms has on such a situation.</p> <p>We concur for transactional services such as Revenue Protection but what is not clear is what the common approach is for MAP charges. It is assumed that it is via a transactional invoice hence the legal text indicating as such but how is this to be calculated (hopefully on a common basis), and where is the cost benefit analysis to say that it is the best and cheaper option for such a service to be charged in this manner. Such information and analysis should be undertaken as part of this working group.</p>	<p>The Working Group noted that only two DNOs are impacted by this issue.</p> <p>There are also other impacts associated with this CP (credit cover, possible duplication of costs)</p> <p>It was noted that only Eon noted they are the only respondent to provide costs.</p> <p><i>**Post meeting note – Supplementary questions were sent out to all respondents asking for this information.</i></p>
EON Energy	Yes	
Northern Powergrid	See response to Q1	The Working Group noted this comment.

Npower	Yes	
ScottishPower Energy Retail	Yes	
SP Manweb Plc and SP Distribution Ltd's	Yes	
SSE Energy Supply Ltd	Yes	
SSE Power Distribution	Yes	
UKPN	yes	
Western Power	Yes	
<b>Question Three</b>	<b>Does the CP better facilitate the DCUSA General Objective 2, and the DCUSA Charging Objectives 1 and 3? Please provide supporting comments.</b>	<b>Working Group Comments</b>
British Gas	<p>Yes, it improves competition on the general objective 2. A common approach to billing will remove complexity in the market and make it more attractive to new entrants.</p> <p>CDCM Objective 1 – It will improve the discharge of the licence, DUoS charges are on payment terms of 14 days and non-DUoS charges are on 30 days.</p> <p>CDCM Objective 3 –. It makes the costs more transparent if non-DUoS charges are removed from DUoS charges.</p>	
EDF Energy	We are in support of this change .The separation of transactional will provide accurate UoS charges. In terms of site specific charges, this change will better reflect the accuracy of charges between UoS and Metering and will have Cash flow implications as transactional charges are on 30 days payment terms . Customers will benefit with clear visibility of charges and avoid the risk of duplicated transactional charges.	The Working Group confirmed with EDF that they agree with all the objectives as listed in the question by the Working Group.
ENC	Yes	

ENWL	<p>Once again a limited review of the objectives is being suggested when all of the objectives should be measured against it.</p> <p>In the first instance, we would like to understand why the change proposal has been altered to that submitted to the DCUSA Panel in July. The original change proposal submitted to this meeting indicated that only the General objectives were impacted and not the charging objectives. Whilst this has been challenged by the working group the original change proposal should not have been altered (as requested by minute 13.20). This has never been done to my knowledge on any change proposal and as such loses the thread from where we all start.</p> <p>Secondly, on the DCUSA charging objectives, these are not affected nor impacted by the intent, which is the billing of other services, and in our case Legacy MAP services via the same process as the Use of System Charges which have been calculated in line with the charging methodology under Schedule 16 and reflected in the Use of System Charging Statement.</p> <p>With regard to the General Objectives we would comment accordingly.</p> <p>The second general objective will increase the costs of competition (for both Suppliers and distributors) in handling and verifying the transactional invoice at the expense of a common approach yet to be understood or communicated to distributors. This will also negatively impact distributor competition due to a common approach being adopted rather than allowing distributors any such differentiation. Overall a negative impact on this object.</p> <p>On the third general objectives, we would argue that this will be negatively impacted by this change in that an efficient discharge of our Licence obligation by dictating how to charge will be inefficient due to a current accurate, automated process becoming a manual process for the billing of each and every supplier by a separate invoice each month.</p>	<p>The Working Group noted it was amended from comments received from the last Working Group, as the Working Group felt the other objectives should also be added in as they determined they would also be better facilitated. However, as a point of clarity, this will be removed from the CP form, and it will contain only the original one objective listed.</p> <p>However, this does not change the view of the Working Group in regard to the other objectives. It will just be noted that it was determined within the meeting that they are in agreement to such fact.</p> <p>The Working Group did not agree with the point that this would inhibit competition in distributors, as legacy MAPs. The Working Group does understand how the status quo increases competition; the Working Group asked that ElectraLink send a question to ENWL to clarify this point</p> <p>The Working Group then discussed the last point raised in this response about why this has to be a manual process, and queried why this could not be an automated process. The Working Group asked that ElectraLink send a question to ENWL to clarify this point</p> <p>It was also noted by the Working Group that no other DNO adds this to their UoS invoice</p>
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EON Energy	<p>Yes. General Objective 2 is better facilitated as Suppliers will be better able to validate incoming invoices from Distributors as there will be a common approach. This was something that was envisaged when the common charging methodology was introduced in that the approach to charging should be common. A common approach makes it more transparent to new market entrants, as at present it is unclear what approach is adopted by Distributors prior to receiving an invoice.</p> <p>Charging objective 1 is better facilitated as we believe that by charging non use of system charges as part of use of system invoices is contrary to their licence and DCUSA, in that these are transactional charges and therefore subject to 30 days payment terms and not use of system charges which are subject to 14 day payment terms.</p> <p>Charging objective 3 is better facilitated in that any Distributor that charges these transactional charges as part of the Use of System charge is in breach of the CDCM. We note that one Distributor has recently changed their charging statement to state that these charges are included in their Use of system charge. We believe this was never brought to the attention of the DCMF and that it presumably has been approved by Ofgem. We would like to understand why this change was approved by Ofgem in the light that it breaches the DCUSA.</p>	<p>The Working Group discussed this point and noted that this respondent also raised a query for Ofgem at the end of their response.</p> <p>The Working Group noted that these two items are not inputs into the CDCM model, and as such should not be on the invoice.</p>
Northern Powergrid	No	The Working Group noted that the comments in the previous questions provide the rationale for Northern Power Grid's position.
Npower	We believe that DCP 147 will better facilitate the DCUSA General Objective 2, and the DCUSA Charging Objectives 1 and 3.	
ScottishPower Energy Retail	<p>The change will ensure the correct allocation of charges and that those which are not related to DUoS are excluded from DUoS invoices. This will provide for more accurate DUoS invoicing which will in turn better facilitate General Objective 2.</p> <p>The inclusion of non-UoS transactional charges (such as revenue</p>	

	<p>protection) by a DNO within charges otherwise derived through the Charging Methodologies is not compliant with its obligations under the Act and by its Distribution Licence. This change will prevent this from being possible and so better facilitates Charging Objective 1.</p> <p>The costs associated with non-UoS transactions cannot reasonably be described as those incurred by the DNO Party in its Distribution Business activities. This change will prevent this from being possible and so better facilitates Charging Objective 3.</p>	
SP Manweb Plc and SP Distribution Ltd's	Yes, it allows consistency of approach and mitigates against invoices being generated with different payment terms associated with the content.	
SSE Energy Supply Ltd	Yes	
SSE Power Distribution	Yes	
UKPN	No – it cannot meet any of the charging objectives unless it changes one of the charging methodologies (see DCUSA clause 3.2)	<p>PW from UKPN explained that the Charging Objectives only applies to changes to the methodologies and these changes do not affect these, so in turn does not meet the objectives.</p> <p>The Working Group notes that this change will fix a breach of the Charging Methodology, and it was further noted by UKPN that this still does not affect the Charging Objectives.</p> <p>The Working Group noted the points raised during this discussion.</p>
Western Power	We agree it better facilitates General Objective 2 as it means suppliers don't have to build billing systems that can cope with items that should be on a separate invoice, however we do not agree that it better facilitates charging Objectives 1 or 3 as it has no bearing at all on the charging methodology which does not cover non-UoS charges, nor does it explicitly forbid other charges to be included on the same invoice.	The Working Group noted that these points were covered above in ENWL's and UKPN's responses.

Question Four	Do you have any comments on the proposed legal drafting of DCP 147?	Working Group Comments
British Gas	No	
EDF Energy	<b>No</b>	
ENC	No	
ENWL	<p>Whilst we do not agree with Clause 18.3.5, if it is successful we would suggest the following:</p> <p><b>Clause 18.3.5</b></p> <p>Replace 'Transaction Charges' which is a DCUSA definition and is "by reference to the number or frequency of specific transactions"</p> <p>With 'in accordance with Clause 22'.</p> <p>The amendment suggested would then read:</p> <p>"18.3.5 the User being party to an agreement with the Company or a third party for provision of the services of meter asset provision in relation to that Exit Point. In the event that the User is not a party to such an agreement, the Company shall be entitled to provide such services and to pass on to and recover from the User the costs of so doing <del>as Transactional Charges</del> in accordance with Clause 22."</p> <p>With regard to <b>Clause 32.1</b> a similar change can be accommodated. As in the case of MAP charges a reference to Clause 22 together with the ability to pass on and recover such charges is required (in line with the wording already contained within Clause 18.3.5). Clause 22 covers off both charging, and payment. So the following change is suggested:</p> <p>"32.1 Charges for the services so provided shall be <del>Transaction</del> <b>Services</b> calculated in accordance with those specified as</p>	<p>It was noted that this change would have the same net effect, but define interpretational issues.</p> <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>The Working Group agreed to query these amendments with Wragges &amp; Co during the legal review.</p>



	<p>applicable to such services in the Relevant Charging Statement and pass on to and recover from the User the costs of doing so in accordance with Clause 22 <del>shall be paid in accordance with the provisions of this Section 2A"</del></p> <p>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.</p>	
EON Energy	No, we believe the current drafting works, subject to DCUSA lawyers review.	
Northern Powergrid	No	
Npower	No	
ScottishPower Energy Retail	No	
SP Manweb Plc and SP Distribution Ltd's	No	
SSE Energy Supply Ltd	N/a	
SSE Power Distribution	No	
UKPN	no	
Western Power	No	
<b>Question Five</b>	<b>Do you believe revenue protection and metering costs are transactional charges and should not be within the UoS invoices? Please provide supporting comments.</b>	<b>Working Group Comments</b>
British Gas	Yes, Use of System invoices should only recover charges for Use of System. Use of System if defined in the electricity licence and does not include metering or revenue protection.	The Working Group noted this comment, and asked British Gas to send the definition as defined within the Licence to the Working Group.
EDF Energy	We are in support of this change .The separation of transactional will provide accurate UoS charges. In terms of site specific charges, this change will better reflect the accuracy of charges between UoS	

	and Metering and will have Cash flow implications as transactional charges are on 30 days payment terms. Customers will benefit with clear visibility of charges and avoid the risk of duplicated transactional charges.	
ENC	Yes	
ENWL	<p>We agree that revenue protection services and the costs associated with them are transactional by their very nature and should not be recovered as part of Use of System.</p> <p>Legacy MAP charges are however not transactional. There is no actual activity undertaken each and every month associated with what is effectively a rental of the meter. The approach to the recovery of such a charge either by a separate bill or a bill that contains both Use of System and MAP charges should be subject to a cost benefit analysis.</p> <p>Non Legacy MAP charges – in line with the bi-lateral agreement for such a service.</p>	The Working Group differs in the view that this is a transactional charge, and some members feel that including these is a breach of the CDCM. Regardless of the cost/benefit analysis the majority of the Working Group will be of this opinion.
EON Energy	Yes as described in the common format of charging statement agreed by Distributors under the DCMF. As we understand it there is only one Distributor charging each of these charges as part of their use of system charges all others treat them correctly as transactional charges.	
Northern Powergrid	<p>Northern Powergrid agrees that they are transactional charges.</p> <p>Northern Powergrid feels that further detail is required as costs will be incurred in complying with this proposal if approved</p>	<p>The Working Group queried what further detail would be needed, RF from Northern Power Grids noted that they will need to do a cost/benefit analysis.</p> <p><i>**Post meeting note – Supplementary questions were sent out to all respondents asking for this information.</i></p>
Npower	Yes	
ScottishPower Energy	Yes, we believe that revenue protection and metering costs are transactional charges and should not be included within UoS	

Retail	invoices. In the example of revenue protection, this service may be provided by a third party so it cannot be accurately described as being a cost incurred by a DNO Party in the operation of its Distribution Business. It should therefore not be included within UoS invoices.	
SP Manweb Plc and SP Distribution Ltd's	Yes, and these are also subject to separate DCUSA Clauses and Payment Terms	
SSE Energy Supply Ltd	Yes	
SSE Power Distribution	Yes	
UKPN	Yes that is our view	
Western Power	Yes	
<b>Question Six</b>	<b>Do you believe that both of these revenue protection and metering costs should be under the 30 day payment terms instead of the 14 day UoS payment terms? Please provide supporting comments.</b>	<b>Working Group Comments</b>
British Gas	Yes, since they are not UoS payments.	The Working Group noted that the majority of respondents agree that revenue protection and metering costs should be under 30 day payment terms instead of 14 day UoS terms.
EDF Energy	Yes – 30 days payment terms in line with Metering charges from other distributors.	
ENC	We believe these elements should be under the same terms as any other transactional charges. In addition, any party who wishes for these cost types to be under the 14 day payment terms should make the case for doing so with supporting evidence at industry level.	
ENWL	Revenue Protection – 30 days  Legacy MAP charges – 14 days - Whilst it is not part of Use of System, it is also not a transactional activity. There is an argument that our current approach is the most cost effective and cost reflective recovery of such a Licence obligation for both parties even including	The Working Group noted that the intent of the CP is to have one consistent approach to this issue. Whether or not we agree that it is a transactional charge; the question becomes why one DNO should have these on 14 day payment terms when no other DNO does, as other MAP

	<p>the fact that such a recovery impacts the supplier with a potential extra 16 days loss of cash flow and the interest associated with it.</p> <p>In our opinion, when you compare the cost of undertaking the Supplier validation of such invoices and the payment processing of such invoices, the interest lost would be far less if not removed completely. Such an analysis needs to be undertaken by parties in their assessment of this change proposal and as such should have been requested as part of this consultation (as was the intent of the working group but never actually found its way into the consultation document).</p> <p>Non Legacy MAP charges – in line with the bi-lateral agreement for such a service</p>	<p>charges are 30 day terms.</p> <p>It was noted that the 14 day terms goes back to 1999 with the UoS agreements which allowed these charges to be bundled.</p> <p>The Working Group highlighted that in their opinion this is still not a UoS charge.</p>
EON Energy	Yes by definition these must be transactional as they relate to certain sites only as not all sites are subject to these charges. Both charges are not compulsory services provided by the Distributor and do not relate to the use of the Network.	
Northern Powergrid	Yes	
Npower	<p>Yes.</p> <p>Non UoS elements are not validated through our systems (i.e. Sonet) so would fall under a manual process for payment. Keeping these separate will improve payment times.</p>	
ScottishPower Energy Retail	We believe that revenue protection and metering costs are transactional charges for the reasons stated above. They should therefore be subject to 30 day payment terms as per the DCUSA.	
SP Manweb Plc and SP Distribution Ltd's	Yes	
SSE Power Distribution	Yes	
SSE Energy Supply Ltd	Yes	
UKPN	Yes that is correct	

Western Power	Yes	
<b>Question Seven</b>	<b>Are you aware of any wider industry 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>	<b>Working Group Comments</b>
British Gas	No	The Working Group noted that the majority of respondents were not aware of any other impacts on the CP.
EDF Energy	No	
ENC	No	
ENWL	The introduction of competition in this area as resulted in a halving of the number of meters for which we are responsible via our Legacy MAP service. The smart metering roll out will mean that by 2019 we should see little if any revenue in this area. It would seem sensible not to consider change in this area for what will be a depleting impact on suppliers.	The Working Group noted that all Parties affected could apply for a derogation to Ofgem as required by their individual situations.
EON Energy	Yes. There are many DCUSA DCPs that are aimed at improving the billing and subsequent validation processes of Distributors and Suppliers. The majority of costs associated with these are development costs to billing or validation tools. These costs are greatly reduced when more than one change can be undertaken at any time.	
Northern Powergrid	None that we are aware of	
Npower	No	
ScottishPower Energy Retail	No	
SP Manweb Plc and SP Distribution Ltd's	No	

SSE Energy Supply Ltd	N/A	
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 147?</b>	<b>Working Group Comments</b>
British Gas	Yes. We recognise that adjusting billing systems to accommodate small changes can be costly. We do not believe, however, this should be a reason to either reject the modification or delay the change implementation. DNOs in those circumstances should apply for derogations and seek to implement in an efficient fashion.	The Working Group noted that the majority of respondents agreed with the implementation date of DCP 147.
EDF Energy	Yes	
ENC	Yes	
ENWL	We believe that any implementation date needs to consider the development of a common approach to the structure of the MAP charges. Are these daily counts or a report of volumes at the end of the month? What do suppliers currently receive from distributors for this service? We do not want to be in a position of developing a change only to be then hit with a further change on similar grounds to this suite of changes whereby suppliers inform us that we are not adopting a common approach to the production of MAP charges. Such a review needs to be undertaken as part of this change proposal albeit it may not require codifying and then impact assess how long this will need to develop prior to determining the date. Otherwise derogations may need to be requested while such information is gathered.	The Working Group noted that to their knowledge no Supplier has raised an issue about how they receive MAP charges.
EON Energy	Yes	
Northern Powergrid	No	It was confirmed with RF from Northern Power Grids that this depends upon the complexity of what is involved within the changes to the system; and if necessary a

		derogation would sought.
Npower	Yes	
ScottishPower Energy Retail	Yes	
SP Manweb Plc and SP Distribution Ltd's	Yes. SP Energy Networks already meet the requirements of this CP	
SSE Energy Supply Ltd	No - Implementation at the start of a financial year would be better as this would provide consistency throughout the year.	
SSE Power Distribution	Yes	
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>	<b>Working Group Comments</b>
British Gas	No	The Working Group noted that the majority of respondents were not aware of any other solutions or matters that the Working Group should consider.
EDF Energy	No	
ENC	No	
ENWL	What is not clear here is who does what now and what the impact of this change proposal is on industry parties. This, as per the working group minutes, should have been requested. We look forward to reviewing this once the working group have determined how best to present the case, since without such analysis no case is made for change apart from the expert working group view that this is best because it is most common.	<p>The Working Group noted that the whole purpose of the having an expert Billing group was to define/assess/develop the issue. It was also explained that within the group it was discussed which option would have the smallest impacts on Parties.</p> <p>The Working Group noted that this change has been raised because of an issue that is present; and that only one respondent is from an individual viewpoint rather than a majority viewpoint.</p>

		<p>It was highlighted that this CP is about what should be included within Use of System charges, and to remove any ambiguity.</p> <p>The Working Group would also like to ask ENWL where it states within the CDCM that they can include MAP charges within the charges.</p>
EON Energy	No. We believe the MIG working group have already discussed this widely and believe this to be the optimal solution.	
Northern Powergrid	None that we are aware of	
Npower	None that we are aware of.	
ScottishPower Energy Retail	No	
SP Manweb Plc and SP Distribution Ltd's	No	
SSE Energy Supply Ltd	N/A	
SSE Power Distribution	No	
UKPN	no	
Western Power	No	