

DCP 244 Working Group Minutes

Meeting Name	DCP 248 Working Group
Meeting Number	01
Date	9 October 2015
Time	14:00
Venue	Web-Conference

Attendee	Company
George Moran [GM] (Chair)	British Gas
Paul Bedford [PB]	Opus Energy
Andrew Neves [AN]	Engage Consulting
Bernard Kellas [BK]	SSE
Bethany Hanna [BH]	Ofgem
Donald Preston [DP]	SSEPD
Helen Fosberry [HF]	Eon Energy
Lee Wells [LW]	Northern Powergrid
Maria Hesketh [MH]	Scottish Power
Peter Waymont [PW]	UKPN
Richard Mawdsley [RM]	Haven Power
Richard Vernon [RV]	Npower
Simon Yeo [SYE]	WPD
Siu Yau [SYA]	SP Energy Networks
Tim Porter [TP]	SSEPD
Rosalind Timperley [RT] (Secretariat)	ElectraLink

Apologies	Company
Nicky White	Npower
Peter Gray	SSE

1 ADMINISTRATION

- 1.1 All Working Group members agreed to be bound by the “Competition Laws Do’s and Don’ts” for the duration of the meeting.
- 1.2 All Working Group members agreed to the terms set out in the DCP 248 Terms of Reference (ToR) document for the duration of the Working Group.

2 APPOINTMENT OF CHAIR

- 2.1 GM was appointed as the Chair of the Working Group.

3 BACKGROUND AND INTENT OF THE DCP 248 CHANGE PROPOSAL

- 3.1 GM walked attendees through the CP form, explaining that intent of DCP 248 is to protect customers with Current Transformer (CT) meters impacted by P272¹ by allowing them a grace

¹ Mandatory Half Hourly Settlement for Profile Classes 5-8

period of at least 12 months to agree the Maximum Import Capacity which would then be applied from the date of their change in measurement class.

- 3.2 It was highlighted that within the Change Report for DCP 179², DNOs had agreed a common approach to defining capacity values in instances where the value is not known. However, this approach has not been taken forward, primarily because DCP 161³ was approved which meant that if DNOs set the import charge capacity to the maximum used over the previous month then they would be subject to higher excess capacity charges than they otherwise would be. For this reason the DCP 179 Change Report approach was not taken forward and DNOs instead are currently each taking different approaches.
- 3.3 GM highlighted that the CDCM currently does not permit a change to the Maximum Import Capacity (MIC) value to take effect retrospectively. However, with the number of customers affected by P272, it is believed that there is an argument for allowing retrospective changes for these customers.
- 3.4 It was also highlighted that DCP 248 has been raised as an urgent CP as there is a need to progress the change in an expedient manner due to the significant adverse impact on customers.

4 WORKING GROUP ASSESSMENT OF DCP 248

- 4.1 It was noted that there is mixed support for the proposal. Some Working Group members did not have any objections conceptually but highlighted that the details of the proposal require further discussion. One Working Group member explained that his organisation does not support the proposal as it undermines P272 by further delaying it.
- 4.2 It was suggested that if DNOs and Suppliers work together it would be possible to engage with customers to agree capacity values within the current timescales and thus DCP 248 would not be required. Counter to this, it was noted that there is a real risk that this will not happen in time and that a safeguard is therefore needed.
- 4.3 It was highlighted that DCP 161 may potentially be pushed back if Ofgem provides its approval. The proposer of DCP 248 noted that the proposal has been raised on the premise that DCP 161 is not delayed. If DCP 161 is deferred it will remove the risk of the MIC being set too low, but it does not remove the risk associated with the MIC being set too high. It is believed that this is a more significant risk.
- 4.4 A DNO Working Group member requested that Suppliers notify them where they believe that the MIC is not appropriate for the customer, so that the DNO can review it. In response, one Supplier highlighted that they are already doing this.
- 4.5 Another Supplier attendee noted their concerns that retrospectivity would create uncertainty for customers around their budgets.
- 4.6 It was clarified that under the proposal, there would not be a one year grace period before billing takes place. Billing will take place based on the initial MIC value which may then be retrospectively changed, with the customer (via the Supplier) credited back the overcharged amount.

² DCP 179 - Amending the CDCM tariff structure

³ DCP 161 - Excess Capacity Charges

4.7 The Working Group discussed what issues there are with the proposal that require consideration and drew up the following list:

- 1) There might be pre-existing connection term agreements in which circumstances this CP should not apply – a carve out of these may be needed.
- 2) The legal text needs to be tightened up so that it is a one chance only to agree a retrospective change to capacity.
- 3) Sites affected by P272 get a year from change of measurement class. What if all customers are not migrated by the P272 deadline – this change could be open ended in these circumstances?
- 4) If there was a change in tenancy, under the current legal text the new tenant could get the benefit of the back dated charge, which would be inappropriate. DNOs and Suppliers should have a record of how long the customer has been in the property. If the new tenant had a lower Max Demand, we would not want the lower demand to be back dated.
- 5) In UOS charging statements there is a section on incorrect allocated charges.
- 6) With the delay to the deadline for P272 this mitigates the issue somewhat, but around 71,000 CT metered customers on profile class 5 to 8 are still impacted (this data is from the DCP 179 Change Report). This is a lot for DNOs to engage with and agree a formal capacity. Each of these customers would have the ability to retrospectively change their import capacity – the rational is that the historic values that DNOs hold are unlikely to represent the level of current demand, and it is quite feasible that the current tenants did not agree the value. (We may need to carve out a section in the legal text for customers that have recently signed a connection agreement).
- 7) Should there be some form of materiality threshold associated with the change? As currently written you could have all 71,000 customers going through a re-billing process, with a large number not seeing a significant transfer of money. This threshold could be either based on a percentage of the capacity or a financial value.
- 8) Is it possible to determine the materiality of this issue? It would be useful to have an estimated figure. This could potentially be achieved by taking average of all of the DNO's per KVA charge and the maximum to get a feel for the difference. GM took an action to share his calculations with individual DNOs, they can then confirm if this data is a reasonable representation of their entire population base.

Action 01/01: GM & DNOs

- 9) The change refers to a minimum of 12 months, is this sufficient? There is a trade-off between how long you allow and the amount of rebilling that will need to take place. (A question on this should be included in the DCP 248 consultation)
- 10) Are there any technical constraints with billing systems that need to be taken into consideration (and is there an associated cost)?
- 11) Is there a resource issue if DNOs receive 71,000 customer requests over a short period of time? Without visibility of the migrations it is difficult to say when the peaks and troughs will be.

- 4.8 Working Group members took an action to review the list of issues prior to the next DCP 248 meeting.

Action 01/02: All

5 NEXT STEPS

- 5.1 The Working Group agreed the work plan for the group; this is provided as Attachment 1.

6 ANY OTHER BUSINESS

- 6.1 There were no items of any other business.

7 NEXT MEETING

- 7.1 The next meeting is scheduled for 10am Friday, 16 October 2015 via web-conference.

APPENDIX A: SUMMARY OF ACTIONS

NEW AND OPEN ACTIONS

Action Ref.	Action	Owner	Update
01/01	GM to share materiality calculations with individual DNOs. DNOs to confirm if this data is a reasonable representation of their entire population base.	GM and DNOs	
0/02	Review this list of DCP 248 issues prior to the next DCP 248 meeting	All	