

**DCUSA CHANGE DECLARATION**

**DCP 147 - Preventing UoS Invoices Containing Non-UoS Elements**


**VOTING DATE: 7 December 2012**

DCP 147	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 greater 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 greater 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 as it standardises the approach to billing for non UoS charges by all DNOs.
UKPN - London Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 as it standardises the approach to billing for non UoS charges by all DNOs.
UKPN - South Eastern Power Networks	Accept	Accept	We agree that this CP meets the DCUSA General Objective 2 as it standardises the approach to billing for non UoS charges by all DNOs.
Electricity North West Ltd	Reject	Reject	<p>There are two distinct issues here, and it is unfortunate that they are being covered under the same change proposal. That said, it is further exacerbated by the format of the Change Report which is trying to cover off both these issues in one document without doing separate sub sections on each. We have had to consistently go back to other documentation to see whether the comment is related to one issue or the other or both e.g. Change Report 4.6 is a response to a consultation on Revenue Protection but could be inferred to cover both.</p> <p>The issues at hand are the requirement to charge on a transactional basis both Revenue Protection charges and MAP</p>

		<p>charges.</p> <p>On the former, by the very nature of the current DCUSA definition of 'transaction charges' (Clause 22.1):</p> <ul style="list-style-type: none"> <li>• '...to be calculated by reference to the number or frequency of specific transactions';</li> </ul> <p>And</p> <ul style="list-style-type: none"> <li>• the fact that suppliers need not use the distributor for such a service;</li> </ul> <p>we agree that such a service should be charged on a transactional basis rather than smeared across the distribution tariffs as indicated in the impacted distributor's use of system charging statement as shown below:</p> <p><i>"All LLFCs are assigned at the sole discretion of [distributor name] and include the equivalent of 0.05 pence/day for revenue protection charges. (This value will be refunded where suppliers have specifically opted not to receive this service)."</i></p> <p>Whilst we have some sympathy with socialising revenue protection activities we believe that they are currently in breach of DCUSA irrespective of whether this change proposal is accepted or not.</p> <p>Regarding MAP charges we are the distributor affected by this change proposal</p>
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		<p>and have made:</p> <ul style="list-style-type: none"> <li>• significant representations at the consultation stage;</li> <li>• we raised the need for supplementary questions, that was finally supported at the behest of Ofgem; and</li> <li>• we have responded to a bespoke individual request from the working group associated with our comments on the DCUSA Objectives.</li> </ul> <p>The latter unfortunately didn't manage to find its way into this Change Report, and there was no mention of it being discussed in the working group minutes, so it is difficult to understand whether this was discussed or not. How can other parties judge this change proposal without all of the information? They can't.</p> <p>Since this was not provided in the change pack, we include the responses we provided which re-iterated our request for further analysis. Analysis of which has not been requested by the working group so we believe that, due to insufficient evidence, we cannot judge whether this change proposal better facilitates the DCUSA objectives.</p>
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			 <p>RE DCP 147 Consultation respons</p> <p>As indicated in our voting response to DCP144, we queried with the expert group whether these changes were indeed a Part 1 matter, and then queried with the working group whether if they were so deemed to be Part 1 why clause 9.5.2 did not make reference to such. We cannot understand the logic behind what is currently a Part 2 clause being amended, judged as a Part 1 matter due to it "having different impacts on different parties which could be viewed as discriminatory", yet still retaining a Part 2 status.</p> <p>Ofgem in their recent consultation on "Code Governance Review Phase 2" have stated that in DCUSA 33% of Part 1 changes could have been dealt with as part of self governance yet the Panel in supporting this suite of change proposals have agreed with the sponsor that they are treated as a Part 1 matter yet the sponsor and the working group still wish to retain the Part 2 status. Irrespective of the outcome of this change proposal it would be helpful if this was clarified in more detail.</p> <p>What is interesting is the comment made in the working group response to the other change proposals such as DCP146 &amp; 144</p>
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		<p>regarding our issue on this:</p> <p>“As a part 1 matter, this will go to Ofgem for final determination, which will lead to a more balanced decision, rather than simply the party vote.”</p> <p>Such a statement doesn’t augur well for self governance.</p> <p>Also on the objectives, we queried the working group’s decision to change the original change proposal to include a reference to the ‘charging methodologies’ being impacted. It was agreed, as a working group response, that our view was correct and that the change proposal would be changed back to its original state. Within the change pack they have sent out the change proposal that still contains an impact against both the general objectives and the charging objectives.</p> <p>The conclusions of the working group are that they do in fact impact the ‘charging’ methodologies. This we reject out of hand. The charging methodologies are all about how we calculate use of system and are covered by Schedule 16 of DCUSA. There are no changes to this schedule. There is no impact whatsoever on the charging methodologies.</p> <p>The working group give no reasoning in the</p>
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		<p>Change Report associated with any of the objectives and use the same argument as that of the change proposal associated with the general objective against the charging objective 3 (unless this was a generalisation across all objectives). The Change Report indicates that on both counts it was a majority view. What was such a count and was it any different for either Revenue Protection or MAP charges?</p> <p>Also the working group narrowed the consultation question to specific DCUSA objectives. Their response to such a lack of governance was that this didn't prevent any party raising any other point against any objective. True, but what did the industry parties do? They responded as requested apart from ourselves.</p> <p>Our view, within our consultation response and the additional comments made, was that there are negative impacts on the DCUSA objectives rather than positive ones.</p> <p>Regarding the payment terms, these have always been the case since 1998. One could argue that our stance is:</p> <ul style="list-style-type: none"> <li>• MAP charges are not transactional in nature as drafted by DCUSA;</li> <li>• reflects the payment terms prior to</li> </ul>
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			<p>any separation and pre DCUSA;</p> <ul style="list-style-type: none"> <li>• have received no objections to this process since 1998;</li> <li>• is a Licence obligation to offer such a service;</li> <li>• as an approved methodology in place; and</li> <li>• is more cost reflective and accurate in that we charge daily rather than what we understand is more a snap shot in time by other distributors.</li> </ul> <p>Unfortunately once again the intent is so narrow that it doesn't allow for a more sensible debate where our approach could have been discussed and perhaps even adopted as a common approach that is more cost reflective, accurate and as such better facilitates the DCUSA objectives.</p> <p>It is evident within the consultation response from the working group that the 14 day terms indicated above was understood and noted but didn't find its way into the Change Report.</p> <p>We query the response over non compulsory (Change Report 4.57), it is a licence obligation (LC34, terms, LC36 charges) for the distributor to provide such a service so</p>
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		<p>we would be in breach of both the licence and our methodology approved by Ofgem by not offering MAP services and as such they are and must be related to our network.</p> <p>We query whether there are any such benefits of validation to the suppliers when there are probably two different ways that MAP charges are currently being delivered to them. They are either like ours (daily count by supplier) or a one off (snap shot on a particular day) report. On the latter you could also get reports produced on differing days. The suppliers therefore cannot have consistent validation to cater for such variances.</p> <p>The Change Report (4.35) is supportive of supplier comments covering more accurate DUoS but we believe that we are more accurate than distributors would produce accounts based on a snap shot at a point in time. If we follow the herd we will end up with less accurate charges for MAP.</p> <p>So the working group assessment of promoting 'consistency and transparency' (words used in both the Change Report and the change proposal) is not met.</p> <p>We have requested how distributors currently calculate MAP charges because if this change proposal is accepted we need to understand what common approach</p>
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		<p>suppliers want. If, as it is suggested within the consultation document response that we should run a report off what we already bill and just change the terms, how is this consistent with other distributors? An argument that they continually push within the other suite of change proposals under the same working group in this area.</p> <p>We do not want to change the process and then be subject to a further change at a later date to align with how distributors bill for such a service. Yet under the Change Report (4.54) they seem to wish to push this through irrespective of the outcome of any cost benefit analysis hence our requests in this area being ignored.</p> <p>We also reject the implementation date of this change proposal, and if implemented would have to consider a derogation until we understood suppliers views on how they wish to receive such charges. This may ultimately result in a further change proposal if a common approach cannot be agreed by all suppliers.</p> <p>Finally it must be remembered that this is a diminishing return with only 50% now subject to MAP charges in our area and the rest to quickly fall away in line with the smart meter roll out. Are the increased costs justified for such a reducing income? We</p>
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			suspect not.
Northern PowerGrid - Northern Electric Distribution Ltd	Reject	Accept	<p>Northern Powergrid currently includes Revenue Protection charges within our UoS invoices. In all of the time in which this has been the case we have received no formal disputes with regard to this.</p> <p>In terms of the implementation date; if this change were to be accepted, Northern Powergrid would be in a position to adhere to this timescale. However there may be other parties who will have to apply for derogation. This would relate to any DNO who may current bundle their MAP (Meter Asset Provision) charges within their UoS invoices.</p>
Northern PowerGrid - Yorkshire Electricity Distribution plc	Reject	Accept	<p>Northern Powergrid currently includes Revenue Protection charges within our UoS invoices. In all of the time in which this has been the case we have received no formal disputes with regard to this.</p> <p>In terms of the implementation date; if this change were to be accepted, Northern Powergrid would be in a position to adhere to this timescale. However there may be other parties who will have to apply for derogation. This would relate to any DNO who may current bundle their MAP (Meter Asset Provision) charges within their UoS invoices.</p>

SP Distribution	Accept	Accept	<p>SP Energy Networks (SPEN) support the separation of UoS Invoices and Transactional Invoices.</p> <p>SPEN note the additional detail within the revised Legal Drafting and would make one comment in that we believe it would be clearer if the content of suggested paras 22.1.1 and 22.1.2 could be switched in their order. This would avoid any ambiguity, genuine or otherwise, that references to clauses 18.3.5 and 32.1 are part of the "exception" list (MRA/BSC/CUSC) contained directly above and immediately followed by "or".</p>
SP Manweb	Accept	Accept	<p>SP Energy Networks (SPEN) support the separation of UoS Invoices and Transactional Invoices.</p> <p>SPEN note the additional detail within the revised Legal Drafting and would make one comment in that we believe it would be clearer if the content of suggested paras 22.1.1 and 22.1.2 could be switched in their order. This would avoid any ambiguity, genuine or otherwise, that references to clauses 18.3.5 and 32.1 are part of the "exception" list (MRA/BSC/CUSC) contained directly above and immediately followed by "or".</p>
Scottish Hydro-Electric Power Distribution plc	Accept	Accept	N/A
Southern Electric Power Distribution	Accept	Accept	N/A

plc			
Western Power Distribution (East Midlands) plc; Western Power Distribution (West Midlands) plc; Western Power Distribution (South West) plc; Western Power Distribution (South Wales) plc;	Accept	Accept	WPD is already compliant.
<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 any Distributors that wish to invoice charges that are not pure Use of

			System (UoS), such as Revenue Protection or Metering, should do so outside of UoS invoices as transactional charges. These charges are not compulsory services provided by the Distributor and do not relate to the use of the Network. By definition these therefore cannot be UoS charges and must be transactional. Transactional charges should allow 30 day payment terms and not 14 days as required for pure UoS charges. We therefore believe that general objective 2 is better facilitated by this change.
Npower	Accept	Accept	N/A
Scottish Power Energy Retail Ltd	Accept	Accept	This change removes any ambiguity and provides a clear definition of UoS invoices for all suppliers and distribution businesses to follow.
SSE Energy Supply Ltd	Accept	Accept	This change would bring in consistency in billing of non-UoS elements by all DNO's.