



DCUSA CHANGE REPORT

DCP 256 – Change to DCUSA to mitigate risks of non-payment of DCUSA invoices

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 256 – Change to DCUSA to mitigate risks of non-payment of DCUSA invoices. 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.
- 1.2 Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to dcusa@electralink.co.uk by **day/month/year**.

2 BACKGROUND AND SUMMARY OF DCP 256

- 2.1 Following the introduction of the Theft Risk Assessment Service (TRAS) into the DCUSA, the value of invoices raised to meet DCUSA costs has increased significantly. As a result, DCP 256 was raised by British Gas to:
- Improve the transparency of likely DCUSA costs to enable Parties to better plan and budget for DCUSA invoices.
 - Improve the effectiveness of the arrangements for following up a non-payment of DCUSA invoices.

3 WORKING GROUP

- 4.1 The DCUSA Panel established a Working Group to assess DCP 256. This Working Group consists of DNO, Supplier, IDNO and Ofgem representatives. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.

- 4.2 The Working Group considered a number of elements with regard to this Change, which have been summarised below:

Naming Non-Paying Parties

- 4.3 It was discussed whether DCUSA Parties should have visibility of which Parties have not

paid. The Working Group agreed that it would not be appropriate to share this information.

Suspension of Registration Rights

- 4.4 The Working Group noted that in terms of the actions that can be taken where a Party has not paid, suspend registration rights is an additional tool that can be used for Suppliers but is not available for Distributors.

Late Payment Fees

- 4.5 It was noted that in the DCUSA there is the ability to apply late payment fees. The group considered whether these fees should be applied in all circumstances or whether the Panel should have the ability to exercise discretion in applying them. The group concluded that it is for the Panel to review how it exercises its discretion and to ensure this is applied in a fair and consistent manner.

Invoice Delivery Method

- 4.6 It was observed that issuing invoices via email may be preferable, as they will be received the same day they are sent and the risk that they will be lost in the post is removed. The group agreed to ask a consultation question on whether Parties have a need to receive paper invoices.

Raising Purchase Orders

- 4.7 The group was advised that one reason why payments are sometime received late is that some Parties have not been able to raise a Purchase Order internally in time to make the payment date. The group agreed to ask a consultation question on whether DCUSA Ltd could provide additional information that would assist with Purchase Order facilitation.
- 4.8 The Working Group developed a consultation document (Attachment X) to gather information and feedback from market participants.

5 DCP 256 CONSULTATION

- 5.1 The DCP 256 consultation was issued on 25 January 2016 and eight responses were received.
- 5.2 A summary of the responses received, and the Working Group's conclusions are set out below. The full set of responses and the Working Group's comments are provided in Attachment 3.

Question 1 - Do you understand the intent of the CP?

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- 5.3 The Working Group noted that

Question 2 - Are you supportive of the principles established by this proposal?

- 5.4 X of the respondents were supportive of the principles

Question 3 – Next Question....

- 5.5 The Working Group noted that

6 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 7.1 The Working Group considers that the following DCUSA Objective is better facilitated by DCP 256:

General Objective One - The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Network

- 7.2 General Objective One is better facilitated by DCP 256 because the Panel will be able to improve the management of 'late payers' with respect to late payment of their share of the budgeted costs.

8 DCP 256 - LEGAL DRAFTING

- 9.1 Plain English summary of the legal text

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- 9.2 Reference the Attachment

10 ENVIRONMENTAL IMPACT

10.1 In accordance with DCUSA clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 256 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

11 ENGAGEMENT WITH THE AUTHORITY

11.1 Ofgem has been engaged throughout the development of DCP 256 as a member of the Working Group.

12 IMPLEMENTATION

12.1 The proposed implementation date for DCP 256 is the next DCUSA release following Authority consent.

13 PANEL RECOMMENDATION

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13.1 The Panel approved this Change Report at its meeting on **day/month/year**. 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 137.

13.2 The timetable for the progression of the CP is as follows:

Activity	Date
Change Report issued for voting	Day/Month/Year
Voting closes	Day/Month/Year
Change Declaration	Day/Month/Year
Authority Determination	Day/Month/Year
DCP 256 Implemented	Day/Month/Year

14 NEXT STEPS

14.1 Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to dcusa@electralink.co.uk by **day/month/year.**

14.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 3014.

ATTACHMENTS

- Attachment 1 – DCP 256 Legal Text
- Attachment 2 – Voting Form
- Attachment 3 – Consultation Responses
- Attachment 4 -