DSC Change Proposal Document

Customers to fill out all of the information in the sections coloured

Xoserve to fill out all of the information in the sections coloured

# A1: General Details

|  |  |
| --- | --- |
| Change Reference: | XRN5547 |
| Change Title: | Updating the Comprehensive Invoice Master List and INV template  |
| Date Raised: | 29/07/2022 |
| Sponsor Representative Details: | Organisation: | E.ON UK PLC |
| Name: | Kirsty Dudley |
| Email: | Kirsty.Dudley@eonenergy.com |
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| Xoserve Representative Details: | Name: | Simon Harris |
| Email: | simon.harris@xoserve.com |
| Telephone: | 0121 229 2642 |
| Business Owner: |  |
| Change Status: | [x]  Proposal | [ ]  With DSG | [ ]  Out for Review |
| [ ]  Voting | [ ]  Approved | [ ]  Rejected |

# A2: Impacted Parties

|  |  |  |
| --- | --- | --- |
| Customer Class(es): | [x]  Shipper | [x]  Distribution Network Operator |
| [ ]  NG Transmission | [ ]  IGT |
| [ ]  All | [ ]  Other <Please provide details here> |
| Justification for Customer Class(es) selection | This change will likely impact all Shipper and DNOs who receive INV invoice templates due to proposed clause changes. There may also be impacts if clarity provided in the consolidated invoice master list impacts Parties internal processes, but it is felt these changes require more governance and clarity.  |

# A3: Proposer Requirements / Final (redlined) Change

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| Problem Statement: | Part 1) Comprehensive invoice / charge type master list: This document is written by experts for experts and does not always come across as very user friendly. It requires additional information to make it more understandable by industry Parties e.g. including new and existing shippers. Part 2) INV Template and clauses:There are a number of standard clauses used on invoices but clause 3 refers to treatment of VAT / tax and this statement is not always appliable to the charge type invoiced. There needs to be improved wording to ensure Parties in receipt of these invoices are clear on what is being applied so there is consistent use of the tax codes (e.g. VA, VE, etc). |
| Change Description: | This change is to be split into two parts 1) the addition of supporting/clarifying information and 2) technical charges to support the update of the INV temple.**Part 1) The addition of supporting / clarifying information for the comprehensive invoice / charges type master list**The consolidated master list has been around for some time and although charge/invoice types are being added the document has not had a thorough review to ensure it is still fit for purpose. This change aims to improve this information whilst linking with changes required on the INV template. The success criteria is that the document becomes and remains user friendly and robust. 1. Addition of a detailed description column for all charge types, although there is a description it is not always understandable what the charge type actually is so the addition of the comments will support industry understanding of what is actually being invoiced. This additional information is to enhance understanding and not to amend the current wording in UK Link so does not require a technical change
2. Inclusion of file type for all charge types – the file type is included for supporting information but not clearly demonstrated for the charge/invoice type so unclear for new entrants
3. Recipient Flag review – all charges are ‘both’ but there is also reference to SSC / NWO – should any be using these or are they there for use in the future? further descriptive notes required to explain this.
4. ENG / TPN Classification – description to be added to explain what these are as it is not explained within the document currently
5. LDZ/NTS/TMS Classification – description to be added to explain what these are as it is not explained within the document currently
6. VAT code – description to be added to explain what these are as it is not explained within the document currently
7. VAT Category – description to be added to explain what these are as it is not explained within the document currently
8. Implementation of an annual review of the document (Feb/Mar time) to ensure that information is correct ahead of the commencement of the upcoming financial year

As the changes to the document are documentation and information only it is suggested this could be a housekeeping change and should be drafted and presented to ChMC the following meeting after acceptance into the change process and should be published within 2 weeks of acceptance of the change by ChMC. We aim for this to be implemented by Oct 2022 as this is a housekeeping/governance update and the information should already be known within Xoserve/Correla.**Part 2) technical charges to support the update of the INV template**The INV file was reviewed prior to Project Nexus Implementation Date (PNID) and multiple clauses were created. We reviewed the 5 standard clauses and were comfortable with 4 of the clauses, however, clause 3 (outlined below) raised concern. *IF YOU ARE ESTABLISHED IN THE EU AND NO UK VAT CHARGED ON THIS INVOICE, YOU NEED TO ACCOUNT FOR REVERSE CHARGE VAT UNDER EITHER EU DIR 2006 112 ART 38, 44, 195, 196, OR UK DOMESTIC REVERSE CHARGE*It is used in conjunction with tax codes which state the supply is “exempt” or “zero-rated”, which are both situations where no UK VAT is charged on the invoice but a UK reverse charge would **not** be required. It is therefore wrong in many examples of its use and will lead to Xoserve customers accounting for VAT incorrectly.To resolve this:1. Creation of a new “reverse charge” [RC] tax code to clearly demonstrate to Parties when the reverse charge really is to be applied within the INV template and the consolidated master list.
2. Amend Clause 3 to state: “UK DOMESTIC REVERSE CHARGE APPLIES” rather than the wording above

For context, since the UK left the EU there has been no requirement for UK sellers to refer to the need for a customer to apply a cross-border (intra EU) reverse charge. The vast majority of the current clause is therefore redundant, although an element referring to the domestic reverse charge is still necessary.A further requirement of a VAT invoice is that it includes a clear description of the goods or services provided. In our view, the current charge descriptions are not sufficiently clear to allow us to make an informed decision on the tax treatment of the supply. This will hopefully be addressed by further information being supplied in Part 1 of this change. We would see the creation of the new code and the implementation of the new clause wording as a minor change, and should be no later than 3 months following approval from ChMC with a target implementation of Feb 2023 (allowing time for development and delivery).  |
| Proposed Release: | Part 1) Oct 2022Part 2) Feb 2023 |
| Proposed Consultation Period: | [x]  10 Working Days | [ ]  15 Working Days |
| [ ]  20 Working Days | [ ]  Other [Specify Here] |

# A4: Benefits and Justification

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| Benefit Description: | Part 1) This helps industry charge and invoice understanding and ensures documentation remains understandable, up to do and robust. Currently the document is designed for experts so adding context ensures it has information for new entrants as well as existing parties. Part 2) This helps ensure that individual clauses on invoices are accurate and unambiguous in their drafting and application, currently the clause needs to be interpretated and there is no information on how, by completing this change it reduces risk of different/incorrect interpretation.  |
| *What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?* |
| Benefit Realisation: | Part 1) Immediate realisation for those requiring further information on charge/invoice types as it will provide self-serve information which is only currently available through speaking to Xoserve and getting them to explain things. Part 2) depending on how parties have interpreted the clauses and applied the tax / VAT logic it may have limited realisation for existing parties, however, for new entrants it ensures invoicing and information contained within the invoices are clear, concise and unambiguous.  |
| *When are the benefits of the change likely to be realised?* |
| Benefit Dependencies: | Only INV clause drafting is within scope of this change, any other impacts are out of scope. Any new charge types e.g. as part of the Class 1 read procurement should be considered and necessary information drafted as part of part 1 additional context.  |
| *Please detail any dependencies that would be outside the scope of the change, this could be reliance on another delivery, reliance on some other event that the projects has not got direct control of.* |

# A5: Final Delivery Sub-Group (DSG) Recommendations – Removed (see Section C for DSG recommendations)

# A6: Service Lines and Funding

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| --- | --- |
| Service Line(s) Impacted - New or existing  |  |
| Level of Impact | Major/ Minor/ Unclear/ None |
| If None please give justification |  |
| Impacts on UK Link Manual/ Data Permissions Matrix  |  |
| Level of Impact | Major/ Minor/ Unclear/ None |
| If None please give justification  |  |
| Funding Classes: | Customer Classes/ Funding | Delivery of Change | On-going Budget Amendment  |
| [ ]  Shipper | XX % | XX % |
| [ ]  National Grid Transmission | XX % | XX % |
| [ ]  Distribution Network Operator | XX % | XX % |
| [ ]  IGT | XX % | XX % |
| [ ]  Other <please specify> | XX % | XX % |
| ROM or funding details: |  |
| Funding Comments: |  |

Please send the completed forms to: uklink@xoserve.com

Version Control

# Document

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| --- | --- | --- | --- | --- |
| Version | Status | Date | Author(s) | Remarks |
|  |  |  |  |  |

# Template

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| Version | Status | Date | Author(s) | Remarks | Approved By |
| 3.0 | Superseded | 17/07/2018 | Emma Smith | Template approved at ChMC on 11th July 2018 |  |
| 4.0 | Superseded | 07/09/2018 | Emma Smith | Minor wording amendments and additional customer group impact within Appendix 1 |  |
| 5.0 | Superseded | 10/12/2018 | Heather Spensley | Template moved to new Word template as part of Corporate Identity changes. |  |
| 6.0 | Approved | 12/12/2018 | Simon Harris | Cosmetic changes made. Approved at ChMC on the 12th December 2018. |  |
| 6.1 | In Draft | 26/03/2019 | Richard Johnson/ Alison Cross | The following minor changes were made:* Inclusion of an All ‘Impacted Parties’ option in A2
* Justification section added to section A2
* Change Description replaced with Problem Statement in section A3
* Remove ‘X’ in Release information (sections A3, A5, A7, C1 and G8)
* Updated Service Line and UK Link impacts and funding section (A6) to include further detail
* Amended questions 3 and 4 in section B
* Added Service Line/UK link Assessment in section D
* Removed Section A5
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| 6.2 | For approval | 14/05/2019 | Alison Cross | Following review at DSC Governance review group re-added Change Description text box |  |
| 7.0 | Approved | 13/06/2019 | Richard Johnson | DSC Governance Review Group changes to the template approved at Change Management Committee on 12th June 2019 |  |
| 7.1 | Approved | 03/03/2021 | Rachel Taggart | Updated the email address of where to send new CP (page 3) |  |
| 7.2 | Approved |  | Rachel Taggart | Updated CP VA version to be in line with the updates to VB. |  |
| 8.0 | Approved | 09/03/2022 | Rachel Taggart | All Change Packs and response forms removed. Sections A7 & A8 removed.  | Template approved at Change Management Committee on 09/03/2022 |