



## **DCUSA Change Report**

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### DCP 144 - Prohibiting Rounding of HH Data

## **1 PURPOSE**

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 144 – Prohibiting rounding of HH data.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed legal drafting amendments (Appendix B) and submit their votes using the form attached as Appendix E to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than 7 December 2012.

## **2 BACKGROUND**

- 2.1 DCP 144 has been raised by E.On Energy as a result of the work undertaken by the DCMF MIG Annual Review Billing Supergroup. That group was 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.
- 2.2 The intent of DCP 144 is to prevent Distributors from rounding Half Hourly (HH) data, which is provided to one decimal place, to whole numbers before calculating Use of System (UoS) charges.
- 2.3 The DCMF MIG Annual Review Billing Supergroup has assessed different approaches used by Distributors under current practice and has determined its view of the optimal common approach that should be adopted in relation to the matter stated in the intent.
- 2.4 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.
- 2.5 The Proposer explains that in the case of the rounding of HH data the Billing Group felt that this should not be happening.
- 2.6 This CP has been deemed a Part 1 matter as it is likely to discriminate in its effect upon Parties as some Distributors may have changes to make to their billing systems while others may not.

## **3 DCP 144 – WORKING GROUP**

3.1 The DCUSA Panel established a Working Group to assess and refine DCP 144. The Working Group met on three occasions and was comprised of Suppliers, DNO Parties and Ofgem representations.

3.2 Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).

#### **4 DCP 144 – CONSULTATION**

4.1 The Working Group carried out a Consultation to give Parties an opportunity to review and comment on DCP 144. There were 13 responses received from Parties and these are documented in Appendix C.

4.2 The responses to the consultation were supportive of the intent and the principles of DCP 144. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Appendix C.

4.3 A summary of the responses received, and the Working Group's conclusions are set out below:

##### **Question 1 - Do you agree with the intent of DCP 144?**

4.4 The Working Group noted that all respondents, with the exception of one DNO, to the Consultation understood the intent of DCP 144.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	5	1
<b>Suppliers</b>	6	0
<b>IDNO</b>	1	0

4.5 The DNO respondent, who did not agree with the intent of the CP, noted that over the course of 12 years they had no formal disputes raised due to the rounding of HH data.

4.6 The Working Group highlighted that whilst there may have not been any formal disputes raised in regard to this topic, it still causes an issue with Suppliers. It was also noted that until the incorporation of the CDCM into DCUSA there was no formal way of raising a change or a dispute.

4.7 The Suppliers on the Working Group also noted that they have had issues with the rounding of Half Hourly data in the past, but it was always handled in an informal manner as there was no formal route. The informal

route had been fruitless so the only option left was to propose a formal change via the DCUSA.

### **Question 2 - Do you agree with the principles of DCP 144?**

4.8 The Working Group noted that all respondents, with the exception of one DNO, to the Consultation agreed with the principles of DCP 144.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	5	1
<b>Suppliers</b>	6	0
<b>IDNO</b>	1	0

4.9 That DNO respondent noted during discussions at the Working Group meeting there have been no formal disputes and there are minimal volumes associated with this issue.

4.10 It was explained that DNO respondent understands the intent and the issue, but does not agree with changing their systems and incurring costs when there is not a large associated volume.

4.11 The Working Group noted that the intent of the CP is for a common approach and accuracy of billing, not about the volumes associated with the issue. It was also noted that this CP stopped any DNOs in the future changing to rounding data. This risk exists now and DNOs need give no warning to Suppliers should they chose to do so. This CP therefore was mandating that rounding should be prohibited by any DNO in the future stopping any unnecessary problems with invoice validation in the future.

### **Questions 3 - Does the CP better facilitate the DCUSA General Objective 2? Please provide supporting comments.**

4.12 The Working Group agreed that DCUSA General Objectives 2 was better facilitated by DCP 144.

4.13 The following table outlined the respondents' views on which Objectives are facilitated by the CP:

<b>DCUSA General Objectives</b>	<b>General Objective</b>
<b>Objective 1</b>	0
<b>Objective 2</b>	11
<b>Objective 3</b>	0
<b>Objective 4</b>	0
<b>Objective 5</b>	0

- 4.14 The Working Group noted that 11 of the 13 respondents agreed that DCP 144 better facilitates DCUSA General Objective 2.
- 4.15 One respondent noted that any change should be measured against all of the DCUSA Objectives. The respondent noted that this question only asked for an opinion related to DCUSA General Objective 2.
- 4.16 The respondent further noted that there is a perceived benefit to Suppliers receiving a common approach associated with this change proposal but they have yet to see evidence that all Suppliers are impacted, or whether a too onerous validation is being applied. The Respondent explained that without such knowledge they cannot assess whether this objective is better facilitated by DCP 144.
- 4.17 The Working Group agreed that it is 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.
- 4.18 The Working Group also noted that the other DNO party which did not agree with this CP better facilitating DCUSA Objective 2 did not provide any supporting comments as to their reasons why they are of this opinion.
- 4.19 With regard to too onerous validation the working group believed it was not unreasonable for a Supplier to validate an invoice based on the same data that the DNO was using to create it. It was believed manipulating this data by rounding added an unreasonable step in the validation process of Suppliers.

**Question 4 - Do you have any comments on the proposed legal drafting of DCP 144?**

- 4.19 The Working Group noted that the respondents did not have any comments on the legal drafting.
- 4.20 One respondent noted that 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.
- 4.21 The Working Group did not agree with this point, it was explained that this a Part 1 change that does not introduce or affect a Part 1 clause. The change could potentially have different impacts on different Parties, which could be viewed as discriminatory and that this was the criteria used in determining it was a part 1 matter.

4.22 As a Part 1 matter, this will ensure that the CP will go to Ofgem for final determination; which the Proposer and Working Group felt was the correct process.

**Question 5 - 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.**

- 4.23 One Respondent noted that Within the Balancing and Settlement Code P272<sup>1</sup>, there is a potential change to the D0036 and D0275 data flows that will move this to three decimal places. It was further explained by the respondent that there is also an expectation that if P280<sup>2</sup> progresses then such a change would also be required<sup>3</sup>.
- 4.24 It was highlighted by this respondent that this change has not yet been raised by the Industry but it would make sense that any work undertaken by Parties in developing any system change considers such an impact when developing the code.
- 4.25 Another Supplier Party noted that 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.
- 4.26 This respondent also noted that there are costs associated with not implementing this DCP. They estimate the development costs for each bespoke validation for this item to be approximately £1,500. To employ more validation staff £5,000 per annum per Distribution licence.
- 4.27 The Working Group noted all the comments received regarding this topic, but noted that there was nothing put forward that should stop this CP progressing on its own merit.

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<sup>1</sup> P272 - Mandatory Half Hourly Settlement for Profile Classes 5-8

<sup>2</sup> Introduction of new Measurement Classes

<sup>3</sup> It was noted by the DCUSA Panel at their meeting on 21 November 2012 that the BSC Modification P280 has been rejected by Ofgem since the Consultation for DCP 144 had finished and the Working Group met to discuss the responses.

**Question 6 - Do you agree with the implementation date of DCP 144?**

4.28 The Working Group noted that the majority of respondents, 12 of 13, agreed with the implementation date of DCP 144.

<b>Respondent Party Type</b>	<b>Yes</b>	<b>No</b>
<b>DNOs</b>	5	1
<b>Suppliers</b>	6	0
<b>IDNO</b>	1	0

4.29 One respondent noted that they agree with the date and also recognise that adjusting billing systems to accommodate small changes can be costly. They explained that they do not believe, however, this should be a reason to either reject the modification or delay the change implementation date. DNOs in those circumstances should apply for derogations to this CP from Ofgem and seek to implement in an efficient fashion.

4.30 Another respondent noted that a general principle is that at least six months notice is provided from Ofgem's determination unless the change is a significant one. If during the life of this change proposal there is a change raised to the data flows in question to move to three decimal places, if the opportunity is available both the implementation dates should align.

4.31 The Working Group noted that all Parties are able to apply for derogations with Ofgem as their individual situations dictate.

**Question 7 - Are there any alternative solutions or matters that should be considered by the Working Group?**

4.32 The Working Group noted that all but one DNO respondent were not aware of any alternative solutions or matters that should be considered by the Working Group.

4.33 The respondent noted that what has not been provided is the materiality of rounding the data compared to the costs of undertaking such a change. It was explained by this respondent that by the very nature of rounding there are ups and downs resulting in the main with a very close correlation to the actual value.

4.34 The Working Group agreed that the extra information that was listed as missing in regard to the materiality of rounding the data compared to the costs of undertaking such a change was important. It was decided to ask

for this information in supplementary questions so that Parties would have robust data in order to make a considered decision regarding DCP 144.

- 4.35 The response went on to question that in regard to metering data they suspect such a materiality is dependent on when the rounding occurs, is it at each HH period for each daily flow, or is it an aggregated level. What is the “error” and is supplier validation so tight that it is self inflicted? How many suppliers are affected?
- 4.36 The Working Group confirmed that the rounding occurs on a HH basis.
- 4.37 In response to the question of how many Suppliers are affected, the Working Group noted that all Suppliers that validate are affected and small Suppliers that only do HH data may be disproportionately affected.
- 4.38 In response to the issue of costs, the Working Group highlighted that one supplier provided costs within their response to this consultation, and they estimated the development costs for each bespoke validation for this item to be approximately £1,500 and to employ more validation staff £5,000 per annum per Distribution licence.
- 4.39 The Working Group then discussed the point in this response regarding this being a self-inflicted issue. The Working Group noted that if an error comes out of the validation process, this is not a self inflicted situation. It was also explained that customers should be able to calculate their charges with the HH data they have available and their tariff rate. It was noted that if there’s differences, it would just go back to the Distributor for explanation.
- 4.40 It was also agreed by members that regardless of the costs and time, it should be examined what is the correct process which should be followed, and how it is best to make it common and consistent to ensure accuracy of data.

## **5 SUPPLEMENTARY QUESTIONS**

- 5.1 The Working Group agreed to ask Parties for additional information in the form of Supplementary Question in order to allow Parties to provide the impacts and materiality of implementing DCP 144. There were 10 responses received from Parties and are documented in Appendix D.
- 5.2 The Working Group discussed each response and its comments are



summarised alongside the collated Consultation responses.

- 5.3 A summary of the responses received, and the Working Group's conclusions are set out below:

**Question 1 - How will DCP 144 affect your organisation? Please provide supporting comments.**

- 5.4 The Working Group noted that from the responses received, that only one DNO is impacted by this change.
- 5.5 One DNO rounds all HH data and therefore if DCP144 were approved a change to their billing system would be required. The Working Group noted this comment.

**Question 2 - Will there be any associated costs with implementing DCP 144? Please provide supporting comments.**

- 5.6 The Working Group noted that only one DNO Party explained that there would be a cost associated with implementing this change.
- 5.7 The respondent indicated that their billing system will need to be redeveloped and that they envisage the indicative costs of this work to be around £70k.
- 5.8 The Working Group noted this comment.
- 5.9 There was also one Supplier Party which detailed the costs of not implementing DCP 144 within their Consultation response.
- 5.10 One Supplier Party also responded that DCP 144, if implemented, will create cost savings due to reduced validation errors and manual billing to customer and less customer queries.

## **6 PROPOSED LEGAL TEXT**

- 6.1 The proposed legal drafting of DCP 144 has been considered by the Working Group, and reviewed by Wragge & Co, and is attached as Appendix B.

## **7 DCP 144 – WORKING GROUP CONCLUSIONS**

- 7.1 The Working Group's conclusion, reflecting Party opinion as presented in the Consultation responses, is that proposed drafting meets the intent of DCP 144 and therefore should be issued for voting and Party determination.

## **8 EVALUATION AGAINST THE DCUSA OBJECTIVES**

- 8.1 The majority of the Working Group considers that the following DCUSA Objective is better facilitated by DCP 144:

**General Objective 2<sup>4</sup>** – Better Facilitated. The Working Group agrees that DCP 144 will promote consistency and transparency in the methods faced by Suppliers.

## **9 IMPLEMENTATION**

- 9.1 DCP 144 is classified as a Part 1 matter in accordance with Clause 9.4.2 (B) of the Agreement, and therefore will go to the Authority for determination after the voting process has completed.
- 9.2 The implementation date, subject to Authority approval, is 1 October 2013.

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<sup>4</sup> 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

## 10 ENGAGEMENT WITH THE AUTHORITY

10.1 Ofgem has been fully engaged throughout the development of DCP 144 as a member of the Working Group.

## 11 PANEL RECOMMENDATION

11.1 The Panel approved this Change Report on 21 November 2012. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 144.

11.2 The timetable for the progression of the Change Proposals is set out below:

Activity	Date
Change Report issued for voting	23 November 2012
Voting closes	7 December 2012
Change Declaration	11 December 2012
Authority Decision	18 January 2013
CP Implemented	1 October 2013

## 12 APPENDICES:

- Appendix A – DCP 144 Change Proposal
- Appendix B – DCP 144 Proposed Legal Drafting
- Appendix C – DCP 144 Consultation Documents
- Appendix D – DCP 144 Supplementary Questions
- Appendix E - DCP 144 Voting Form