

Meeting Session	DCUSA Panel
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Action	For Information

SIG Headline Report

1. Synopsis

- 1.1 This report sets out the key decisions made at the DCUSA Standing Issues Group (SIG) on 26th October 2018. The minutes of the meeting can be located on the DCUSA website [here](#).

2. Review of DIF 57: Effectiveness of the current provision of unsecured cover

DCUSA SIG 8th February 2019

- 2.1 DIF 57 “Effectiveness of the current provision of unsecured cover” was introduced to the SIG at the February meeting. The concern raised is that in the past twelve months, a significant number of smaller supply businesses have been failing. ENWL identifies increased instability risk amongst suppliers and considers these may impose costs on other customers.
- 2.2 The SIG agreed that for this issue to be considered and for appropriate solutions to be analysed it would be appropriate to set up a SIG Sub-Group for DIF 57.

DIF 57 Sub-Group

- 2.3 The DIF 57 Sub-Group have met four times to consider a potential solution that could be put forward in a Change Proposal. At present users can build up their good payment history by paying monthly invoices on time. The amount of cover that can be earned will differ between distribution services areas but can build up to 60 months’ worth. The Sub-Group discussed an example where monthly invoices paid on time can earn the User £15,000 of Cover each month. This means that the User could currently earn up to £900K of credit.
- 2.4 Regarding the above the Sub-Group discussed the possibility of reducing the number of months that a User can build up their good payment history from 60 months to 24 months. In the example discussed above this would still give the User the ability to build up to £360K of credit. The Sub-Group agreed that this is a potential solution that should be considered further once the Change Proposal is produced.
- 2.5 It is understood that where late payment of invoices occurs an element of Good Payment History is lost. For example, they lose a percentage of their previously accrued good payment history, up to

100% depending on length of time of none payment. The Change Proposal will ask whether there is merit in having a common approach across all Distributors regarding late payments.

- 2.6 The Working Group is currently drafting the Change Proposal and it is anticipated that this will be submitted to the July DCUSA Panel for approval to progress to a Working Group.

3. Recommendations

- 3.1 The DCUSA Panel is invited to:

- **NOTE** the contents of this paper.

Richard Colwill