

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	
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Xoserve Representative Details:	Name:	Simon Harris	
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	Telephone:	0121 229 2642	
	Business Owner:		
Change Status:	<input type="checkbox"/> Proposal	<input checked="" type="checkbox"/> With DSG	<input type="checkbox"/> Out for Review
	<input type="checkbox"/> Voting	<input type="checkbox"/> Approved	<input type="checkbox"/> Rejected

A2: Impacted Parties

Customer Class(es):	<input checked="" type="checkbox"/> Shipper	<input checked="" type="checkbox"/> Distribution Network Operator
	<input type="checkbox"/> NG Transmission	<input type="checkbox"/> IGT
	<input type="checkbox"/> All	<input type="checkbox"/> 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

Problem Statement:	<p>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.</p> <p>Part 2) INV Template and clauses:</p>
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	<p>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 applicable 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).</p>
<p>Change Description:</p>	<p>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.</p> <p>Part 1) The addition of supporting / clarifying information for the comprehensive invoice / charges type master list</p> <p>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.</p> <ol style="list-style-type: none"> 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 <p>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</p>

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 2022 Part 2) Feb 2023	
Proposed Consultation Period:	<input checked="" type="checkbox"/> 10 Working Days	<input type="checkbox"/> 15 Working Days
	<input type="checkbox"/> 20 Working Days	<input type="checkbox"/> Other [Specify Here]

A4: Benefits and Justification

Benefit Description:	<p>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.</p> <p>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 interpreted and there is no information on how, by completing this change it reduces risk of different/incorrect interpretation.</p> <p><i>What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?</i></p>
Benefit Realisation:	<p>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.</p> <p>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.</p> <p><i>When are the benefits of the change likely to be realised?</i></p>
Benefit Dependencies:	<p>Only INV clause drafting is within scope of this change, any other impacts are out of scope.</p> <p>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.</p> <p><i>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.</i></p>

A5: Final Delivery Sub-Group (DSG) Recommendations – Removed

(see Section C for DSG recommendations)

A6: Service Lines and Funding

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
	<input type="checkbox"/> Shipper	XX %	XX %
	<input type="checkbox"/> National Grid Transmission	XX %	XX %
	<input type="checkbox"/> Distribution Network Operator	XX %	XX %
	<input type="checkbox"/> IGT	XX %	XX %
	<input type="checkbox"/> Other <please specify>	XX %	XX %
ROM or funding details:			
Funding Comments:			

A7: ChMC Recommendation – Initial Review

Change Status:	<input checked="" type="checkbox"/> Approve	<input type="checkbox"/> Reject	<input type="checkbox"/> Defer
DSC Consultation Issue:	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No

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

Version Control

Document

Version	Status	Date	Author(s)	Remarks
V1	Approved	15/08/2022	Chan Singh	Updated with outcome from ChMC 10/08/2022