



DCUSA Change Report

DCP 142 – USING D2021 FOR ALL
INVOICES/CREDIT NOTES IF IT IS USED AT ALL

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 142 – Using D2021 for all Invoices/Credit Notes if it is used at all.
- 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 D to dcusa@electralink.co.uk no later than 9 January 2013.

2 BACKGROUND

- 2.1 DCP 142 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 is to ensure that all distributors that use the D2021 do so for all invoices/credits raised.
- 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 It was explained by the Proposer that the D2021 is often used to bill initial charges but for some Distributors, credits and re-bills are then raised as paper documents.
- 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 142 – WORKING GROUP

- 3.1 The DCUSA Panel established a Working Group to assess and refine DCP 142. The Working Group was comprised of Suppliers, DNO Parties and Ofgem representation.
- 3.2 Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcuda.co.uk.

4 DCP 142 – CONSULTATION

- 4.1 The Working Group carried out a Consultation to give Parties an opportunity to review and comment on DCP 142. There were 12 responses received from Parties and these are documented in Appendix C.
- 4.2 The majority of the responses to the consultation were supportive of the intent and the principles of DCP 142. 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 142?

- 4.4 The Working Group noted that the majority of respondents, except for one DNO Party, agree with the intent of DCP 142.

Respondent Party Type	Yes	No
DNOs	5	1
Suppliers	6	0
IDNO	0	0

- 4.5 One DNO Party Respondent explained that in their opinion the minutes of the first meeting of this DCUSA working group infer that the intent for all this change is quite narrow yet it could be argued to be quite broad and cannot be supported.
- 4.6 They further explained that they believe the intent to be quite broad because it states that if a distributor sends a D2021 then they must do so for all invoices/credits used. They noted that it was queried in their response to the DCMF MIG Billing Expert group in that they cannot do so for those suppliers who are not a Party to the e-billing agreement and as such

they cannot process such flows. They further suggested amending the legal text to include “and the User agrees to receive”.

- 4.7 The Working Group noted this will only apply when the first invoice was submitted by the D2021, and the legal text clarifies the intent. The Working Group also agreed that the DCUSA legal advisor should be consulted to confirm that this DNO’s comments are sufficiently covered within the legal text.
- 4.8 The same DNO respondent also commented on a reciprocal arrangement whereby a supplier who receives electronic flows should send the D2026 flow in an automatic fashion. They noted that they felt this also did not find its way into the DCP 142 and modified intent so that those suppliers and distributors who are signatories to the e-billing agreement actually use the electronic flows.
- 4.9 They further explained that since there is no mention within the minutes of the DCMF MIG Billing Expert group they will be discussing internally whether to raise a change proposal separately in this area, but the whole issue of governance of the e-billing arrangements needs careful thought and a legal view as to whether such compliance should sit under DCUSA.
- 4.10 The Working Group noted that the DCMF MIG Billing Group discussed this point, and it was agreed in that forum that it should be placed on hold until all the CPs submitted, DCP 141 to 149, have been progressed and the Billing Group begins meeting again. However, the Working Group noted that this Respondent, like any DCUSA Party, are free to raise the CP in advance of this if date they wish to do so.

Question 2 - Do you agree with the principles of DCP 142?

- 4.11 The Working Group noted that all respondents agree with the principles of DCP 142.

Respondent Party Type	Yes	No
DNOs	6	0
Suppliers	6	0
IDNO	0	0

- 4.12 One DNO Party Respondent noted that even though they are uncomfortable with the intent, they agree with the principles of the change proposal but do

have some reservations.

4.13 The Working Group noted the comments contained within this response.

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

4.14 The Working Group agreed that DCUSA General Objectives 2 was better facilitated by DCP 142.

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

DCUSA General Objectives	General Objective
Objective 1	0
Objective 2	10
Objective 3	0
Objective 4	0
Objective 5	0

4.16 The Working Group noted that 10 of the 12 respondents agreed that DCP 142 better facilitates DCUSA General Objective 2, with 2 DNO respondents disagreeing with this assertion.

4.17 One Supplier Party noted that they agree that DCUSA General Objective 2 is better facilitated and that this change will increase the commonality across DNOs in the sending of and receipt of invoices. In their opinion, this will improve competition by making the business rules and procedures easier to understand, including for new entrants.

4.18 One DNO Party explained that DCP 142 will lead to more efficient and consistent practice for both DNO Billing and Supplier Validation processes, thereby better facilitating DCUSA General Objective 2.

4.19 Another Supplier Party responded that in their view DCUSA 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. It was explained that 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.

- 4.20 One DNO Party noted that in their opinion the filtered request on how this better facilitates the DCUSA objectives would provide a narrow rather than full objective review.
- 4.21 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.
- 4.22 The Respondent then noted that in their opinion, that for DCUSA General Objective 2, each supplier is treated the same in receipt of invoices from each distributor so competition in supply is unaffected. They explain that one could argue that competition is being frustrated by such a change that ensures that all distributors are doing exactly the same so it has a negative impact on distribution competition. Also the reluctance to mandate D2026 e-billing remittances, where some suppliers do not even send one or send them some considerable time later, causes increased work for distributors. So the same argument as the Proposer cites here but has a negative impact due to differing approaches being adopted by suppliers.
- 4.23 The respondent then explained that to counter this there is a benefit to new supplier entrants in that they can enter the market knowing that invoices will be received in a set format, but in their view, new entrants tend not to go directly to e-billing due to the initial set up and system costs, so it may be conceived as better facilitating this objective but it will be a minor improvement, so overall, in their opinion, DCUSA General Objective 2 may be neutral.
- 4.24 The Working Group reviewed and noted the contents of the response.
- 4.25 Another DNO Party noted that they do not believe this CP better facilitates any of the Objectives; however they have no issue with standardising practice across the industry.

Question 4 - Do you have any comments on the proposed legal drafting of DCP 142?

- 4.26 The Working Group noted that the majority of respondents, 11 of 12, did not have any comments on the legal drafting.
- 4.27 One DNO Respondent noted that they stated in their expert working group

comments associated with this legal text that the Invoice Types did not reflect the descriptions contained in the e-billing – “Invoice Type” data item catalogue.

4.28 They suggested that rather than repeat, omit or cause misinterpretation of Invoice Types and the potential to impact or have misalignment on another governance area that the Working Group modify the text to make it more generic to cater for all, inclusive of consideration to other change proposals in this pack i.e. the use of amendments rather than adjustments which may have an alternative meaning when used in the D2021.

4.29 The respondent provided variations of the legal text for consideration by the Working Group. The Working Group discussed the points raised in the response, and agreed that this version of the legal text would be sent to the DCUSA legal advisor for review and advise.

4.30 The same respondent went on to note 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.

4.31 The Working Group noted that this is a Part 1 matter not because of the changes it will make to the DCUSA, but because of its effects on Parties and which may incur costs in order to implement the change.

4.32 **Question 5 - How will DCP 142 affect your organisation? Please provide supporting comments.**

4.33 The Working Group noted that the majority of respondents were not aware of any major/negative impacts that would occur as a result of DCP 142 being implemented.

4.34 One Supplier Party explained that the effects are as a consequence of not implementing this DCP. They explained that without a common defined approach in order to validate invoices received from Distributors, Suppliers face the following issues. They have to either develop separate validation tools for each Distribution Licence held, with no guarantee that these will remain the same as the Distributor can change at any time without any notice.

4.35 The alternative is to employ more validation staff to manually check each invoice with again, no guarantee that the Distributor does not change the

way it invoices from month to month. The final alternative is not to validate invoicing, something that will result in the many errors not coming to light; and when they are discovered, perhaps many years later, these results in re-billing by the Distributor, often without the ability to re-invoice correctly to the end customer.

- 4.36 One DNO Party commented that they will only be affected if ad hoc invoices also require sending electronically as these are currently issued on paper and therefore does not form part of the D2021 data flow.
- 4.37 Another Supplier Party explained that there would be less resource required to manage the different means by which invoices/credit notes are issued by those DNOs which use the D2021. The removal of manual work will help to simplify the management and validation of such invoices/ credit notes.
- 4.38 Another DNO Party noted that there would be no Impact as they already meet the requirements of this CP.

Question 6 - Will there be any associated costs with implementing DCP 142? Please provide supporting comments.

- 4.39 The Working Group noted that the overall majority of respondents will not incur any costs associated with the implementation of this CP.
- 4.40 One DNO could potentially incur costs if ad hoc invoices required sending electronically, but was unable to estimate the value.
- 4.41 One Supplier Party noted that the costs are all associated with not implementing this DCP. They estimate the development costs for each bespoke validation for this item to be approximately £1,000, and to employ more validation staff at £5,000 per annum per Distribution licence. It was noted that this is based on the costs that those Distributors that current send re-billing by paper invoice cost in excess of those that do not.

Question 7 - 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.

- 4.42 The Working Group noted that the majority of respondents, 10 of 12, were not aware of any wider Industry developments that could impact this CP.
- 4.43 One DNO Party respondent explained that there are a number of Industry changes that affect billing systems, such as the Balancing & Settlement Code P280 'Introduction of new Measurement Classes' and P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' modifications and the DCP 151 'HH Aggregated Tariffs' that facilitates the introduction of P280 (all subject to approval). Similarly the methodology changes associated with the MIG sub group looking at the NHH/HH perceived discrepancies.
- 4.44 Albeit these changes do not impact this particular change request, to undertake a change six months prior to a potential further change in the same area is not helpful to all Parties. It may therefore be sensible to defer this change proposal to the April 2014 date.
- 4.45 However, if P280 is not approved the potential impact on distribution billing systems as a consequence of the roll out of smart metering needs to be understood before any suggested changes to billing systems are considered.
- 4.46 It was noted that there are a number of distinct change proposals within the pack of DCP141-149 on or around the processing of the D2021 or compliance with the agreement supporting the D2021. They feel that this change should be withdrawn if DCP 145 'Mandating compliance with D2021 processes' is approved thereby ensuring that compliance of one agreement is managed in the appropriate forum.
- 4.47 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 one wait to progress this, or any Industry change.
- 4.48 The Working Group highlighted that since the Consultation closing date, P280 was rejected and DCP 151 has been withdrawn from the DCUSA Change process.
- 4.49 It was also reiterated that each change should be considered on its own merit, and not on a conditional basis as this response suggests.
- 4.50 It was also explained that any Party can apply for a derogation to any

approved CP depending on their own circumstances.

- 4.51 One Supplier Party commented that 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.

Question 8 - Do you agree with the implementation date of DCP 142?

- 4.52 The Working Group noted that all of the respondents agreed with the implementation date of DCP 142.

Respondent Party Type	Yes	No
DNOs	6	0
Suppliers	6	0
IDNO	0	0

- 4.53 One Supplier Party respondent noted that they recognise that adjusting billing systems to accommodate small changes can be costly. However, in their opinion do not believe that 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.
- 4.54 One DNO Party commented that since they have no changes to make they are neutral on the implementation date apart from the wider considerations such a change may have to those impacted by this change proposal. In their opinion, the decision should be based on those impacted by this change proposal.

Question 9 - Are there any alternative solutions or matters that should be considered by the Working Group?

- 4.55 The Working Group noted that the majority of respondents, 11 of the 12 Respondents, were not aware of any other solutions or matters that the Working Group should consider.
- 4.56 One DNO Party commented that they believe the minutes of the expert group infer that this is limited to one distributor and the issue thought to be a bi-lateral one between those parties, but it was agreed that due to limited

compliance provisions in this area a change proposal should be considered to address the issue.

- 4.57 The challenge is, should parts of a bi-lateral agreement outside of DCUSA find its way within it, or should such governance be contained under the business rules of the data flows in question and as such in their opinion this change proposal should be withdrawn.
- 4.58 Albeit they have concerns over DCP145 'Mandating Compliance with D2021 Processes' and believe that a legal view be sought over whether such a compliance clause can sit under DCUSA, they would prefer the conditional approval of DCP145 – 'Mandating Compliance with D2021 Processes' and then amend the business rules within the e-billing documentation where appropriate.
- 4.59 The respondent further note that by being so definitive, any system downtime will prevent any alternative billing option being available to distributors until it is rectified. If the billing system is down, they cannot send out any accounts but it may be a router or gateway issue that is preventing the sending of the flow. It was explained that paper or pdf accounts could still be generated dependent upon the downtime.
- 4.60 It was further explained that they can notify suppliers stating that they will not send e-billing data flows for the time being until the issue is remedied but would still not be able to submit an amendment to an earlier invoice. They felt that this may well be a key reason why this should not be approved (nor can be mandated within other agreements) in that it does not provide flexibility to the distributor, and as such creates inefficiencies and impacts on back up plans should a disaster occur.
- 4.61 The Working Group discussed the comments contained within the response, and explained that anything that better facilitates the DCUSA objectives can sit within the DCUSA.
- 4.62 It was also noted that there are provisions within the DCUSA that should cover off the points made by this respondent in regard to system downtime, and it sits within 59.4 of the DCUSA. The Working Group agreed to seek advice from the DCUSA legal advisor in relation to this point.

5 PROPOSED LEGAL TEXT

- 5.1 The proposed legal drafting of DCP 142 has been considered by the Working Group, and reviewed by Wragge & Co, and is attached as Appendix B.

6 DCP 142 – WORKING GROUP CONCLUSIONS

- 6.1 The Working Group's conclusion, reflecting Party opinion as presented in the Consultation responses and Supplementary Questions, is that the proposed drafting meets the intent of DCP 142 and therefore should be issued for voting and Party determination.

7 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 7.1 The majority of the Working Group considers that the following DCUSA General Objective is better facilitated by DCP 142:

General Objective 2¹ – Better Facilitated. The Working Group agrees that DCP 142 will promote consistency and transparency in the methods faced by Suppliers, thereby better facilitating DCUSA General Objective 2.

8 IMPLEMENTATION

- 8.1 DCP 142 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.
- 8.2 The implementation date, subject to Authority approval, is 1 October 2013.

9 ENGAGEMENT WITH THE AUTHORITY

- 9.1 Ofgem has been fully engaged throughout the development of DCP 142 as a member of the Working Group.

10 PANEL RECOMMENDATION

- 10.1 The DCUSA Panel approved this Change Report on 19 December 2012 and 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 142.
- 10.2 The timetable for the progression of the Change Proposals is set out below:

¹ 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

Activity	Date
Change Report issued for voting	21 December 2012
Voting closes	9 January 2013
Change Declaration	11 January 2013
Authority Decision	15 February 2013
CP Implemented	1 October 2013

11 APPENDICES:

- Appendix A – DCP 142 Change Proposal
- Appendix B – DCP 142 Proposed Legal Drafting
- Appendix C – DCP 142 Consultation Documents
- Appendix D - DCP 142 Voting Form