DCP 017 CONSULTATION RESPONSES SUMMARY

Question 1	**Does the proposed CP better facilitate the DCUSA Objectives?** Please state which objective(s) and give supporting comments.
British Gas	On balance we believe that the proposed CP will better facilitate objective 3.1.2. The main benefit for suppliers will be a decrease in costs as a result of reduced payment processing charges currently incurred as a result of daily billing by some distributors.
CE Electric UK	DCUSA Objective 4 - The promotion of efficiency in the implementation and administration of this Agreement Whilst this proposal may make billing processes more streamlined for suppliers and DNOs by reducing the number of times data validation routines need to be carried out it will have a detrimental impact on our commercial position to recover our income and maintain our cashflow position as DNOs see fit.
Central Networks	The Proposer considers that the CP will better facilitate Objective 4 of the DCUSA and will introduce a number of benefits to Parties including: • Decrease in resource and costs associated with administering and processing site specific invoices • Decrease in resource and costs associated with administering and processing cash control items and remittances relating to these invoices • Improved cash flow forecasts' accuracy • Improved Credit Cover position forecasts' accuracy • More valuable time will be spent on investigating and addressing invoice validation issues Central Networks supports all of these considerations.
E.ON UK	Yes, it will better facilitate the promotion of efficiency in the implementation and administration of the

	DCUSA. We believe it will introduce a number of benefits to DCUSA parties: ➢ Decrease in resource and costs associated with administering and processing site specific invoices ➢ Decrease in resource and costs associated with administering and processing cash control items and remittances relating to these invoices ➢ Improved cash flow forecasts' accuracy ➢ Improved Credit Cover position forecasts' accuracy More valuable time will be spent on investigating and addressing invoice validation issues
EDF Networks	The proposal does not better facilitate any of the DCUSA Objectives although it is acknowledged that neither does it have a detrimental affect on any of them. It has been suggested that the proposal will better facilitate objective 3.14. 'the promotion of efficiency in the implementation and administration of this Agreement'. However, our interpretation of this objective is that it is referring specifically to the administration of the DCUSA Agreement and not the administration of the services that it refers to within it e.g. DUoS Billing. In our view the CP is therefore 'neutral' on this matter.
Electricity North West Limited	The DCUSA objectives are: *3.1.1 the development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks;* *3.1.2 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;* *3.1.3 the efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences; and* *3.1.4 the promotion of efficiency in the implementation and administration of this*

	Agreement. I am having great difficulty trying to assess how this change proposal better facilitates the DCUSA objectives. The Change Proposal is linking this back to 3.1.4. with no explanation as to why this is the case. Within the Working Group minutes of meeting number one a reference is made to 3.1.2 stating that it is a clarification of 'the current situation' and did not wish to 'change the status quo'. If this is the case then how can this better facilitate the DCUSA objectives? In light of the comments raised within the Working Group it is evident that it is a change to the current situation for some Distributors and, if anything, this has a **negative impact** on the current process since Distributors will have to incur costs and may need to change their processes to meet the change proposal. In our opinion it has nothing to do with competition since each Distributor will be sending bills to all Suppliers in the same manner they have adopted, and it has nothing to do with the administration of the DCUSA. If it can be linked to one objective it may be 3.1.3 and, as indicated above, this will have **a negative impact.**
Npower Group	This CP better facilitates DCUSA Objective 4 i.e. the promotion of efficiency in the implementation and administration of this Agreement.
SP Distribution / SP Manweb	SPD/SPM do not support this change proposal. SPD/SPM do not believe this change proposal better facilitates the DCUSA objectives.
ScottishPower Energy Retail	Yes, 3.1.4 states "promotion of efficiency in the implementation & administration of the agreement" I

Limited	The proposal provides clear and efficient guidance in relation to frequency of billing, it provides adequate billing opportunity but maintains reasonable admin and payment costs for all
The Electricity Network Company Ltd	No. Whilst the proposal specifies efficiency savings there appears to be no analysis of the costs savings. Therefore we are not convinced that objective 4 is demonstrated.
Western Power Distribution	The change proposal better facilitates objective 3.1.4 of the DCUSA; "The promotion of efficiency in the implementation and administration of this Agreement." The change will benefit Parties by decreasing resources and costs associated with administering and processing site specific invoices.

Question 2	**Are there any other alternative solutions you would like to be considered by the DCP 017 Working Group?**
British Gas	No
CE Electric	A compromise position would be to increase the maximum number of billing runs to allow DNOs to invoice suppliers on a weekly basis. This compromise could be achieved by either drafting the revised DCUSA text to make it a blanket for the DNOs to issue invoices to suppliers on a weekly basis at their discretion or make it more limiting and use words that indicate that this may only be done when it appears the supplier is in financial difficulty.
Central Networks	No
E.ON UK	No
EDF Networks	We think the obligation on the distributor should be subject to the supplier fulfilling his obligations in respect of the metering data. At present we make more than one billing run largely due to the fact that data is not all received in a timely manner. We would rather receive all the data in a timely manner and make one run. This is within the gift of suppliers. To wait for data in order to do one run would have cashflow implications. There is therefore a relationship between receipt of data, number of invoice runs

	and payment period. A move to a single (later) billing run, where data has not been provided in a timely manner, should be accompanied by flexibility in payment period to maintain cashflow. Instead, we would rather suggest a redraft of the clause so that it makes the need for more billing runs conditional on the provision of the data on which to invoice. The suppliers would then be in control of the alleged admin burden of payment through improving their agents' provision of the metering data. We also suggest the relevant part be pulled out into a new clause for clarity. 21.2 As soon as is reasonably practicable after the end of each charging period, the Company shall submit to the User an account specifying the Use of System Charges payable for the whole or any part of that charging period. ~~In respect of accounts to be submitted during a calendar month, the Company shall use reasonable endeavours to submit all accounts on the same day with the same tax point date and in any event shall not submit accounts on more than four days.~~ Such account shall be based on: 21.2.1 data from metering equipment or any Equivalent Meter provided by the User in accordance with Clause 29.3 or, where actual data are not available, estimated data prepared in accordance with methods of estimation established under the Balancing and Settlement Code by the relevant Data Collector; and 21.2.2 other data as specified in the Relevant Charging Statement and/or the relevant Connection Agreement, provided that the Company may use estimated data prepared by the Company where the User fails to provide the data under Clause 21.2.1 and 21.2.2, and, where an account is based on estimated data, the account shall be subject to any adjustment which may be necessary following the receipt of actual data from the User. New 21.3 In respect of any charging period, where all relevant data from metering equipment or any Equivalent Meter has been provided by the User in accordance with Clause 29 the Company shall use reasonable endeavours to submit all accounts on the same day with the same tax point date and in such circumstances shall not submit accounts on more than four days in any calendar month.
Electricity North West Limited	At this stage our view is that there is no need to change the DCUSA.

Npower Group	None
SP Distribution / SP Manweb	The current drafting of Clause 21.2 is fit for purpose. No further consideration of options is required.
ScottishPower Energy Retail Limited	No
The Electricity Network Company Ltd	No
Western Power Distribution	No

Question 3	**Please indicate if you expect to incur any costs to support the CP** (particularly where these are related to internal system changes)
British Gas	We do not expect to incur any costs to support the CP
CE Electric	Under normal circumstances, e.g. no suppliers are in financial difficulty, we currently operate our DUoS billing process in line with this CP and therefore there would be no costs incurred.
Central Networks	No
E.ON UK	No
EDF Networks	Other than indirect costs to update working practices and procedures, there are no costs that would be incurred to implement the CP.
Electricity North West Limited	This may affect the contractual relationship we have with a third party delivering the service and will significantly impact the IT billing system. Although this is currently being looked at, once the outcome of the change is known, these can then be firmed up.
Npower Group	We do not expect to incur any costs to support this CP.
SP Distribution / SP Manweb	DCP 017 restricts the ability for DNOs to bill due charges which would result in cash flow issues.
ScottishPower Energy Retail	No, it should result in cost savings from a validation, admin and payment processing perspective, there

Limited	would be no costs incurred to facilitate this CP, only cost and time savings
The Electricity Network Company Ltd	No
Western Power Distribution	None. WPD already conform to the proposed billing criteria and as such will not incur any further costs.

Question 4	**Do you support the proposed implementation date of 06 November 2008?** Please state alternative if applicable
British Gas	Yes
CE Electric	As we already operate on this basis in normal circumstances the implementation date does not pose any problems.
Central Networks	Yes
E.ON UK	Yes. The implementation date of November 2008 was proposed to give DCUSA parties sufficient time to implement any changes that may arise as a result of this change proposal.
EDF Networks	This implementation date would not cause us any problems.
Electricity North West Limited	No. This is not possible due to the nature of the system and business process changes such a change would have on ENW.
Npower Group	Yes
SP Distribution / SP Manweb	No
ScottishPower Energy Retail Limited	Yes
The Electricity Network Company Ltd	Yes
Western Power Distribution	Yes. This proposed change has no impact on WPD so have no concerns over the implementation date.

Question 5	Do you agree with the Working Group's conclusion that the CP should have been considered as a Part 1 matter?
British Gas	We agree with the working groups conclusion that the CP should be considered a part 1 matter
CE Electric	Yes
Central Networks	Yes
E.ON UK	Yes
EDF Networks	No. The proposal refers to Clause 9.4.3 'it is likely to discriminate in its effects between one Party (or class or Parties) and another Party (or class of Parties)'. The effect of this proposal will apply to all DNO parties equally as it will limit the frequency of site specific billing that can take place within each month. Whilst this may have a greater impact on some DNO's than others i.e. those who currently invoice more frequently, the proposal does not discriminate against any one Party (or class of Parties).
Electricity North West Limited	The working group raised potentially two areas where it may be classed as a Part 1 matter by impacting Clause 9.4.2 and 9.4.3. Whilst we still need further time to assess both of these areas our current thinking is that it is not related to any of the other criteria within Clause 9.4. That said, within DCUSA (Clause 9.5) the Clause in question is not identified as a provision having the status of a Part 1 matter. This may well have been because of the flexibility currently contained within the Clause to allow the Distributor to bill in what they believe to be an appropriate manner for their business. Now that the Clause is placing a restriction on how a Distributor can undertake such an activity, together with the costs associated with such a restriction, this could impact 9.4.2 D (commercial activities associated with the generation, distribution or supply of electricity).
Npower Group	We are in agreement that Clause 9.4.3 may apply, thereby making this CP a Part 1 Matter, however do not believe that Clause 9.4.2 is applicable as we do not believe that this CP will have a **significant** impact upon Competition.
SP Distribution / SP Manweb	Yes

ScottishPower Energy Retail Limited	Yes
The Electricity Network Company Ltd	Yes
Western Power Distribution	The CP is likely to discriminate between DNO parties therefore we concur with the Working Group that the CP should be considered as a Part 1 matter.

Question 6	**Do you consider that there will be an impact on Credit Cover Arrangements as a result of the CP?**
British Gas	We do believe that there will be an impact on Credit Cover but do not believe this will have a material impact.
CE Electric	This has been used to good effect prior to the implementation of the credit cover arrangements and whilst those arrangements do exist that does not mean that the DNOs no longer have a responsibility to prevent bad debts arising.
Central Networks	There will be no impact to Central Networks but may impact Suppliers in DNO regions which bill daily (or more frequently than monthly).
E.ON UK	We believe that the CP will be beneficial to parties in improving their Credit Cover position forecasts' accuracy. From a supplier perspective, it is worth noting that the costs of using the distribution network will not change – it is the frequency of account submissions during a calendar month that will be limited. It is also our view that the varying interpretations of Credit Cover arrangements by DCUSA parties make the full impact on these arrangements difficult to ascertain.
EDF Networks	No, so long as metering data is provided in a timely fashion.
Electricity North West Limited	Based on the current data associated with indebtedness, should the bill be sent out at or around that of the SCDUoS bill there could be an impact to a limited number of Suppliers if all accounts are submitted on one calendar day per month.

Npower Group	There may be an impact upon Credit Cover Arrangements in place with the Distributor(s) whose billing arrangements will be impacted by this CP, however we believe that the benefits that will be delivered via the implementation of this CP, namely a reduction in resource and costs associated with administering and processing site specific invoices and an improvement in cashflow and credit cover position forecasts accuracy, will outweigh any impacts upon Credit Cover Arrangements that may be required.
SP Distribution / SP Manweb	Existing credit cover arrangements may have to be reviewed.
ScottishPower Energy Retail Limited	No, based on analysis and advice taken, there will be **no** impact if HH and NHHMD sites are paid between one and four times a month instead of more frequently.
The Electricity Network Company Ltd	Potentially yes. From a distributor perspective: It is for the distributor to determine what his own efficient billing costs are, not the supplier. The net effect of this proposal is that the distributors' cash flow position will be worsened and the suppliers cash flow position should be improved. This is because the proposal potentially introduces a delay between when a supplier can issue an invoice to a customer and when the distributor issues an invoice to the supplier. It also increases the amount of DUoS prices that are exposed to payment default. However, most suppliers (because of high credit limits) will not be required to provide additional credit cover As such it is arguable that this proposal does not constitute best practice for payment of bad debt. From a supplier perspective. As argued above the proposal will benefit supplier cash flow position. The issue here is not about the reducing the frequency in billing. It is about moving the date for sending invoices to a single date. As far as we can see the billing frequency does not change. If the bills issued on a daily amount were for trivial amounts then the supplier would have a case. However, given the bills are likely to be significant. On that basis it does not seem unreasonable that a DNO bills on a daily basis.
Western Power Distribution	No. As we are currently compliant with the proposal this will have no impact on the way we manage credit cover or on the indebtedness used to calculate the ratio.

Question 7	**Do you consider that the Business Justifications as drafted in the CP are appropriate?**
British Gas	We do consider that the business justifications as drafted in the CP are appropriate
CE Electric	We do not see how reducing the number of times invoices are issued would improve the accuracy of cashflow and credit cover forecasts but would generally agree that the other points are valid benefits

	which would be seen from this change proposal.
Central Networks	Yes
E.ON UK	Yes
EDF Networks	The Business Justifications as drafted in the CP do not better facilitate objective 3.14. ‘the promotion of efficiency in the implementation and administration of this Agreement’. However, as individual benefits, the only Business Justification that appears appropriate is the ‘decrease in resource and costs associated with administrating and processing cash control items and remittances relating to these invoices’. This is because having fewer invoice runs will reduce the number of payments that need to be made but it will not necessarily reduce the volume of invoices and therefore queries/disputes etc that are produced each month.
Electricity North West Limited	No. Each business justification is shown below together with the ENW response. **Business Justification 1** *“Decrease in resource and costs associated with administering and processing site specific invoices”.* **ENW response** I cannot see how this would reduce because the Suppliers would have the same number of bills to verify but over a shorter time period. From an ENW perspective we manage the work over a larger timeframe (two/three weeks) so the cost, as a consequence of this change proposal, may well increase because we need to turn things around more quickly. The existing process gives the Supplier a wider window to validate their bills. Should the bill be produced on one day we expect payment in fourteen days whether the Supplier has completed his validation or not. The Supplier could put more resources to this or still use the same resource and query after payment. Either way is no decrease in resources.

	The alternative to this is to not undertake as much validation as we do, but this would then increase costs to both parties to resolve disputes. We would therefore counter by saying that costs could increase not decrease. **Business Justification 2** *"Decrease in resource and costs associated with administering and processing cash control items and remittances relating to these invoices"* **ENW response** It is difficult to manage remittances at present with some Suppliers either not sending in remittances correctly within the e-bill format or in some instances not at all, so how this will reduce costs is difficult to assess. Should a Supplier get a remittance wrong we would not have the resource to manipulate a file with circa 3000 sites contained within it. If it fails we would have to reject and let the supplier know that it is not fit for purpose and for them to resubmit. This will increase their costs whereas on smaller files we can identify the error and in discussion with the Supplier amend and onwardly process. A service the suppliers currently enjoy that may have to be withdrawn. The small cost savings to the Supplier associated with payment processing are the only benefit I can see. However this may result in increase costs to the distributor in attempting to match the payment to the remittance if they don't balance and the data within the files contains thousands of accounts. **Business Justification 3**

	"Improved cashflow forecasts' accuracy" **ENW response** We believe that this is not likely to be the case. If anything it will make it worse. We are more than likely going to be in a position of billing on estimates for NHH MD sites because in more cases than not we will not have received the actual meter reading. When the Supplier comes to validate the proposed cash impact may be prone to larger variations since the Distributor bill will not marry to that of the Supplier bill. This will also have a negative impact on our cash flow by having to hold back on valid invoices. Currently we bill NHH MD site specific invoices when we receive the readings from the Supplier's data collector. If this passes our validation a bill is sent out. No doubt this is a similar process that Suppliers adopt for the majority of their Customers. **Business Justification 4** *"Improved Credit Cover position forecasts' accuracy"* **ENW response** This actually will result in a higher value of credit cover being required since you are receiving all the bills in one invoice whereas at the moment they are spread over a two/three week period i.e. by the time some bills have been produced some have been paid for. This could well push some Suppliers over the threshold and certainly increase the value of reports at the 85% threshold some of which are already at that stage. So it may help Suppliers but at a price for increased cover provisions.

	Business Justification 5 *"More valuable time will be spent on investigating and addressing invoice validation issues"* **ENW response** This does not make sense. You will still need to deal with the same number of invoices irrespective of the number of files being sent to you. By dealing with smaller invoice quantities as and when we receive the meter readings, over an extended period, allows you to deal with them more easily and match them to the data you receive. For the larger Supplier one massive file of circa 3000 invoices surely is not the solution. Add this to the fact that we could end up sending more estimated bills to some Suppliers dependant upon their data collector read cycle and it may make life more difficult for Suppliers. It has been noted that some Suppliers believe that our validation is very good, with little disputes associated with them so it seems that we may end up spending money to either make things worse by either sending more estimates out or reducing up front validation to then spend the time post invoice to sort out the queries once actual data has been received. Overall there may be some benefit in the cash processing side for the Supplier, but this will be countered in other areas with increases in resource to deal with the fall out of such an initiative.
Npower Group	We are in agreement that establishing a regular cycle for site specific billing will have a number of benefits for DCUSA Parties, as outlined within the Business Justification section of the CP.
SP Distribution / SP Manweb	No
ScottishPower Energy Retail Limited	Yes
The Electricity Network Company Ltd	No. Although we accept the intention of the CP we feel the rights of distributors may be at risk of being eroded for the benefit of suppliers.

Western Power Distribution	Yes. Given the current complexities outlined in the proposal a move toward a standard billing cycle would appear to be justified.

Question 8	**Distributors – Do you consider that you will be required to make changes to your current systems / processes as result of the CP as drafted?**
British Gas	-
CE Electric	Not under normal circumstances but our current policy and process operated when a supplier is in financial difficulty would be impacted.
Central Networks	No
E.ON UK	-
EDF Networks	There will be a need to change our current processes although there should not be any need to change our systems. Our systems can already cope with fewer runs as our preferred way of billing is to bill all site specific invoices in one run soon after the charge period. However, we are currently prevented from doing this by the way in which metering data is currently provided to us. As a result we end up having a main run in a timely manner (within 2 calendar weeks of month end) and a catch up run later in the month.
Electricity North West Limited	Yes. In the NHH MD market Supplier's Data Collectors commence readings from the final week in the month through to the first week and may extend to the middle of the following month. ENW bill the Supplier on the receipt of a valid meter reading for each site with a final bill date for each bill period. The final bill period set to coincide with the read cycle of the Suppliers Data Collector to maximise actual readings. Should no readings be received the bill is estimated. It is interesting to note that 20% of all bills are estimated; however some Supplier performances are twice this value. As indicated above this

	value could well rise dependant upon the solution that is developed. To limit the bill frequency we would have to 'hold back' the bill once we have received and validated the data until the billing date within each calendar month. Consideration will also be needed to dealing with actual readings being received post the final bill day but that are still either held back awaiting the batch date to be reached or held in a validation work queue as well as how we view 'calculated bills and the business processes that need to be developed so that we understand the difference between a 'calculated' bill and a 'generated' bill. Initial thoughts on the IT work are: • Introduce a delay mechanism between the bill calculation (stage 1) and bill generation (stage 2), so that valid bill calculations and bill calculations accepted from the validation workqueue only progress to the bill generation stage on the days specified by the bill generation parameters. • Impact assess Cancel / re-bill and adjustment billing rules and timings relating to bills 'calculated' but not yet 'generated'. • Impact assess Copy bills relating to bills 'calculated' but not yet 'generated'. • Actions that should be allowed / triggered / inhibited for calculated bills that are on hold (waiting for the Suppliers next bill generation date) • Viewing bills on hold – new screens, amendments to , include / exclude / identify on existing screens • Reporting requirements for bills on hold - new reports, include / exclude / identify on existing reports • Billing actions that would need changing to check for bills on hold • Performance implication of higher peak volume for bill generation. • Extensive testing will be required covering all billing functionality. Such work is classed as a **major change** to the IT application.

	To summarise the likely impact is as follows: • Increased system processing on billing nights and consequent operational impacts. • Significant business process changes will be required. • Significant system changes will be required. • Negative impacts on our Cash flow. • Unrealistic time frame for change. A cost for no perceived benefit.
Npower Group	-
ScottishPower Energy Retail Limited	No
SP Distribution / SP Manweb	Yes
The Electricity Network Company Ltd	No
Western Power Distribution	No. As noted above we currently bill on a standard cycle which is compliant to the proposal.

Question 9	**Please state any other comments or views on the Change Proposal**
British Gas	Most of the distribution businesses carry out site specific billing on a couple of days in the month. This enables suppliers to focus on validation and queries for those distribution businesses on a dedicated basis. Where billing is carried out throughout the month, suppliers incur additional costs having to make multiple payments and dealing with validation and queries on a continual basis for a single distribution business throughout the month.
CE Electric	We would reiterate the point that this CP would be acceptable for the majority of the time but in

	instances where suppliers are in difficulty DNOs needs to have the flexibility to protect their interests.
Central Networks	None
E.ON UK	No further comments
EDF Networks	None
Electricity North West Limited	Clause 21.2.1 – Does any Data Collector send estimated data to the Supplier and the Distributor? If not this should be deleted. Why don't we indicate a timescale associated with the receipt of metering data? Adjustments – are these immediately on receipt (says following receipt) or is it the next billing run? This is not clear.
Npower Group	None
ScottishPower Energy Retail Limited	The change proposal will be of benefit to Suppliers and Distributors in terms of reduced time spent on admin and payment costs, it also has the added advantage of providing guidance to new market participants. One to four billing opportunities each month provides an adequate and reasonable number of opportunities for DUOS billing but promotes efficiency at a reasonable cost to all parties
SP Distribution / SP Manweb	SPD/SPM currently endeavour to invoice all site-specific charges during week 1 of each calendar month. The requirement to issue subsequent invoices is largely as a result of data quality issues, over which SPD/SPM have little or no control. We are strongly of the opinion that this change proposal places unreasonable restrictions on DNOs and should be rejected.
The Electricity Network Company Ltd	Whilst I might choose to bill monthly I would like the right to bill daily, particularly if the supplier is perceived to be in danger of defaulting.
Western Power Distribution	None