

**DCUSA CHANGE DECLARATION****DCP 141 - Invalid Settlement Classes****VOTING DATE: 7 December 2012**

DCP 141	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
CHANGE SOLUTION	Accept	Accept	Accept
IMPLEMENTATION DATE	Accept	Accept	Accept
RECOMMENDATION	<p><b>Change Solution – ACCEPT.</b> In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was more than 50% in all Categories.</p> <p><b>Implementation Date – ACCEPT.</b> In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was more than 50% in all Categories.</p>		
PART ONE / PART TWO	Part One – Authority Determination Required		

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	COMMENTS
<b>DNO PARTIES</b>			
UKPN - Eastern Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 and Charging Objective 3 as it standardises the approach to billing invalid settlement charges.
UKPN - London Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 and Charging Objective 3 as it standardises the approach to billing invalid settlement charges.
UKPN - South Eastern Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 and Charging Objective 3 as it standardises the approach to billing invalid settlement charges.
Electricity North West Ltd	Reject	Reject	<p>Although we are compliant, in the interests of the industry we have a number of concerns over this change proposal.</p> <p>Our key concern is over the intent. We stated in our consultation response that we did not believe that the intent covers “when” we should apply the default rate to invalid settlement classes. In our opinion the intent is more about applying the rate to the existing settlement class data (i.e. the</p>

		<p>invalid settlement classes). It is only when you look at the business justification section that you are made aware that it applies in all cases.</p> <p>When impacting change proposals we consider the intent and compare to the legal text (Change Report 6.1), and then determine whether the change better facilitates the DCUSA objectives both throughout and at the voting stage.</p> <p>We believe that the business justification is the reasoning behind the intent and not part of the intent.</p> <p>The decision as to whether the legal text therefore goes beyond the intent or not may cost one distributor £330k (although additional information was requested by the working group from the impacted party but not provided as part of this change pack).</p> <p>Also we believe, like another distributor, that the intent allows for similar clauses to apply to the Licensed Distribution Network Operator (LDNO) tariffs (Schedule 16, para 147) albeit we have a concern over the proposed legal text (covered later). However should the paragraph above agree that the intent includes some aspects of the business</p>
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		<p>justification, this part would fall since no reference to distributor validation is made and it could be argued is therefore only applicable to the supplier statements and not the LDNO statements.</p> <p>If the intent was to limit the change proposal to maintaining the invalid combination where distributors decide to bill the default rate we would be supportive of such a change proposal but the legal text says otherwise so we have no option but to reject this change proposal and as such it falls at the first hurdle.</p> <p>If it is deemed acceptable then we need to consider whether it better facilitates the DCUSA objectives. It is disappointing that the working group led the parties once again to specific objectives and not all of the objectives, only for the working group to agree that we had a valid point (Change Report 4.31) but to state that this didn't prevent anyone considering the rest of them. We do understand this, hence our review was more than just the objectives in question, but the vast majority only looked at those directed to them.</p> <p>There are references made regarding</p>
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		<p>how this change proposal better facilitates the DCUSA objectives for new entrants by having a common approach and therefore helps their validation to billing. The Change pack states that:</p> <ul style="list-style-type: none"> <li>• this prevents the movement of such customers until the data is rectified; and</li> <li>• the Metering Point Administration Service (MPAS) system has validation in place to prevent any new instances occurring;</li> </ul> <p>so how can these impact new entrants? Their argument is lost.</p> <p>A counter argument is that by suppliers and distributors not 'fixing' the data they are preventing competition which has a negative effect on the DCUSA objectives if it was thought that this was still not followed through with a data cleanse approach.</p> <p>We would argue therefore that such data still needs to be cleansed. The Standing Issues Group (issue 26) has discussed this and information has been received by that group. We requested either additional questions and/or sight of the issue 26 responses to determine</p>
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		<p>materiality. This has been rejected by stating that this is not about the cleansing but about the mandating of a default tariff (Change Report 4.37).</p> <p>We can understand the suppliers concern, but is this proposal the most cost effective solution and does it better facilitate the DCUSA objectives by incurring costs that may not need to be incurred? We indicated at the time of the MIG 26 issue that we had the following number of invalid settlement classes:</p> <p>2009 – 1500</p> <p>MIG 26 date (Aug 2011) – 450</p> <p>This consultation date (Sep 2012)– 260</p> <p>The largest volume of any supplier is 39 (15%). The number of affected suppliers is 23 out of 37. In other words 14 (39%) suppliers have no invalid settlement classes.</p> <p>There are significant arguments over validation, manual workarounds and the costs associated with it. These arguments are being used to justify that this change better facilitates the DCUSA objectives associated with</p>
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		<p>general objective 2.</p> <p>It seems that rather than deal with the problem they want the distributor to deal with it for them so that they don't have these costs. If they actually looked at the issue causing the invalid combination and joined the other 14 we have in our area, they wouldn't need such validation and additional resources in the first place.</p> <p>In the long run this is the cheaper option for all parties and with smart metering and de-linked tariffs we can ensure that this issue goes away at that time.</p> <p>We do understand that this is our view and only considers our volumes, but we did suggest (as indicated earlier) that such information be requested from the distributors so that a full understanding of the volumes and costs in handling this is known, but this was dismissed.</p> <p>Suppliers have argued that we cannot change such data because it is older than 14 months. We do not believe that this is the case. It may be that they cannot go beyond that (without a BSC Trading Disputes Committee determination) but there is nothing stopping them changing the data up to</p>
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		<p>that date so going forward it is correct. We decided not to charge for invalid settlement classes that resulted in the need for a MAP04 in order to reduce our volumes. We believed that this joint approach in dealing with the issue was a positive step to eradicate the problem. This was proven to be the case with significant volume reductions. This may be a hurdle in other distribution areas that is forcing the issue here.</p> <p>It is pure speculation on our part because of the lack of any analysis to understand the issue at hand apart from most distributors' bill and most distributors don't change the data so it must be right.</p> <p>A counter argument has been put forward that the distributor changes the data to the correct tariff. This was discounted because it doesn't meet the intent. Correct, it doesn't, but once again the intent contained within each of the suite of billing change proposals is stifling debate. Whilst we can understand the sponsor's and expert group's view it would have been more helpful to suggest the proposed solution but allow flexibility within the intent to allow for such a debate to take place.</p>
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Northern Powergrid - Northern Electric Distribution Ltd	Accept	Accept	
Northern Powergrid - Yorkshire Electricity Distribution plc	Accept	Accept	
SP Distribution	Reject	Reject	<p>SP Energy Networks (SPEN) agreed with the original DCP and Legal Drafting However a significant change has been added relating to the LDNO Portfolio data where it has been proposed that "the LDNO HV: Domestic Unrestricted fixed and unit charge will be applied as a default"</p> <p>This does not meet expectations or consistency within DCP 141.</p> <p>For the NHH SC side, DCP 141 proposes and confirms our current practice of defaulting to the Domestic rate regardless of whether the indications are that the site may be otherwise (e.g. Business, Commercial). SPEN believe we should do similarly for the LDNO Portfolio side, and use the LV Domestic and Unrestricted rates, again as we (and others) already do, as per our published Statements of Charges. This would ensure we recover sufficient monies for the supplies in question and also incentivises the Suppliers and LDNOs to correct the invalid data as soon as practicable.</p> <p>If this proposal were to proceed on this inconsistent basis, SPEN would incur</p>

			<p>what we believe to be unnecessary Billing System changes and costs relating to business critical systems. We would also have to issue updates relating to our Statement of Charges documentation.</p>
SP Manweb	Reject	Reject	<p>SP Energy Networks (SPEN) agreed with the original DCP and Legal Drafting However a significant change has been added relating to the LDNO Portfolio data where it has been proposed that “the LDNO HV: Domestic Unrestricted fixed and unit charge will be applied as a default”</p> <p>This does not meet expectations or consistency within DCP 141.</p> <p>For the NHH SC side, DCP 141 proposes and confirms our current practice of defaulting to the Domestic rate regardless of whether the indications are that the site may be otherwise (e.g. Business, Commercial). SPEN believe we should do similarly for the LDNO Portfolio side, and use the LV Domestic and Unrestricted rates, again as we (and others) already do, as per our published Statements of Charges. This would ensure we recover sufficient monies for the supplies in question and also incentivises the Suppliers and LDNOs to correct the invalid data as soon as practicable.</p> <p>If this proposal were to proceed on this inconsistent basis, SPEN would incur</p>

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SSE Power Distribution (Sout & Hyde)	Accept	Accept	N/A
Western Power Distribution - East Midlands plc; Western Power Distribution - West Midlands plc; Western Power Distribution - South West plc; Western Power Distribution - South Wales plc;	Reject	Reject	There is an issue for de-linked DNOs, as this change proposal relies on setting tariffs based on settlement combinations and ignoring the LLFC, where for de-linked DNOs the tariff is defined by the LLFC and the settlement combination is ignored. As there is a current train of thought that DNOs will need to de-link in order to properly support smart metering we feel this is a step in the wrong direction. It potentially closes the door on DNOs being able to have cost reflective network specific RAG-style tariffs for NHH, which de-linked DNOs could implement this very moment, by re-introducing an inherent dependency on TPRs.
<b>IDNO PARTIES</b>			
ENC	Accept	Accept	N/A
ESP Electricity Ltd	Accept	Accept	N/A

<b>SUPPLIER PARTIES</b>			
British Gas	Accept	Accept	We recognise that some parties will incur implementation costs in order to be compliant with this change and potentially these could appear to outweigh the benefits of the change. However, to achieve a common approach for DUoS billing practices we feel the best way forward is for this change to be approved. Parties can then apply for derogations, as necessary, to allow the changes to be implemented as efficiently as possible.
EON	Accept	Accept	We believe that it is reasonable that all Distributors adopt a common approach to billing invalid Settlement Classes by applying the Unrestricted Domestic rate to the existing Settlement Class data. It does not seem reasonable that suppliers should have to build bespoke validation techniques with no certainty that these could change month on month. We therefore believe that DCUSA objective 2 is better facilitated in that it enables all suppliers to have certainty when validating invoices.
Npower	Accept	Accept	N/A
Scottish Power Energy Retail Ltd	Accept	Accept	ScottishPower Energy Retail Ltd believes this DCP will improve the validation of invalid combinations within

			DUoS by providing a common process for all DNOs to follow. This will reduce the time taken to validate the combinations just now and also clarify the process for new staff members as well as new suppliers entering the market.
SSE Energy Supply Ltd	Accept	Accept	This change would bring in a consistent approach to the billing of invalid settlement classes.