

## DCP 314 Working Group Meeting 04

02 July 2018 at 14:00

Teleconference:

Attendee	Company
<b>Working Group Members</b>	
Andrew Enzor [AE]	Northern Powergrid
Dave Wornell [DW]	WPD
Neil Brinkley [NB]	BU UK
Angus Rae [AR]	SSE
Rob Johnson [RJ]	ESP
<b>Observers</b>	
Chris Parish [CP]	Ofgem
<b>Code Administrator</b>	
Hollie Nicholls (Technical Secretariat)	ElectraLink
Huw Neyroud [HN] (Secretariat)	ElectraLink
John Lawton [JL] (Chair)	ElectraLink

### 1. Administration

- 1.1 The Chair welcomed the members to the meeting.
- 1.2 The Working Group reviewed the "Competition Law Do's and Don'ts". All Working Group members agreed to be bound by the Competition Laws Do's and Don'ts for the duration of the meeting.
- 1.3 The Working Group reviewed the minutes from the previous meeting and agreed they were an accurate reflection of discussions held.

### 2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting was to review the proposed solution and the draft legal text and to agree on the next steps.

### 3. Review of the Proposed Solution

- 3.1 The Proposer confirmed that they had completed the action to discuss the 'how' section of the Change Proposal with AE and had come up with modifications to the Change Proposal.
- 3.2 The Proposer provided the Working Group with the updated solution as part of an updated change proposal document. The Chair stated that the Change Proposal will be the one originally submitted, and the modifications made will be considered as part of the work of the Working Group. These changes are to be considered as separate to the initiative being undertaken by the Ofgem Representative relating to a Licence modification to the IDNO licence. and will be contained in the Consultation document to be drafted as the next step.
- 3.3 The Proposer presented the revised process to the working group. The Proposer stated that for supply points which are settled on measurement classes of C, D or E (HH supply points) the LDNO must give notice that it is seeking credit to the DNO by the resubmission of HH DUoS report, The Proposer stated this must relate to the period of the supplier bad debts that are outstanding.
- 3.4 For non-half hourly and half hourly aggregate settled (classes A, B, F, and G) the Proposer suggested to use a new report that is based on the structure of the D0314 report files data flow. The original idea was to use the D0030 data flow but now has chosen to proceed using the D0314 as the D0314 flow reflects the communications similar to the D0030 but is specific for DNO/IDNO communication. The Proposer explained this was to be sent by the EDNO to the DNO in the format of a TraMs Report this report will allow the DNO to calculate the credit to return to the LDNO. The Working Group discussed this in detail and noted that the D0314 is sent by SVAA to the DNO and not by the EDNOs, so the data must come from the D0030. This was discussed in more detail in the legal text review.
- 3.5 The original suggestion by the Proposer for credit disputes was to go through the Authority to resolve, the Chair queried why this process would be needed as there is already a disputes process in place in DCUSA within Schedule 4 and identified as such within Schedule 19 where the legal text is to be amended. The Proposer took the suggestion onboard and accepted the fact that the Authority need not be involved in the process as the disputes process in DCUSA was seen as robust enough to be used for this as well as current disputes.

**Commented [HN1]:** Alteration inline with suggestion from Working Group

### 4. Review of Draft Legal Text

- 4.1 The Chair took the Working Group through the draft Legal text.
- 4.2 The Chair clarified the legal text which states "EDNO" where the Working Group would normally state "LDNO" these two terms are the same definition and will remain the same in the text. The Working Group agreed.
- 4.3 The Working Group were then advised of Schedule 19 point 1.4 which refers to the dispute process and seems to also cover this instance together with the escalation via arbitration and therefore negates the need to go through Authority for disputes of credit and bad debt. The Proposer reiterated their unawareness of the presence of the schedule already existing in

DCUSA and was content for the Change Proposal to proceed through DCUSA process with no need to go to Authority for disputes.

- 4.4 The Chair then updated the Working Group with the Legal text which has been drafted to include a whole new section **"8. Supplier of Last Resort"**, this section provides 5 subsections regarding the way in which a SoLR will process and how reconciliation of debt and credit will be agreed.
- 4.5 Section 8.1 was discussed and relates to re-distribution of bad debt via the DNO Party and what an EDNO must provide to the DNO party. The Chair stated that currently the responsibility to claim back the debt is with the EDNO and this process is outside of DCUSA. It was reiterated that there is no process for the EDNO to recover such debt and that this process will only recover part of their outstanding debt.
- 4.6 AE stated that currently this legal text doesn't investigate if there is a mechanism for this reclaiming of this debt and is more focussed on the EDNO seeking to redistribute its bad debt. AE went on to say that the issue with Self certification even if the certification is provided there would need to be an amendment to the Best Practice Guide to allow bad debt to be recovered along with credits, under the current mechanism it is difficult to roll the two into one therefore there may need to be an update to the guidance.
- 4.7 The Working Group also pointed out that the text should read "Where an EDNO Party is seeking re-distribution of bad debt" instead of "Where an EDNO Party is claiming pass through of bad debt" in the title of 8.1.

#### **04/01 Action Update the legal text to read "Where an EDNO Party is seeking re-distribution of bad debt"**

- 4.8 The Chair then queried with The Ofgem Representative regarding the letter from the action 02/03 seeking an understanding on the potential for a licence modification to be raised for the SoLR change. With AE's point raised above regarding the Best Practice Guide the Ofgem Representative agreed that guidelines need to be explicit upon the bad debt and those it passes through for the EDNO, the guide would need to be updated to include this. The Chair asked the Working Group and the Ofgem Representative could this change be a quick win? Or should they proceed with the Licence modification? The Ofgem Representative stated that there is a potential for this to be investigated alongside the licence modification. The licence modification is being progressed as there IDNOs have currently no recovery method for this process, therefore a modification will need to be completed for a method to be created. The Ofgem Representative stated the licence conditions are now being drafted and are going to be sent to the Ofgem networks team to review. The Ofgem Representative will circulate the feedback on the draft licence modification to the Working Group.

#### **04/02 Action the Ofgem Representative to circulate the feedback to the working group regarding the licence modification.**

- 4.9 The view of the Working group is if the licence modification is successful there may not be a direct need for this change to proceed.

- 4.10 The Chair from the above feedback from the Ofgem Representative then requested a volunteer to take away the 2005 best practice guidance document to investigate what would need to be updated since the existing wording doesn't cater for bad debts passed through from EDNO, so the volunteer will need to review the wording to see where the suggested amended text should be included. The Ofgem Representative stated that the 2005 document may well end up becoming a Pandora's box and the changing of small sections or wording could lead to a need to change the document substantially to match the modifications. AE accepted the action and set a timescale for completion to end of the current month.

**04/03 Action AE to review 2005 document to see if there is an ability to amend the wording in the Document.**

- 4.11 The Working Group then asked about implications regarding Gas, the document does cover both so any changes to Electricity may impact the Gas market although it was felt that the way the gas market is set up this is not an issue for them.
- 4.12 AR stated that the Best Practice document is a lot of preamble reporting on Working Groups pre DCUSA so there is a potential for whole chunks to be removed.
- 4.13 The Working Group asked about potentially raising an issue that 2005 document is out dated. This needs to be addressed in line with the above AE took this to discuss internally.
- 4.14 The Chair progressed the meeting on to the next point 8.1 d) on how the process will run timeline wise. The Chair asked if the view was that the report will run at time of default, will it be repeated at each settlement run or at the end of the process once there is a full understanding of the amount to be returned including any potential recovery from the Administrator. In the proposal there was no exact timeline mentioned.
- 4.15 The Working Group were unable to agree on a timeframe that would work for all parties, The Chair said there needs to be a consultation question on when the process would kickstart.

**04/04 Action - ElectraLink to include a question within the consultation document on when the reports should be received and whether the existing processes should complete, and this be considered as a separate activity.**

- 4.16 The Chair introduced the next section 8.2 which proposes that the EDNO will create a report that relates to a period of SoLR, the Working Group commented that with this they would rather use the TraMs Report over the use of a D0314 flow this is in part due to the IDNOs not receiving a D0314 from the operators therefore would be difficult for the IDNO to complete the process, the Working Group preferred the use of the data from the D0030 Flow as it provides true consumption data. The theory proposed is the IDNO take the data from the D0030 and then place it into the template of the D0314 to provide the DNO with the data of the defaulting supplier.
- 4.17 The Proposer accepted the proposal as it was in line with what was previously suggested.
- 4.18 The Working Group were then asked regarding section 8.3 and the consensus was the text matched the proposal and was accepted as is.

4.19 The Chair asked the Working Group if the proposed timeframes for SoLR within the legal text are acceptable? A Working Group member noted that it doesn't seem practical to invoice a company already in administration. What is the process for it if it is not yet billed? The implications of this were viewed as needing to be taken away to fully investigate.

4.20 The final point regarding Authority notification the conversation surrounded the expected timeframe for the additional information to be provided to the DNO from the EDNO, the Working Group confirmed that the expected timeframe is found in the supply licence, and this will be linked in the consultation.

4.21 The Chair asked if there were any further amendments that the Working Group would want to add, no further alterations were suggested, and the meeting progressed to Work Plan.

## 5. Work Plan

5.1 The Working Group agreed the next steps as follows:

5.2 Actions to be completed;

- Draft first consultation
- Next meeting 3<sup>rd</sup> of August.

5.3 The DCP 314 Work Plan has been updated to reflect these next steps and is provided as Attachment 1.

**04/05: Action ElectraLink to draft a consultation document**

## 6. Agenda Items for the Next Meeting

6.1 The Agenda items for the next meeting will be:

- Updated Actions
- Consultation document
- Work plan update

## 7. Any Other Business

7.1 There were no items of AOB and The Chair closed the meeting.

## 8. Date of Next Meeting: 3<sup>rd</sup> August 2018. 10am

8.1 The next Working Group to be on 3<sup>rd</sup> August 2018.

## 9. Attachments

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- Attachment 1 – DCP 314 Workplan

## New and open actions

Action Ref.	Action	Owner	Update
02/03	Ofgem to respond to the letter from The Chair.	Ofgem	Waiting on the response,
03/01	The Ofgem representative to seek approval for a licence modification for IDNOs to be able to collect bad debt.	Ofgem	Ofgem are drafting an IDNO Licence modification. It is to have an internal review by the networks team before being made available to the working group
04/01	Update the legal text to read "Where an EDNO Party is seeking re-distribution of bad debt"	ElectraLink	Completed
04/02	Action the Ofgem Representative to circulate the feedback to the working group regarding the licence modification.	Ofgem	
04/03	AE to review 2005 document to see if there is an ability to amend the wording in the Document.	Andrew Enzor	
04/04	ElectraLink to include a question within the consultation document on when the reports should be received and whether the existing processes should complete, and this be considered as a separate activity.	ElectraLink	
04/05	Draft a consultation document	ElectraLink	

#### Closed Actions

Action Ref.	Action	Owner	Update
<b>03/02</b>	The Proposer and AE to discuss the DCP	Proposer and AE	This has been completed. Received updated section.
<b>03/03</b>	The Proposer to rework the 'How?' section of the CP form	Proposer	Updated section on CP
<b>03/04</b>	The Chair to draft the legal text	Chair	Text Attached