



Ms L Charlesworth
Licensing and Industry Codes
Ofgem
9 Millbank
London
SW1P 3GE

20th February 2012

Dear Ms Charlesworth,

**APPEAL OF DECISION TO REJECT DCUSA CHANGE PROPOSAL DCP100: PAYMENT
TIMESCALES ALIGNMENT AND SIMPLIFICATION**

On 7th February, we received the Change Declaration for DCP100, which was rejected based on the voting by DCUSA parties. Whilst the vote of Supplier parties and IDNO parties was to accept the change, the DNO parties voted to reject it. As this Change was treated as a Part 2 matter under DCUSA rules, the effect of the vote is that the change is rejected.

We wish to appeal against this decision and, in accordance with DCUSA Clause 13.17, we ask the Authority to determine that this proposal relates not to a Part 2 matter but to a Part 1 matter, for the following reason:

- The change is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties).

We consider that this change discriminates in its effect between DNO Parties and Supplier Parties.

If this change were to be implemented, it would have an effect on DNO cashflow. This is because DNOs would no longer benefit from the early receipt of DUOS payments where a Bank Holiday falls within the payment period and will not therefore be able to invest these funds and enjoy the receipt of interest payments on this money as they currently do.

Conversely, the impact of not implementing this change means that Suppliers and IDNOs continue to have to make early payment of invoices whenever a bank holiday falls during the payment period. As a consequence of making early payment, they lose the benefit of investing those funds and receiving interest on them. It also impacts on Suppliers' ability to validate invoices properly and raise disputes within the timelines laid down in DCUSA.

The impact of maintaining the status quo is a continued reduction in cashflow benefit and increased costs for suppliers, which clearly has a knock-on effect on the prices we can offer to our customers.

In our view, this Change Proposal should be a matter for Ofgem determination

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because of the

discriminatory effect between DNOs and Suppliers. We therefore ask Ofgem to consider the arguments we have put forward in this letter and determine that the Change should be treated as a Part 1 Matter in this case.

If you require any further information, please let me know.

I have copied this letter to the DCUSA Secretariat and the DCUSA Panel, in accordance with DCUSA Clause 13.19.3.

Yours sincerely

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