

DCUSA DCP 173 Consultation Responses – Collated Comments

Question One	Do you agree with the intent of DCP 173?	Working Group Comments
DNO/IDNO		
ENWL	Yes	It was noted by the Working Group that the majority of respondents agreed with the intent of DCP 173.
GTC	<p>No. The intent is too vague/ broad.</p> <p>There may be a number of reasons for changing a tariff. Each reason may have a different timescale. For example:</p> <ol style="list-style-type: none"> 1. Where the LLFC/ Unique Identifier was been incorrectly allocated (either because of connection characteristics or the customer class) 2. Where the LLFC/tariff unique identifier is correctly assigned but the shipper or customer wishes to change to an alternative (e.g. from unrestricted to E7, from NHH to HH) 3. Where there has been a change of customer class/ change in use of a connection and the distributor has not previously been notified. <p>Each of the above could be accompanied by a change in profile class/ settlement configuration.</p>	<p>The Working Group discussed and noted the concerns raised by GTC; both about the changes in LLFC/unique identifier and also backdating the charges.</p> <p>The Working Group explained that the intent was about when an incorrect tariff has been applied and when the LLFC is incorrectly applied and not about changing customer class. It was agreed that further to this response the intent will need to be explained in more detail within the Change Report.</p>

	<p>Each of these scenarios may require different consideration. Also in backdating charges there has to be sufficient data to calculate charges under an alternative tariff.</p> <p>Care has to be taken in assuming that the LLFC is synonymous with the tariff/ charging code. Whilst this is true for some distributors, it is not true for all (IDNOs and some DNOs in respect of site specific charges at EHV (11kV sub).</p> <p>The intent of the proposal is broader than the scope of the CDCM. Further Clause 19 of DCUSA is broader in scope than the CDCM and the EDCM. i.e. whilst an LLFC can only realistically be used for use of system charges a unique identifier can be used to describe tariffs for other services described by Clause 19.</p>	
Northern Power Grid	Northern Powergrid agrees with the intent of DCP173 in that we welcome an industry standard that all DCUSA signatories will follow which when applied may result in retrospective credits or further charges for the supplier and customer to pay.	
Scottish Power Distribution	Yes	
SSE Distribution	Yes	
UKPN	Yes	
Western Power Distribution	Yes	
Suppliers		

EDF Energy	Yes	The Working Group noted that the overall majority of Suppliers was supportive of the intent of DCP 173.
GDF Suez	Yes	
Haven Power	Yes	
SSE Energy Supply	Yes - to define within Clause 19 of DCUSA an absolute time period within which a change of Tariff (LLFC / Unique Identifier) is allowed to be retrospectively applied by a DNO party.	
Customers/Other		
Aggregate Industries	Yes	The Working Group noted that the overall majority of Customers/Other were supportive of the intent of DCP 173.
Anglian Water	Yes – standardisation of a time period is necessary as some DNOs currently use unreasonably short time periods.	
Bernard Matthews	We agree with the intent to create a standard time period for historical LLF changes. We believe that some DNOs are using time periods that are too short, and that they should be using 6 years in line with the Limitations Act 1980.	
Associated British Foods plc (including British Sugar)	Yes We agree that it is important that a commonly adopted, absolute time period is defined within which a change of Tariff is allowed to be retrospectively applied by a DNO party. We suggest that this should be both the maximum time	

	period possible and based on existing law. We therefore propose Option 4 in line with the Statute of Limitations Act 1980. We see no justification to limit customer rights or liabilities by creating special rules for the ESI alone.	
BT Group plc	Yes, we have encountered a range of different approaches with the DNOs when it comes to backdating LLFs, and we believe that a standard approach is necessary.	
Diageo	Yes we agree with the intent to create a standard approach	
First Group	Yes, we believe that incorrect LLFs should be backdated 6 years as standard (5 years in Scotland) in line with the Limitation Act 1980 and in line with standard industry practice across all other charging areas.	
Imperial College	Yes	
Leeds and York Partnership NHS FT	Yes, it is important that a standard practice is applied.	
Livingston Precision	Yes	
Wm Morrison Supermarkets plc	Yes. We agree that retrospectively adjusting LLFs should be standardised.	
Moto Hospitality Limited	Yes, I agree with a standard approach for retrospective changes of LLF	
Northumbrian Water	Yes. We have sites in multiple DNO regions and have noticed differing approaches between them in terms of how retrospective LLF changes are treated.	
PCMG	Yes. We agree that the applicable time periods for	

	retrospectively adjusting LLFs should be standardised as this will improve efficiency and reduce disputes across the industry. However we do not agree with any intent to shorten these time periods from the maximum period defined in the Limitation Act 1980 (6 years in England and Wales, 5 years in Scotland) as we believe this significantly disadvantages customers.	
Ripon Select Foods	I agree that a standard methodology should be agreed for retrospective backdating of LLFs, and that this should align with the statute of limitations.	
Sheffield Teaching Hospital	We agree that a standard should be agreed across all DNOs however I believe this should align with the statute of limitations, i.e. Option 4 on the consultation document. We do not agree with further limiting this period.	
South Tyneside Council	Yes	
Virgin Active	Yes	
Question Two	Do you agree with the principles of DCP 173?	
DNO/IDNO		
ENWL	Yes	The Working Group noted that the overall majority of respondents agreed with the principles of DCP 173.
GTC	DCP 173 has not set out any principles other than that stated in the intent. Therefore we cannot agree with	The Working Group noted that this relates to the first question about the intent not

	principles that are not stated.	being clear enough, and the group agreed to clarify this within the Change Report.
Northern Power Grid	Northern Powergrid agrees with the principles of this change as it will bring a balance and equitableness to all DCUSA signatories which if not applied could result in a 'smearing' of charges or credits being picked up by those not directly affected.	
Scottish Power Distribution	Yes	
SSE Distribution	Yes	
UKPN	Yes	
Western Power Distribution	Yes	
Suppliers		
EDF Energy	Yes	The Working Group noted that all Suppliers were in agreement and supported the intent of DCP 173.
GDF Suez	Yes	
Haven Power	Yes. Allowing changes to be made retrospectively by a supplier within an agreed timeframe will allow for a more formal approach to be adopted by the industry.	
SSE Energy Supply	Yes	
Customers/Other		
Aggregate Industries	Yes	The Working Group noted that all Customer/Other respondents were in agreement and supported the intent of DCP 173.

Anglian Water	Yes	
Bernard Matthews	Yes	
Associated British Foods plc (including British Sugar)	Yes	
BT Group plc	Yes	
Diageo	Yes	
First Group	Yes	
Imperial College	Yes	
Leeds and York Partnership NHS FT	Yes	
Livingston Precision	Yes	
Wm Morrison Supermarkets plc	Yes	
Moto Hospitality Limited	Yes	
Northumbrian Water	Yes	
PCMG	Yes, as above, we agree with the principle of standardisation.	
Ripon Select Foods	Yes	
Sheffield Teaching Hospital	Yes in terms of standardising processes and limiting liability on customers where applicable.	
South Tyneside Council	Yes	
Virgin Active	Yes	

Question Three	Does the CP better facilitate the DCUSA General Objectives 1 and 2, and DCUSA Charging Objectives 1, 2 and 3? Please provide supporting comments about these and any other DCUSA Objective(s) you feel that this CP will impact.	
DNO/IDNO		
ENWL	Yes – we agree this better facilitates the objectives above.	The Working Group noted that the overall majority of all respondents agreed with the assessment that the DCP 173 better facilitates the DCUSA General Objects 1 and 2, and Charging Objectives 1, 2 and 3.
GTC	<p>This is by no means clear. This links back to the intent. Whether the change proposal better meets the proposal very much depends on the reason why the changes in charges are being backdated.</p> <p>Whilst the working group have brainstormed some advantages and disadvantages, they have not set out clearly why and to what extent each of the options better meets the objectives (compared to the status quo).</p>	The Working Group discussed the points raised in this response, and noted that this will be picked up once the group agrees which option to take forward, and a more detailed explanatory text will be included within Change Report.
Northern Power Grid	This CP better facilitates the DCUSA general objectives, 2 and 3 as they promote both effective competition and ensure the DNO discharges its obligations in accordance with the distribution licence.	

	<p>In addition, this also links to DCUSA charging objectives 1, 2 and 3.</p> <p>We agree that DCP 173 will result in better compliance with the Act and the Licence by ensuring timely back dating of changes in tariffs, which will help to ensure that the correct charge is applied, while also ensuring that competition amongst Parties is not impacted.</p>	
Scottish Power Distribution	This CP better facilitates the DCUSA General Objective 1 and 2, as it ensures that the DNO records of their network are accurate and cost reflective of the connection.	
SSE Distribution	Yes, in agreement with the rationale outlined in the Change Proposal.	
UKPN	We would agree with the working group's views on how this DCP better facilitates the objectives.	
Western Power Distribution	<p>Agree with Charging Objectives 2 & 3.</p> <p>This proposal supports Charging Objective 2 by aligning practices across DNOs and consistent application of Option 1 will facilitate and not distort competition. It also supports Charging objective 3 inasmuch as it is reasonable and practical to apply.</p> <p>Agree with General Objective 2</p> <p>Similarly to Charging Objective 2, implementing this change would support competition.</p>	
Suppliers		

EDF Energy	Yes, the CP will introduce consistency between DNOs therefore increasing transparency for suppliers and customers.	
GDF Suez	Agree with working group assessment.	
Haven Power	Yes. The CP does meet both the 'General' and 'Charging' objectives. These objectives have adequately focussed on the development, facilitation and compliance areas that will rise from the proposal.	
SSE Energy Supply	Yes	
Customers/Other		
Aggregate Industries	Yes. It will better facilitate all charging objectives and general objectives.	
Anglian Water	Yes. It improves cost reflectivity.	
Bernard Matthews	If Option 4 is selected, yes, because it would make historical costs more reflective. Option 2 would not meet General Objective 2, because it could discourage or distort competition amongst suppliers if there is a significant cost variance due to an incorrect LLF.	The Working Group explained that the question is about whether the intent and principles better facilitate the Objectives, and not which of the individual options are preferred.
Associated British Foods plc (including British Sugar)	Yes, we agree that if Option 4 is chosen it will better facilitates all objectives. If Option 4 is chosen, it better facilitates DCUSA Charging Objective 3, as it will ensure that the correct and appropriate tariff has been applied as far back as legally possible and therefore that charges have reflected those costs incurred by the DNO.	The Working Group explained that the question is about whether the intent and principles better facilitate the Objectives, and not which of the individual options are preferred.
BT Group plc	Yes the CP better facilitates all relevant objectives. If Option 4 is selected, it will significantly improve cost	The Working Group explained that the question is about whether the intent and

	reflectivity as historically incorrect costs will be able to be corrected in line with the legal limit, the Statute of Limitations Act.	principles better facilitate the Objectives, and not which of the individual options are preferred.
Diageo	This CP better facilitates all relevant objectives. Currently, we are aware of some DNOs who are applying arbitrarily short limitations on their historical LLF changes, we believe that this is at odds with DCUSA Charging Objective 6 which calls for cost reflectivity as non-reflective charges are being allowed for significant historical periods	
First Group	Yes	
Imperial College	Yes it enhances all of the objectives. Standardisation was a key part of the distribution changes from April 2010, and as we have sites spanning 2 distribution company regions, this is something we would welcome.	
Leeds and York Partnership NHS FT	Yes, better facilitates all DCUSA objectives although DCUSA general objective 2 is specifically not better facilitated by Option 2, which would have an impact on competition in the electricity supply industry.	
Livingston Precision	Yes although Option 2 does not better facilitate DCUSA General Objective 2 as it could potentially unfairly impact competition in the electricity supply industry.	
Wm Morrison Supermarkets plc	In particular if Option 4 is selected, Yes, because: 1. Practice would align with the legal requirement under the Limitation Act 1980 (statute of limitations) and the limitation used by suppliers, increasing co-ordination between parties 2. Practice would create a standard process that could	The Working Group explained that the question is about whether the intent and principles better facilitate the Objectives, and not which of the individual options are preferred.

	<p>be developed collectively between DNOs to increase efficiency.</p> <p>3. Practice would create cost reflectiveness within historical charges as much as is possible within 6 year window defined within the statute of limitation.</p>	
Moto Hospitality Limited	Yes	
Northumbrian Water	Yes. As an example, the CP better facilitates DCUSA Charging Objective 3 if a sufficiently long period is agreed (i.e. Option 4 – 6 years) as the CP ensures that the costs historically applied by the DNO represent the relevant cost of the network.	
PCMG	<p>We believe that the CP will only better facilitate all DCUSA General Objectives if Option 4 is selected.</p> <p>1. Co-ordination between parties would be improved because the outcome would align with the Statute of Limitations which is currently the reference used by the suppliers and other industry parties in relation to historical cost adjustments.</p> <p>2. Efficiency would be improved as the practice would create a standard process, that could then be developed cross industry to reduce time, resource and cost.</p> <p>3. When adjustments are made, cost reflectivity of Charges paid by customers over the previous 6 years will be improved. As this is the longest period applicable in the Statute of Limitations, this is the longest period under which cost reflectivity can be affected.</p>	The Working Group explained that the question is about whether the intent and principles better facilitate the Objectives, and not which of the individual options are preferred.

Ripon Select Foods	Yes, on the basis of Option 4 being selected, the CP better facilitates the DCUSA General Objectives 1 and 2, and DCUSA Charging Objectives 1, 2 and 3. It enhances the cost reflectiveness of historical charges and creates an efficient, standard process which the DNOs can adhere by.	The Working Group explained that the question is about whether the intent and principles better facilitate the Objectives, and not which of the individual options are preferred.
Sheffield Teaching Hospital	Yes. In particular Option 4 better facilitates DCUSA charging objective 3 in that it allows for incorrect costs to be corrected retrospectively, therefore ensuring maximum cost reflectivity for the customer within the limits of the Statute of Limitations.	The Working Group explained that the question is about whether the intent and principles better facilitate the Objectives, and not which of the individual options are preferred.
South Tyneside Council	Yes it better facilitates all objectives. Standardisation would increase efficiency for all parties.	
Virgin Active	Yes	
Question Four	Do you agree with the approach as set out for Option 1? Provide supporting comments.	
DNO/IDNO		
ENWL	Yes, we agree with the approach set out in option 1 as the 14 month settlement period currently tallies with the NHH energy settlements timeframe. Our systems allow us to modify the LLFC for a customer within this timescale and the suppliers bills will be adjusted automatically. However, any change beyond this 14 month time period will require a manual process which could potentially impact our business costs depending on the number of changes required.	<p>The Working Group noted that the overall majority of Industry Parties supported Option 1.</p> <p>MC noted that he is unaware of any rule that applies to NHH being 14 months. CO noted that from the settlement period, it will only go back 14 months, it is a settlement restriction. CO noted that this is</p>

	<p>To implement option 1, we believe the retrospective amendment to the tariff should be for a maximum of 14 months from the date the amendment is implemented rather than the date of enquiry.</p> <p>Amending the tariff from the date of the enquiry will mean that a manual intervention is required unless the enquiry can be processed within the settlement month.</p> <p>We also agree that option 1 limits the timescale for any changes to over/under recovery and is the cleanest and easiest option to move to from the current position.</p>	<p>also a process perspective, and the drafting was trying to come up with a way that worked from a process and settlement perspective.</p> <p>RE explained that there is no mechanism to do back dating for NHH past 14 months.</p> <p>PW noted that this CP is trying to get NHH/HH standardised, and even though it may be possible for HH to go back further, it would not be treated the same way as NHH. It was also explained that this will fall away once smart metering comes into effect.</p> <p>MC does not think that the NHH 14 month settlement window is an existing precedent, and that the working group should not make the HH align with this.</p> <p>PW explained that there should be no differences between the principles of NHH and HH.</p> <p>MC noted that the DNOs mention that this limits the liability for customers, but the customers that responded to this consultation did not seem to see this as an issue. PW thinks that the customers did not</p>
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		fully understand this could relate to charges as well as refunds. MC thought that this is the customer's concern, and not the DNOs.
GTC	<p>Whilst Option 1 aligns with settlement period, it does not align with regulatory year. Any change in tariff leads to over/under recovery. Although it is hoped that the number of changes in a given period would be small and thereby only have a small impact on this.</p> <p>1. Notwithstanding the above, this option would penalise customers where the tariff in force was incorrectly allocated by the DNO. Of the options put forward by the working group option 4 would seem appropriate for such circumstances, subject to the prospective tariff being available for the period concerned.</p> <p>2. However for customers/ suppliers who have taken a review and decided an alternative tariff is more suitable (but where the existing tariff is not incorrect for the customer/ connection type) we do not support retrospective setting of tariffs on a mandatory basis. Such changes should only be considered on a forward looking basis subject to appropriate metering/ data being in place.</p> <p>3. To state the obvious, if a tariff was only made available in the last year, charges prior to the tariff</p>	The Working Group discussed and noted all the comments within this response.

	<p>commencement date can't be calculated on that tariff. Also if a tariff was end dated, then , subject to a DNO's rules on preserved tariffs charges can't be based on a tariff that is no longer in force.</p>	
Northern Power Grid	<p>Northern Powergrid supports this option as it allows for correction of errors over a period that underpins the electricity trading arrangements whilst also allowing for these changes to be retrospectively made to a maximum that will not overly distort the over/under-recovery mechanism.</p> <p>The advantages detailed below should, ensure that customers are not exposed to any shocks where it may involve additional charge as well as providing a sizable period to allow suppliers and customers to ensure they are allocated the correct tariff.</p> <p>Option 1 - A maximum of 14 months (the settlement period) back from the date of a valid enquiry</p> <p>Advantages</p> <ul style="list-style-type: none"> • A timescale that limits the liability of customers • Aligns with NHH energy settlements timeframe • Limits over/under recovery <p>Disadvantages</p> <ul style="list-style-type: none"> • Potential settlement dispute runs • A timescale that limits the opportunity of Customers 	<p>The Working Group discussed and noted the comments within this response.</p>

Scottish Power Distribution	Yes. This approach will align the NHH and HH settlements timeframe. It also limits over/under recovery. It is also consistent for all suppliers and customers. Just to confirm that this option is from the date of the agreement with the DNO, who should act reasonably to determine the tariff and not delay the agreement.	
SSE Distribution	Yes. It is logical to align reconciliation with the NHH energy settlements timeframe of 14 months. It provides a distinct limit for reconciliation that is consistent for all customers regardless of settlement (i.e. NHH/HH).	
UKPN	We agree with this approach and believe that aligning with existing NHH arrangements allows for a realistic period of backdating of any change to apply, along with the correct charges applying going forward. It would also limit the size of the charge (or credit) which would exist for each situation. This would be our chosen option. This results in a consistent approach for the “correction” of any industry data.	
Western Power Distribution	Yes, it is consistent with NHH & may incentivise suppliers to identify and deal with any inconsistencies within a reasonable timescale.	
Suppliers		
EDF Energy	Yes – this option enables all enquiries to be treated equally so therefore it complies with the intention of the CP, We also believe the timescale aligns to existing timescales in the industry well, but is unfairly restrictive	The Working Group noted that the Suppliers were all in agreement with this option being progressed. It was noted that the Suppliers are also picking up on the 14

	for a customer.	<p>months settlement time frame.</p> <p>BT noted that for the EDF response, they replied yes to all the options as they feel standardising the process will benefit the industry; although this does not mean that they do not have a preferred option, they do and it is Option 4.</p>
GDF Suez	Yes, as this option is consistent with the Settlements dispute period and it limits the potential liability of customers.	
Haven Power	Yes. This approach, as 'Appendix B' highlights, runs in parallel with the RF settlement run, which is a timeframe widely recognised throughout the industry. We agree with the advantages that the timescale limits the liability of customers and the subsequent limits of over/under recovery. We disagree; however, with the notion that disadvantages are the disputing of potential settlement runs and that the timescale limits the 'opportunity of customers'.	
SSE Energy Supply	<p>Yes – this is our preferred option.</p> <p>Using the 14 month Settlement calendar will align the billing (charge/credit) due to retrospective change of LLFC/Tariff to the reconciliation process applied to distribution losses on metered data.</p> <p>This option will also align HH DUoS billing with NHHSC billing processes.</p>	

	By using the settlement reconciliation run timeframe we agree that agree this should ensure timely back dating of changes in Tariffs, which will help to ensure that the correct charge is applied	
Customers/Other		
Aggregate Industries	No. The settlement period is unrelated to DUoS charging and does not align with the statute of limitations, which is the standard time frame used by suppliers and other parties when carrying out historical re-billing.	The Working Group noted that all the customers/other parties that responded to the consultation were unanimous that they did not agree with Option 1 being progressed. The Working Group discussed and noted the points within all the responses.
Anglian Water	No. 14 months it too short, and although it aligns with the settlement period for consumption, this is not relevant to historical re-billing of charges, which as standard is carried out within the Statute of Limitations by suppliers i.e. 6 years.	
Bernard Matthews	No. 14 months is too short and there is no basis for this approach. In my experience in both current and past jobs at multisite consumers, overcharges are considerably more commonplace than undercharges and a 14 month limit puts customers at a significant disadvantage.	
Associated British Foods plc (including British Sugar)	No. There is no basis for a maximum of 14 months to be used. The settlement period relates to consumption and not directly to charges.	

BT Group plc	<p>Option 1 is invalid as it does not comply with the Statute of Limitation Act 1980. The DCUSA cannot legally override this act and should, therefore align with it to avoid unnecessary conflict.</p> <p>There is no valid precedent that we are aware of for a 14 month limit on re-billing. We regularly receive historical re-bills from our suppliers going back 6 years and a 14 month limit is never implemented.</p> <p>In our experience the majority of incorrect LLFs are overcharges, therefore a 14 month limit would be unfair to customers.</p>	The Working Group discussed this point, and noted that the Statute of Limitations Act is a right and that the 6 years is the maximum time frame. PW noted that regardless of the option that is progressed, that a customer could legally go and challenge it in a court. CO noted that the 6 years mentioned is the maximum amount of time that a party would be entitled to, and it could be decided that 14 months would be appropriate; it does not seem correct to put forward an option that simply has the maximum time frame as it could not apply in all cases.
Diageo	We do not agree with a 14 month limitation. In our experience we have found incorrect LLFs are 1. Mostly overcharges and 2. Typically go back more than 6 years into the past. Therefore we believe that a 14 month limitation would severely disadvantage customers	
First Group	No. 14 months is too short a period. Sometimes, particularly for a customer with a large estate, it can take longer than 14 months to validate that the correct LLFs have been applied. We have found that overcharged LLFs are reasonably common but undercharged LLFs are relatively rare... as such we believe limiting the time period is disadvantaging the customer.	
Imperial College	No, 14 months is an arbitrary timeframe set out for settlement of consumption and has no bearing on tariff	

	changes, which are likely to cover a longer period of time and not a specific data period.	
Leeds and York Partnership NHS FT	No. 14 months i.e. the settlement period is not a relevant precedent for the retrospective adjustment of LLFCs which primarily impact DUOS charges.	
Livingston Precision	No. The primary issue with incorrect LLFs is LV Sub sites incorrectly classified as LV Network, which is typically an overcharge to the customer. A 14 month period is far too short and is significantly shorter than the standard 5/6 years applied by law under the Statute of Limitations. There is no valid reason for this short a period other than to reduce workloads on DNOs and suppliers however this would have a massive impact on the overcharged customers who ultimately foot the bill!!	
Wm Morrison Supermarkets plc	No, because 14 months is an arbitrary time period that does not apply in the case of any other area of charging. Whilst such a limit applies to the settlement of consumption, this is a necessity because of the complex nature of the settlement process – and even then it is possible to raise settlement disputes beyond 14 months. In our experience we have found that most incorrect LLFs result in the customer being overcharged by the DNO. For this reason a 14 month limit would likely have a disproportionately negative impact on customers.	
Moto Hospitality Limited	No I do not agree with the approach as set out for Option 1– the period does not align with the statute of	

	limitations which is the legal limit used by electricity suppliers when re-billing historical charges	
Northumbrian Water	<p>No.</p> <p>We have carried out several exercises to verify our line loss factors and in our experience overcharges are considerably more common than undercharges. A 14 month limit would represent a significant unfair penalty on customers who have been overcharged.</p>	
PCMG	<p>Option 1 is an unacceptable approach and we do not agree with it.</p> <p>The 14 month period cited as a precedent is inappropriate as it is unconnected with DUoS charging rates; it is a standard period used when settling consumption.</p> <p>This limit exists to put a practical limit on the already significant amount of data exchanged between parties during the process of trading electricity. An individual half hourly meter sends 48 kWh reads and 48 kVarh reads every day i.e. more than 200,000 pieces of data over 6 years . If every single piece of this data could be readily challenged and amended over a 6 year period this would clearly create administrative difficulties.</p> <p>In the case of the LLF, there is only one piece of data associated with the half hourly meter– the LLFC itself, which is either right or wrong. Unless a site is upgraded</p>	

	<p>and the LLFC is changed (which is a relatively rare occurrence) in which case there could be 2 or 3 pieces of data over a 6 year period. It is completely unreasonable therefore to compare historical amendments to settled consumption with historical amendments to LLFCs.</p> <p>Furthermore, even in cases where significant consumption errors exist, it is possible for disputes to be raised for longer periods, if these errors can be proven, although this can often be difficult to support with material evidence. In the case of an LLFC dispute, this is typically based on physical assets that either exist or don't exist, i.e. it can be very easily proven with material evidence.</p> <p>The 'Advantages/ Disadvantages' document provided with the consultation quotes that a 14 month limit would 'limit the liability of customers'. Whilst it would no doubt limit the liability of some customers who have been undercharged, in our experience we believe that the majority of customers with the incorrect LLFC applied have been overcharged. This is based on a study we have carried out and provided to the DCP 173 workgroup. We believe that whilst a 14 month would 'limit the liability' of a small number of customers, overall as overcharging is far more prevalent it would mean that customers who have been overcharged would be financially disadvantaged.</p>	
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	<p>The 'Advantages/ Disadvantages' document provided with the consultation also cites an advantage of this methodology being that it aligns with the NHH settlements period. This is particularly irrelevant as an advantage because most incorrect LLFCs occur with HH meters, where a wider range of LLFs are applicable and characteristics impacting LLFs such as on-site distribution substations and HV connections are more prevalent.</p> <p>Applying a 14 month period would create some very difficult situations for suppliers as well as customers. For example, a customer could be aware that their supply is HV, and could use this information when tendering their electricity supply contracts, and receive prices including HV DUoS. However, if the DNO had incorrectly set the LLFC as LV, and this was discovered by the supplier at a later date, the supplier could raise an invoice for the LV charges due from the customer covering the past 6 years in line with the statute of limitations. The customer could then approach the DNO to challenge the LLF, however if this option was selected, they would only be able to get it corrected over a 14 month period and they would still owe their supplier 60 months of backdated, invalid, LV charges.</p> <p>PCMG has encountered 3 major organisations who have been in this situation, in each case they have been</p>	
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	reimbursed for 6 years of charged by their DNO and have incurred no additional costs from their suppliers. Using a 14 month limit on retrospective LLFC changes however, they would have incurred massive additional costs from their suppliers, even though they were charged correctly!	
Ripon Select Foods	<p>OPTION 1: No, the settlement period is not an appropriate limitation for an LLF change as it relates to consumption levels (kWh). The LLF primarily impacts DUoS charges and 6 years is the standard period across the industry for retrospectively amending charges.</p> <p>Such a time scale would limit the opportunities of Customers to claim any overcharges to which they would be entitled.</p> <p>Further, it would seem a totally arbitrary time period without any real foundation, and seems difficult to support such a time period</p>	
Sheffield Teaching Hospital	No, the 14 months limit applies to settlement i.e. consumption but it is not appropriate to apply it to charging rates. The Statute of Limitations is used by suppliers in relation to charges and should be also used by DNOs.	
South Tyneside Council	No. A time period of 14 months is too short. In our experience, incorrect LLFs generally result in an overcharge to the customer and therefore this would heavily disadvantage customers.	<p>The Working Group noted that there is also a possibility of having a liability in relation to this issue.</p> <p>MC noted this his company had done a</p>

		<p>study, but it was highlighted that this was not an independent study and could not be used as a supporting document for this CP, and that this issue mostly resulted in customers being overcharged.</p>
Virgin Active	<p>No</p> <p>A 14 month limit is unreasonably short. Appendix B states that this 'limits the liability of customers' however in our experience incorrect LLFs are usually overcharges to customers (for example LV Substation sites charges LV Network), therefore a limitation this short would heavily disadvantages customers. Another disadvantage quoted is 'potential settlement dispute runs' however this is a technicality that should not deprive the customer of being charged correctly.</p>	<p>The Working Group discussed this point and noted that the 14 month limit that aligns to the NHH settlement process, and the limitations of MPRS for change of LLFCs.</p> <p>The group explained that they can understand the view of this as a technicality, but this isn't something that is easily changed.</p> <p>CO noted that there are many interactions that occur with changing the LLFCs, and in changing things back 6 years as proposed under Option 4, there would be a lot of data that wouldn't align. CO noted that NHH settlements and DUoS interact greatly with each other.</p> <p>MC then asked why we would align NHH and HH, when they work so differently. PW noted that they do operate separately, but for a small customer, and if you move from one to the other, you would expect to be</p>

		<p>treated the same way.</p> <p>MC explained that in his view this would primarily affect the larger customers, not the smaller ones. He does not think the NHH supercustomer model should be taken forward.</p> <p>CO explained that the CP is about coming up with a common approach.</p>
Question Five	Do you agree with the approach as set out for Option 2? Provide supporting comments.	
DNO/IDNO		
ENWL	<p>Agree but with reservations. The issue with this option is that it may not cover the whole of the period of the incorrect LLFC application, especially if the customer has recently changed supplier. This may lead to only part of the issue being resolved and lead to further disputes. Where a customer has been with the same supplier for many years, the change cannot be automatically implemented within our systems as specified in question 4 above and a manual process will be required which could potentially impact on our business costs.</p>	<p>The Working Group noted that the overall majority of DNOs did not agree with Option 2. The exception would be ENWL, who could see the rationale behind this option, but the Working Group felt they did not fully understand the implications.</p>
GTC	<p>If retrospective charging is to apply, we do not understand why change of supplier is the right</p>	

	<p>breakpoint – other than it's an easy way out for DNO/shipper</p> <p>Comments 1 to 3 in our response to Option 1 also apply here</p>	
Northern Power Grid	<p>Northern Powergrid does not support Option 2 - The date that the current supplier took on the contract</p> <p>We believe that whilst this could limit the number of parties involved and would be a relatively a simple approach to implement/manage, it does not provide any incentive for suppliers to ensure they have billed their customer correctly and if a customer changes supplier without knowledge that they had been charged incorrectly they would never receive a refund.</p>	
Scottish Power Distribution	<p>No. This method could potentially limit the time period of the correction of the tariff, if a customer has recently switched supplier. Whereas another customer, who has always had the same supplier would have a longer period of correction. This option is therefore not consistent and fair to all customers.</p>	
SSE Distribution	<p>No. This does not provide a distinct timescale for reconciliation which could create more volatility. Reconciliations could potentially cover different charging methodologies – how would you reconcile if the correct tariff/LLFC was not available in past charging years/methodologies?</p>	
UKPN	<p>We do not agree with this approach. This proposal could see a Supplier receiving a potentially significant</p>	

	credit (or a charge) for a site where the Customer has not changed Supplier for a number of years, whereas where a Customer has changed Supplier recently the current Supplier would only see a small credit (or charge). This wouldn't be treating the application of DUoS charges in respect of all Customers on the same basis. As a result we do not believe that this is a sensible solution.	
Western Power Distribution	No, It is inconsistent and could discourage customers to change supplier.	
Suppliers		
EDF Energy	Yes – this option enables all enquiries to be treated equally so therefore it complies with the intention of the CP. However the open-endedness of this option may cause problems, it may also lead to less competition in the supply industry. There would need to be definitions where multiple supply licences exist.	<p>The Working Group noted that the majority of Suppliers did not agree with Option 2 being progressed.</p> <p>BT noted that they agreed with the intent as it would standardise the approach, but it would be their least favourite option.</p> <p>PW noted that this option could distort competition.</p>
GDF Suez	No. Linkage of ability to revise LLFC to start dates of supply contracts could create unwanted incentives or disincentives to change supplier and therefore distort competition.	
Haven Power	No. In theory this is an attractive proposition, but in reality, the time period could be too great and there may be instances where a certain supplier may leave	

	<p>the changes to avoid the extra workload – forcing gaining supplier to enforce the changes, even if they are not obliged to do so.</p> <p>We also agree with the argument that it could distort competition and discourage customers to change suppliers. As a smaller supplier, this isn't something that we would actively look to promote.</p>	
SSE Energy Supply	No	
Customers/Other		
Aggregate Industries	No. It is unreasonable and arbitrary that incorrect historical charges cannot be reclaimed from a previous supplier, particularly when previous suppliers are entitled to re-bill the customer under the statute of limitations.	The overall majority of customers/other did not agree with Option 2 being progressed.
Anglian Water	No. This will heavily distort competition particularly amongst larger energy users. It is also completely arbitrary.	
Bernard Matthews	Option 2 cannot be applied because it does not meet General Objective 2, as it could discourage and distort competition amongst suppliers. This would apply, for example, if there was a significant cost variance due to an incorrect LLF, as it could discourage or encourage the customer to change supplier regardless of competition in the market.	
Associated British Foods plc (including British Sugar)	<p>No.</p> <p>This will discourage competition.</p> <p>If a customer has been overcharged, it is unreasonable that they can then not be reimbursed due to changing</p>	

	<p>supplier.</p> <p>If a Customer has been undercharged, they may change supplier to avoid a cost liability.</p>	
BT Group plc	<p>Option 2 is also invalid as it does not comply with the Statute of Limitation Act 1980 either. As above, the DCUSA cannot override this act and should, therefore, align with it to avoid unnecessary conflict.</p> <p>A cut-off when changing supplier would discourage competition, for example if a customer was aware of unresolved overcharges on their sites due to incorrect LLFs, they would have to factor these in as an additional cost when changing supplier.</p> <p>In our experience the majority of incorrect LLFs are overcharges, therefore a limit of a supplier change would be unfair to customers and could potentially 'trap' them with their current supplier. It would also be unfair to customers who have recently changed supplier and then realised that they have been overpaying for several years.</p>	
Diageo	<p>We do not agree with a limitation based on change of supplier. This would create problems with switching supplier as the customer would have to take into account whether there were any over or undercharged LLFs when making their decision</p>	
First Group	<p>No. It is common industry practice for previous suppliers to carry out re-billing when charges are</p>	

	incorrect within the period defined by the Limitations Act 1980 and standard practice amongst the DNOs should align with this.	
Imperial College	No. This could discourage customers from changing suppliers even if a cheaper price was on offer, in case there were tariff errors that they were unaware of.	
Leeds and York Partnership NHS FT	No. This would put overcharged customers in a position where they are trapped with their current supplier because their LLFC cannot be retrospectively changed once they move to a new supplier. It would put undercharged customers in a position where they are forced to switch supplier due to the potential additional costs they could be faced with by staying with their current supplier. This is a problem for competition as the supplier can do nothing to effect this.	
Livingston Precision	No, I do not agree with this approach, there should be no link between the customer's entitlement to be charged on the correct LLF and how often they choose to change supplier. This would have a detrimental impact on competition as customers with incorrect LLFs would have to take this into account and customers without incorrect LLFs could feel as though they should check their LLFs every time they are looking to change supplier, just in case, which could involve unnecessary work by the customer and additional queries being sent to the suppliers and DNO.	
Wm Morrison	No, because it would create an external factor that could artificially discourage / encourage a change of	

Supermarkets plc	supplier, that the supplier can do nothing to effect.	
Moto Hospitality Limited	No I do not agree with the approach as set out for Option 2– the period does not align with the statute of limitations which is the legal limit used by electricity suppliers when re-billing historical charges, regardless of any change of supplier	
Northumbrian Water	<p>No.</p> <p>As an example, we have recently moved supplier and afterwards discovered sites where an incorrect LLF has been applied. If we had been aware of these incorrect LLFs beforehand, we may not have made the decision to switch supplier.</p> <p>It is unreasonable that issues such as incorrect LLFs – which are beyond the control of any supplier – should impact the customer’s choice of supplier. This impacts competition.</p>	
PCMG	<p>Option 2 is an unacceptable approach and we do not agree with it.</p> <p>As leaving the supplier makes it impossible for the customer to re-claim any incorrect charges that have been applied by the DNO during this period, this places an obligation on the supplier to apply the correct LLFC during the supply period. We believe that this would result in legal claims against suppliers when the incorrect LLFC has been applied and the supplier has</p>	

	<p>then been changed.</p> <p>We do not believe that suppliers would be happy or able to economically fulfil this obligation, many of them are already stretched for resources. Furthermore, the supplier is in no position to validate the LLF, with neither the network information held by the DNO or the site accessibility available to the customer.</p> <p>We also believe that this option would harm competition in the supply industry, which would be at odds with the DCUSA objectives and the general thrust of the energy industry. A supplier could offer a terrible service and uncompetitive rates, but a customer with overcharged LLFCs applied by their DNO could be forced economically to stay with them. On the other hand a supplier could offer a fantastic service along with a competitive price, but a customer could be forced to leave them due to the fact they have discovered incorrect uncharged LLFCs applied by their DNO.</p> <p>The 'Advantages/ Disadvantages' document provided with the consultation cites an advantage that it would 'limit the number of parties' involved however this would be very much at the expense of the customer if they have been overcharged during a period with a previous supplier.</p>	
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Ripon Select Foods	<p>OPTION 2: No, if the customer has changed their supplier regularly this means they could miss out on an overcharge or be protected from an undercharge. We are aware that overcharges are more common than undercharges, so this option would discourage customers from changing supplier.</p> <p>This again conflicts with current objectives, as it would prohibit competition within the industry.</p>	
Sheffield Teaching Hospital	No, this is an unacceptable option as it would mean that a customer with a large overcharge as a result of an incorrect LLF would be heavily penalised by changing supplier. Equally if a customer had a large undercharge they would be able to avoid paying this back by moving away from their supplier, even if they offer competitive prices and excellent service. This option is not fair on either suppliers or customers.	
South Tyneside Council	No. If we were investigating incorrect LLFs this would mean we could be penalised by changing suppliers. This would be unfair and would also impact competition.	
Virgin Active	<p>No</p> <p>We are currently challenging incorrect LLFs on some of our sites. If retrospective changes could only happen from our current supplier, this would create a disincentive for us to switch supplier which would also have implications for competition in the wider industry. If this option was implemented this would imply that the application of the correct LLF was the responsibility of the supplier, then the customer would view any</p>	

	overcharging from previous suppliers resulting from this as damages that the supplier would need to reimburse regardless of the DNO updating their charges.	
Question Six	Do you agree with the approach as set out for Option 3? Provide supporting comments.	
DNO/IDNO		
ENWL	The introduction of the CDCM is an arbitrary event and should not form part of an enduring solution to this issue. We would not support this option.	The Working Group noted that the overall majority of DNO/IDNOs did not support this Option being taken forward.
GTC	<p>We don't support this option.</p> <p>Comments 1 to 3 in our response to Option 1 also apply here</p> <p>The intent of the proposal is broader than the scope of the CDCM. Further Clause 19 of DCUSA is broader in scope than the CDCM and the EDCM. We don't understand the justification for this approach</p>	
Northern Power Grid	Northern Powergrid does not support Option 3 - The introduction of the CDCM Methodology with a defined limit because this would have to be reviewed every time there was a change to the methodology and is therefore not future proof without having a time limit associated with this option as well.	
Scottish Power Distribution	No. This option would need a time limit at some time	

	in the future.	
SSE Distribution	No. Currently this would reduce the volatility that could be experienced in Option 2 and would align with the current charging methodologies. However, this option would require further development whenever there was a change in the charging methodologies or to create a future time limit for liability.	
UKPN	We do not agree with this approach. This approach is open ended and although this option works currently, this could result in a credit (or charge) being applied retrospectively dated back a number of years, in the future this would be almost open ended, which could result in a significant charge (or credit) being levied on the Supplier. This is not practical for this reason.	
Western Power Distribution	No, Implementation would be too complicated and could lead to inconsistent application across DNOs.	
Suppliers		
EDF Energy	Yes – this option enables all enquiries to be treated equally so therefore it complies with the intention of the CP. This option would need a cap to reduce the risk of extended periods in the future, but it would reduce the risk of different definitions being used in the same dispute	<p>The Working Group noted that the majority of Suppliers did not agree with taking this Option forward.</p> <p>BT agreed with the intent of the CP introducing a standard practice, and not that this would be their preferred option.</p>
GDF Suez	No. This would create a two tier system between EDCM and CDCM as the methodologies were introduced at different times.	
Haven Power	No. The CDCM approach was developed by the DNOs	

	and as such, could mean that they would have a vested interest in their own methodology. This option is also susceptible to changes to the CDCM and as there is no associated timescale, leaving an indefinite window for parties to dispute. This would be at a detriment to both industry participants and customers.	
SSE Energy Supply	No	
Customers/Other		
Aggregate Industries	No. We have sites where incorrect charges were applied under the previous methodology prior to the CDCM. There is no sense in using these methodologies as a limitation.	The Working Group noted that all of the Customer/Other respondents did not agree to have this Option progressed forward.
Anglian Water	No. We are aware that incorrect LLFs have been applied within both the current and previous methodologies and we are aware of no valid reason to implement a limitation.	
Bernard Matthews	Option 3 is unreasonable as in our experience, there are incorrect LLFs that have been applied under previous methodologies, and these should be addressed by DNOs. If there were future methodology changes, it would be unreasonable and unfair to cut off historical charging disputes which could be perfectly valid.	
Associated British Foods plc (including British Sugar)	No. We do not agree with Option 3 because this would prevent claims prior to April 2010.	

BT Group plc	<p>Option 3 is also invalid as it does not comply with the Statute of Limitation Act 1980 either. As above, the DCUSA cannot override this act and should, therefore, align with it to avoid unnecessary conflict.</p> <p>In our experience the majority of incorrect LLFs are overcharges, and often times this is under methodologies prior to the CDCM. Therefore a limit at the point of a new methodology coming into place would be unfair.</p>	
Diageo	We do not agree with a limitation based on implementation of CDCM/EDCM. We are aware of incorrect LLFs being applied prior to CDCM/EDCM and believe that these should be corrected if within the scope of the statute of limitations	
First Group	No. This is a flawed approach as errors occurred within previous methodologies as well as current methodologies. These should be corrected as long as they are within the time period governed by the Limitation Act 1980.	
Imperial College	No. April 2010 introduced a new charging methodology, but this does not mean that the previous charging methodology was correct. If charges should be revised, then they should be able to be, in line with the Statute of Limitations.	
Leeds and York Partnership NHS FT	No, there is no valid reason that incorrect charging incurred under previous methodologies should be allowed. There are some cases where a customer has been slightly undercharged under the current	

	methodology but significantly overcharged under the previous methodology, it would be unfair for these customers to have to pay additional costs when in fact overall they have been overcharged substantially.	
Livingston Precision	No, errors made under pre-CDCM methodologies should be corrected as long as they are within the Statute of Limitations.	
Wm Morrison Supermarkets plc	No, because many incorrect LLFs have also been applied incorrectly under previous methodologies. Again, in our experience we have found that most incorrect LLFs result in the customer being overcharged by the DNO. A limitation based on CDCM or EDCM methodology change would have a negative impact on customers and this is unreasonable. This limitation would be particularly unreasonable as no customers were warned prior to the implementation of the CDCM/EDCM that from that point onwards, LLFs could not be amended historically. Knowing would have encouraged customers to identify and correct incorrect LLFs prior to this point.	
Moto Hospitality Limited	No I do not agree with the approach as set out for Option 3– the period does not align with the statute of limitations which is the legal limit used by electricity suppliers when re-billing historical charges	
Northumbrian Water	No. Whilst this approach would be preferable to Option 1 or Option 2, it is fairly arbitrary and appears to be geared towards creating an artificial limitation to	

	<p>simplify retrospective LLF changes for DNOs.</p> <p>In cases where an incorrect LLF has been applied, this is the responsibility of the DNO as the only party that can definitively confirm how the site is connected to their network and which LLF should be applied.</p> <p>It is unreasonable to create a limitation which serves only to make processes easier/more convenient for DNOs at the expense of customers being charged incorrectly with no way to change this.</p>	
PCMG	<p>No, we do not agree with Option 3.</p> <p>There is no argument that supports disallowing amendments to incorrect LLFCs applied prior to the CDCM as such this is an arbitrary option. Incorrect LLFCs have been applied to sites prior to and after the implementation of the CDCM. Customers were not issued a warning prior to the implementation of the CDCM that incorrect costs incurred would be frozen / locked out.</p> <p>The 'Advantages/ Disadvantages' document provided with the consultation cites an advantage that it would create a 'defined limit of liability' however all options provide a defined limit of liability so we do not understand how this is a valid advantage for this option.</p>	

	<p>The document also cites that another advantage would be that the definition of LLFC application is 'simplified'. This relates to LV Substation tariffs only, in the regions where LV Substation tariffs were applicable pre April 10 (EPN UKPN, SWEB WPD, SP Manweb, YEDL NPG). There is no need to 'simplify' these definitions which were published by the DNOs and are very clear. This is certainly not a valid basis to allow the application of incorrect charges.</p> <p>Furthermore, some customers are supplied at HV Network and have had LV Network or LV Substation LLFCs applied, typically this represents a significant overcharged. For these customers, it would be particularly unfair to use the CDCM as a limit on the basis of this being more 'simple', because the definition of the HV Network LLFC has always remained the same.</p>	
Ripon Select Foods	<p>OPTION 3: No, when the CDCM was introduced there was no notice given that incorrect LLFs from before the implementation could no longer be corrected. This is unfair as without being informed of the urgency at the time, customers have not had a chance to review these LLFs.</p>	
Sheffield Teaching Hospital	<p>No... errors exist within both the old and new methodologies. As long as they sit within the period dictated by the Statute of Limitations, the DNO should correct these errors. There is no reason to limit this.</p>	
South Tyneside Council	<p>No. We do not agree that a change in methodology should 'lock out' charges under previous</p>	

	methodologies, if they are incorrect within the Limitation Act 1980 it should be possible to revise them.	
Virgin Active	No We are aware that incorrect LLFs were an issue prior to the implementation of the CDCM/EDCM and don't see a valid reason create a limitation on correcting these.	
Question Seven	Do you agree with the approach as set out for Option 4? Provide supporting comments.	
DNO/IDNO		
ENWL	We do not support option 4 as is it likely to involve multiple suppliers and considerable workload to resolve the payment due to each customer. Given the long timeframe and number of suppliers, it is also unlikely that the customer would benefit from this option, as we consider it unlikely that previous suppliers would return any rebate to the customer.	The Working Group noted that no DNOs supported this option being progressed.
GTC	As we have indicated in our response to previous options, the time period very much depends on why the retrospective changes are required. Comments 1 to 3 in our response to Option 1 also apply here	
Northern Power Grid	Northern Powergrid does not support Option 4 - A maximum of 6 years in line with the Statute of Limitation Act 1980.	

	<p>Whilst this may be better in terms of refunds for customers the downside has to be the volatility and potential risk to the customer who may not be aware he has been undercharged.</p> <p>We believe customers and suppliers want to see predictable and less volatile charges and there is no guarantee that refunds over longer periods and with previous suppliers would get back to the customer.</p>	
Scottish Power Distribution	No. This option has the greatest scale of the risk to the customer and supplier. It differs from the settlement approach for NHH sites. It increases the possibility of having multiple suppliers involved.	
SSE Distribution	No. This option would create three different reconciliation periods (up to a maximum of 14 months for NHH, maximum of 5 years for HH in Scotland and maximum of 6 years for HH in England, Wales and Northern Ireland). The purpose of this CP is to define an absolute reasonable time period in which DNOs can retrospectively apply changes in tariffs/LLFCs.	
UKPN	We do not agree with this approach and do not believe that it is appropriate in this case. This could create a situation where Customers could see a significant retrospective charge being applied, (although this would be a credit in the case of overcharging). The original change proposal also made no separation between types of tariffs or Customer, and as NHH sites	

	can only be retrospectively applied back fourteen months under the settlement and DUoS billing arrangements we do not believe that this option allows for a change to be made for all Customer types, as such is not in line with the intent of the change as proposed.	
Western Power Distribution	No. It is inconsistent with NHH timescales, potentially time-consuming and therefore expensive to implement and our systems would not currently support it.	
Suppliers		
EDF Energy	Yes – this option enables all enquiries to be treated equally so therefore it complies with the intention of the CP. It aligns with the statute of limitations which fits in with existing timescales in the industry.	The Working Group noted that there was a mixed response from Suppliers regarding this option. BT noted that this would be the preferred option for EDF.
GDF Suez	No. This timescale increases the scale of potential reconciliations, creates a discrepancy between HH and NHH and between England and Scotland and will lead to multiple supplier involvement, further complicating matters.	The Working Group noted this comment.
Haven Power	Yes. This option is one that could potentially benefit both the customer and supplier. A difficulty, however, could be the difference in legal precedents of the Limitations Act between the UK and Scotland.	The Working Group noted this comment.
SSE Energy Supply	No	
Customers/Other		
Aggregate Industries	Yes. The 6 year limit is in line with our understanding of	PW noted concern with the responses from

	<p>the law and as such makes sense as a standard. It is the standard that our suppliers have used when refunding overcharges and charging undercharges.</p>	<p>customers that if a customer is looking for a refund that it would be the logical choice to choose the longest amount of time, which in this instance is Option 4.</p> <p>CO noted that the Statute of Limitations would be a 'maximum' amount of time, and it is the maximum you could apply for – it would need to be explicitly written in this option that it only applies from the date of the error.</p> <p>CO also noted that there should be a statement of impact regarding the risk to customers; and if a customer could be disadvantaged. The Working Group needs to consider the impact on customers in both directions – being refunded or having a liability.</p> <p>PW noted that this was not a balanced response from the customers/other parties, as it could be inferred that all the customers who responded would be due a refund and not have a liability associated with the change. It was also highlighted that this could lead to volatility in prices and DNO allowed revenue recovery positions.</p>
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Anglian Water	Yes - because this is the only reasonable approach that aligns with wider industry practice with relation to historical re-billing.	
Bernard Matthews	Yes we agree that the 6 year statute of limitations is the only fair approach that can be applied.	
Associated British Foods plc (including British Sugar)	Yes. We believe that this is the only satisfactory option on the basis that it follows the legal precedent (the Limitation Act 1980), that it allows maximum cost reflectivity within this precedent, it aligns with the standard used by suppliers for historical re-billing of charges and it is commonly used in other areas both in and outside the ESI.	
BT Group plc	Yes. The approach set out for Option 4 complies with the Statute of Limitation Act 1980 and is therefore the only valid approach. In addition, we believe that this ensures competition in the electricity supply marketplace is not hampered and best aligns to the approach already being applied by energy suppliers and DNO's.	
Diageo	We agree with the approach as set out for Option 4. We believe that the 6 years statute of limitations (5 years in Scotland) is the only fair approach and that this is in line with charging within the electricity industry as a whole	
First Group	Yes, this is the only approach of all suggested approaches that is fair and aligns with the law in the form of the Limitation Act 1980 and standard industry practice.	

Imperial College	Yes we agree with this approach. The Limitation Act 1980 should dictate the period for retrospective adjustments, as it does as standard with energy suppliers	
Leeds and York Partnership NHS FT	Yes. Using the Statute of Limitations as a basis is a coherent approach that matches up with the law and the approach applied by electricity suppliers, as well as suppliers of goods and services generally.	
Livingston Precision	Yes – the Statute of Limitations is the relevant precedent to use for this decision, as it is used as standard practice in all other parts of the electricity industry.	
Wm Morrison Supermarkets plc	Yes. We believe that the Limitation Act 1980 is the only reasonable approach to retrospectively amending LLFs and the resulting DUoS charges. It is a standard legal requirement that aligns with the approach used by suppliers.	
Moto Hospitality Limited	Yes I agree with the approach as set out for Option 4– the period aligns with the approach used by electricity suppliers and therefore is the correct approach.	
Northumbrian Water	Yes. This approach is the only approach that could work in practice, as it aligns the DCUSA agreement with the law in respect of the statute of limitations. It also aligns the DCUSA agreement with standard practice amongst electricity suppliers.	

PCMG	<p>Yes, we believe that Option 4 is an acceptable and agreeable approach because:</p> <ol style="list-style-type: none"> 1. In our experience all DNOs are currently applying the Statute of Limitations when retrospectively adjusting LLFCs and we believe that this should be formalised, which would be achieved with Option 4. 2. All suppliers currently use the Statute of Limitations as standard practice for retrospective adjustments and Option 4 would stop DNOs and suppliers becoming unaligned, which would create issues. 3. The Statute of Limitations is the limit defined by law, Option 4 would align the DNOs with the law, which would prevent costly legal cases being raised by overcharged customers and their suppliers, which would be the likely outcome of shortening the limitation period. 	
Ripon Select Foods	<p>OPTION 4: Yes, the maximum of 6 years (5 years in Scotland) in line with the Statute of Limitation Act 1980 is an appropriate approach which is in line with standard practice in other aspects of energy charging.</p> <p>This option also would also therefore operate within a legal framework</p> <p>Any other period would conflicts with a legal and</p>	

	industry time scale	
Sheffield Teaching Hospital	Yes... the Statute of Limitations should be used as the time period for retrospective LLF changes. This is consistent with other parts of the electricity industry. It is the limitation that the law sees as being acceptable as a standard claim period within commercial contracts. There is no valid exceptional reason to shorten this period in the case of DUoS charges.	
South Tyneside Council	Yes we agree with this approach. The Limitation Act 1980 should dictate the period for retrospective adjustments, as it does as standard with energy suppliers.	
Virgin Active	Yes Our view is that this aligns with the statute of limitation and is therefore the legal requirement.	
Question Eight	Depending on the option chosen there is a potential impact on the DNOs ability to recover their allowed revenue within the charging year as a result of changes creating large refunds/charges. This will be reflected in the under/over recovery in future years and may increase volatility. Do you think this is significant issue?	
DNO/IDNO		

ENWL	Whilst agreeing that there is a potential impact on allowed Revenue, we would expect this to be small and not significant.	The Working Group noted that the DNOs feel that this could be an issue depending upon the option progressed.
GTC	(No response on form)	
Northern Power Grid	<p>This is a significant issue for both DNOs and suppliers. DNOs are entitled to recover allowances that have been agreed with Ofgem at the start of each price review. Suppliers are affected by DNO's over/under-recovery mechanisms as they need as much information when it comes to setting their charges. However, limiting the length of time changes will help in managing the volatility.</p> <p>We believe Option 1 provide a pragmatic and manageable time frame and should encourage both DNOs and Suppliers to ensure customers are billed on the correct tariff.</p>	
Scottish Power Distribution	Yes. It is dependent on the volume of LLFC / Tariff changes in a year and also perhaps on an individual type of Connection that requires to be corrected. Option 1 is the better option to control and mitigate these risks identified, since it limits over / under recovery within a defined timescale i.e. 14 months. Option 4 would have the biggest impact in this scenario.	
SSE Distribution	Yes. There are currently DCUSA Change Proposals (180, 178, 164) in progress which are trying to reduce the	

	volatility of Distribution Use of System Charges and limit changes within the Charging Models. Ofgem, Suppliers and Customers are seeking less volatile tariffs and this should be taken into consideration when deciding on a solution.	
UKPN	This could be significant depending upon the size of any credit or additional charge returned as part of the revision of a tariff. This will be more of an issue for the options where the revision goes back a number of years as the credit (or additional charge) is likely to be greater. In any case, we note that a number of DCUSA changes have focussed on certainty of DUoS charges and the larger the retrospective period the larger the volatility, whether up or down.	
Western Power Distribution	No	
Suppliers		
EDF Energy	Yes, this has the potential to be a significant issue, however this doesn't have an impact on the decision of how long to retrospectively back date.	The Working Group noted that the Suppliers provided mixed responses to whether they view this as an issue for DNOs.
GDF Suez	No	
Haven Power	No. We believe that the materiality of this change would be fairly minor and as a consequence, envisage that the volatility will be manageable over future years.	
SSE Energy Supply	Efforts should be made by the DNOs to ensure that the billing of DUoS charges is accurate first time, reflecting the customer's connection agreement.	

	Based on our view of DUoS billing we are not sure whether this is a significant issue.	
Customers/Other		
Aggregate Industries	No. We do not believe that applying a standard rule will increase the number of errors being claimed from the current situation and we are not aware of any particular volatility currently caused by these errors.	<p>The Working Group noted that responses received from Customers/Other parties did not see this as an issue for DNOs.</p> <p>The Working Group noted that the issue regarding volatility will be difficult to understand as we do not know the amounts/values of this problem.</p> <p>The Working Group also noted that since a large number of customers responded to this consultation it could be surmised that they see this as a big issue, and therefore could be a significant amount. The Working Group acknowledged this would be a difficult question to answer as it is not known.</p>
Anglian Water	No. This DCP is about standardising a practice that most DNOs already do i.e. historically changing LLFs, not introducing a brand new practice, so we believe it is unlikely to have a significant impact on volatility.	
Bernard Matthews	No. Volatility in charges should be addressed but we do not think this DCP will have a significant impact.	

Associated British Foods plc (including British Sugar)	No. We do not believe this is a significant issue because DNOs are already backdating LLF changes and this does not appear to have a significant impact.	
BT Group plc	No, we believe that these refunds/charges are already being applied by most DNOs anyway and we have not seen any evidence that they are significantly impacting volatility.	
Diageo	We do not believe this is a significant issue	
First Group	Not at all. Most electricity distribution companies currently carry out backdated re-billing of incorrect LLFs and I am not aware of any volatility being caused by this. If this was standard practice amongst all DNOs, it is unlikely that this situation would change.	
Imperial College	In our experience, the majority of sites are billed correctly so volatility should not be an issue.	
Leeds and York Partnership NHS FT	No	
Livingston Precision	No	
Wm Morrison Supermarkets plc	We have seen no published data that shows this to be a significant issue even if Option 4 was selected. As the majority of DNOs currently backdate LLFs in line with the Limitation Act 1980 anyway, and this does not significantly impact volatility for them, we can only assume that it would equally not impact volatility for other DNOs.	

Moto Hospitality Limited	No I do not think this is a significant issue.	
Northumbrian Water	<p>No.</p> <p>This is not a significant issue because retrospective amendment of incorrect LLFs is already being carried out by most DNOs without any significant impact on volatility.</p>	
PCMG	In our experience, all DNOs are currently applying the Statute of Limitations when retrospectively amending LLFCs. We are not aware of any volatility created by this and have seen no data indicating that this would be the case.	
Ripon Select Foods	No, as far as I am aware 6 years / 5 years in Scotland (i.e. the maximum period suggested in this consultation) is standard practice for most DNOs. We are not aware of any particular volatility as a result of refunds/charges for these DNOs, so find it unlikely that this will happen with other DNOs.	
Sheffield Teaching Hospital	No	
South Tyneside Council	We do not think this is a significant issue because most DNOs already retrospectively adjust LLFs going back 6 years, and we have not heard of any volatility as a result of this.	
Virgin Active	No	
Question Nine	Are you aware of any restrictions on either DNO or	

	Supplier billing systems?	
DNO/IDNO		
ENWL	The restriction within our billing system is the 14 month settlement timescale. If this is exceeded we would need to manually intervene to determine the rebates necessary to customers.	The Working Group noted that there could be some impacts if it went back further than 14 months, and this could be due more to process than systems.
GTC	Not all distributors use LLFCs as a unique tariff code for use of system charges. The change proposal is not clear to what the limit in scope of the DCP is in respect of charges. We presume it applies only to use of system charges (i.e. charges covered by 19.2.1 but not charges covered by 19.2.2	
Northern Power Grid	From a Northern Powergrid perspective, the DUoS billing systems can cater for retrospective LLF changes that would create either credits or charges.	
Scottish Power Distribution	This change will have no impact for both SP Distribution and SP Manweb whose billing system can cope with this change. Some supplier's billing systems may have difficulties with the Cancel and Rebill process, which is another reason for rejecting Option 4.	
SSE Distribution	To align with Settlements, the billing systems will not permit changing data for Settlements that is over 14 months old.	
UKPN	Not that we are aware of at the current time. Presumably Supplier validation systems are also of interest	

Western Power Distribution	WPD's billing system can back date an LLFC change by more than 14 months however this is fed by MPRS which is restricted to back dating LLFC within 14 months.	
Suppliers		
EDF Energy	No	
GDF Suez	No. But there is a potential issue in that it is not currently possible to make retrospective changes in ECOES to LLFC more than 14 months in effect. It would have to be seen how difficult this is to change.	The working Group noted this comment.
Haven Power	N/A	
SSE Energy Supply	No	
Customers/Other		
Aggregate Industries	No. All suppliers and DNOs we have worked with are able to backdate refunds and charges 6 years in our experience.	The Working Group noted that the all the respondents within the Customers/Other category thought that this was not an issue.
Anglian Water	No, in our experience DNO and supplier billing systems are capable of re-billing LLFs 6 years.	
Bernard Matthews	No and any restrictions that do exist should be fixed.	
Associated British Foods plc (including British Sugar)	No. DNOs and Suppliers have an obligation to ensure their billing system can handle reconciliation of their errors.	
BT Group plc	No, our suppliers and DNOs have always been able to process historical refunds and charges going back 6 years.	
Diageo	No, our suppliers and DNOs have historically been able	

	to process historical LLF changes within their systems going back in line with the Statute of Limitations	
First Group	No, our suppliers and DNOs have historically been able to process re-billing in line with the Limitation Act 1980.	
Imperial College	No	
Leeds and York Partnership NHS FT	No... all of our suppliers and DNOs are able to carry out 6 year retrospective changes to LLFCs along with the relevant changes in historical charges.	
Livingston Precision	No, as far as I am aware all DNOs are currently backdating refunds in line with the Statute of Limitations or have in the past backdated refunds in line with the Statute of Limitations.	
Wm Morrison Supermarkets plc	No, our suppliers and DNOs have always been able to process re-billing going back 6 years.	
Moto Hospitality Limited	No I do not think this is a significant issue.	
Northumbrian Water	<p>No.</p> <p>We have had retrospective LLF changes processed in the past going back 6 years. This has been successfully carried out within the billing systems of the suppliers and the DNOs.</p> <p>We believe that the current legal requirement is 6 years in line with the statute of limitations, as such all suppliers and DNOs should currently have the facility to do this.</p>	

PCMG	<p>No, we are aware of situations where all DNOs have retrospectively corrected LLFCs over a 6 year period. We are also aware of situations where all major suppliers have passed these types of changes through to their customers.</p> <p>We believe that the Statute of Limitations is currently the correct and legal approach to retrospectively amend LLFCs. We believe that DNOs and suppliers have an obligation to be able to support this within their systems, and if it cannot be supported then they should be obliged to implement this feature.</p>	
Ripon Select Foods	No	
Sheffield Teaching Hospital	No	
South Tyneside Council	No	
Virgin Active	No, billing systems should be designed to allow	
Question 10	Should suppliers be raising energy settlement disputes in the case of revised LLFC changes beyond 14 months?	
DNO/IDNO		
ENWL	Where possible disputes should be only raised within the 14 month settlement period.	The Working Group noted that the majority of DNOs thought this should not be done.
GTC	The question is out of scope of DCUSA. This is a BSC	The Working Group agreed that this was

	<p>issue</p> <p>We would guess the response will depend on the level of materiality that any change has on settlement data</p>	out of scope of the Working Group, and it would be used as information only.
Northern Power Grid	Northern Powergrid understands the need for the dispute process but would hope that LLF disputes would be catered for within this new process and therefore not be included in the dispute process.	
Scottish Power Distribution	No. Since our preferred solution is Option 1.	
SSE Distribution	Generally no, however in exceptional circumstances a trading dispute may be raised no later than 20 months after the relevant Settlement date and this would be processed via the Trading Disputes Committee and the determination made by Elexon. For the purpose of this change, option 1 would align with Settlements time frames.	
UKPN	That is for Suppliers to determine.	
Western Power Distribution	This does not impact on WPD as a DNO.	
Suppliers		
EDF Energy	This wouldn't be relevant if Option 1 was agreed, however if a period exceeding 14 months were to be agreed then a supplier may deem it necessary to raise an energy settlement dispute to correct volumes due to losses.	The Working Group discussed and noted all the comments received from the Supplier Parties.

GDF Suez	Although it is not one of the options being consulted on, there is a case for extending the deadline to 20 months as it is still possible to raise settlement disputes up to this time.	
Haven Power	No. If 'Option 1' is chosen by the group, 14 months should be the date used universally. We tend to find that instances that we currently receive are raised and resolved within 6 months. We do not advocate increasing the disputes beyond 14 months, i.e. to 28 months in line with the DF settlement run.	
SSE Energy Supply	We do not believe that this will be required under option 1.	
Customers/Other		
Aggregate Industries	Many suppliers currently invoice customers for historic unsettled consumption when it can be proven as most supply contracts permit this. They should also refund unsettled consumption in cases where it has been proven, for example when the LLF is different and lower distribution losses should be applied. Whether the supplier raises a settlement dispute to recoup these costs is their own business decision.	
Anglian Water	Yes although this would not impact re-billing of DUoS charges.	
Bernard Matthews	No opinion.	
Associated British Foods plc (including British Sugar)	The supplier should invoice the customer in line with their supply contract, which typically states that the actual metered consumption should be invoiced. The supplier should bill the customer based on the metered	

	consumption and adjusted by the relevant loss factor based on the LLF. Whether they raise energy settlement disputes is not the customer's concern.	
BT Group plc	This is the decision of the supplier.	
Diageo	We have no view as we believe this should not impact the customer	
First Group	Yes, because the consumption has been proven to be incorrect.	
Imperial College	Yes. The information would be available to do this, so disputes could be easily resolved.	
Leeds and York Partnership NHS FT	Yes, to correct differences in consumption resulting from differing distribution loss factors.	
Livingston Precision	Yes, if the loss factors for the new LLFC are different.	
Wm Morrison Supermarkets plc	Yes, suppliers have an obligation to do this as standard. This should be simpler than most energy settlement disputes on the basis that if the wrong LLF has been used, the discrepancy can be easily calculated using published loss factors.	
Moto Hospitality Limited	Yes	
Northumbrian Water	Yes, although this should not impact the funds being received by the customer.	
PCMG	Typically suppliers have a contractual obligation to invoice their customer using the correct loss factors, regardless of whether this has been reflected at a settlement level.	

	<p>However, we believe that suppliers should be able to recoup this difference by raising energy settlement disputes beyond 14 months. We believe that a standard process should be set up so this can be done quickly and easily.</p> <p>Many settlement disputes are complex as they relate to unrecorded consumption / faulty meters which cannot typically be calculated to 100% accurately. However once the correct LLFC has been agree with the DNO, the impact of the losses difference can be calculated automatically to 100% accuracy using the published loss factors, so this process should not be time consuming or costly.</p>	
Ripon Select Foods	Yes	
Sheffield Teaching Hospital	Yes	
South Tyneside Council	Technically yes because the incorrect loss factor has been used to calculate consumption. This would be very easy to prove so disputes should be easy to resolve.	
Virgin Active	No	
Question 11	Do you agree with the implementation date of DCP 173?	
DNO/IDNO		
ENWL	Yes	The Working Group noted that the overall

		majority of all respondents agreed with the implementation date.
GTC	No. On a technical point. Implementation should be “as soon as practicable after the next DCUSA release following approval of the change proposal, subject to a minimum period of 3 months following approval of the change proposal.”	The Working Group noted the comment
Northern Power Grid	Northern Powergrid agrees with the implementation date of this change.	
Scottish Power Distribution	Yes	
SSE Distribution	Yes, if option 1 (maximum of 14 months) is chosen.	
UKPN	Yes	
Western Power Distribution	Yes	
Suppliers		
EDF Energy	Yes	
GDF Suez	Yes	
Haven Power	Yes	
SSE Energy Supply	Yes	
Customers/Other		
Aggregate Industries	Yes	
Anglian Water	Yes it should be implemented as soon as possible.	

Bernard Matthews	Yes	
Associated British Foods plc (including British Sugar)	Yes. The adoption of Option 4 should be implemented as soon as possible so as to give customers comfort and to avoid distorting competition.	
BT Group plc	Yes, this clarification is needed as soon as possible.	
Diageo	We believe that DCP 173 should be implemented as soon as possible	
First Group	Yes	
Imperial College	Yes	
Leeds and York Partnership NHS FT	Yes, the sooner the Statute of Limitations is confirmed as standard practice for retrospective LLFC adjustments, the better.	
Livingston Precision	Yes	
Wm Morrison Supermarkets plc	Yes	
Moto Hospitality Limited	I believe that a limitation in line with the statute of limitations should be established as soon as possible	
Northumbrian Water	DCP 173 should be implemented as soon as possible to ensure a common approach is applied.	
PCMG	We believe that DCP 173 should be implemented immediately as soon as it has been agreed. It does not impact current charges and does not need to be aligned with any charging releases.	
Ripon Select Foods	Yes	

Sheffield Teaching Hospital	Option 4 should be implemented as soon as possible. It is unacceptable that any DNO should adhere to any period outside of the Statute of Limitations. The implementation of DCP 173 Option 4 would ensure that this is standard practice across the industry and there is no confusion.	
South Tyneside Council	Yes	
Virgin Active	The legal text consultation should be undertaken quickly so that the implementation date can be as soon as is feasibly possible.	
Question 12	Are you aware of any wider industry developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.	
DNO/IDNO		
ENWL	No	The Working Group noted that the majority of all respondents were not aware of any other industry developments that would impact this change.
GTC	No	
Northern Power Grid	Northern Powergrid is not aware of any other industry	

	developments that would impact this change.	
Scottish Power Distribution	No	
SSE Distribution	The comments provided in this consultation have been made in isolation to other industry developments.	
UKPN	Not at this time	
Western Power Distribution	No	
Suppliers		
EDF Energy	Not to my knowledge	
GDF Suez	Yes. Gas modification UNC429, when implemented, will extend parties ability in certain circumstances to claim compensation for settlement errors for up to a 6 year rolling period. If a similar change were to be made in electricity DCP173 timescales would need to be similarly revised to bring the ability to apply retrospective LLFCs in line with the ability to claim compensation for settlement errors.	The Working Group noted this comment
Haven Power	N/A	
SSE Energy Supply	Blank	
Customers/Other		
Aggregate Industries	No	
Anglian Water	No	
Bernard Matthews	Not aware of any developments.	
Associated British Foods plc (including British Sugar)	No	

BT Group plc	No	
Diageo	No	
First Group	No	
Imperial College	No	
Leeds and York Partnership NHS FT	No	
Livingston Precision	No	
Wm Morrison Supermarkets plc	No	
Moto Hospitality Limited	No	
Northumbrian Water	No	
PCMG	No	
Ripon Select Foods	No	
Sheffield Teaching Hospital	No	
South Tyneside Council	No	
Virgin Active	No	
Question 13	Are there any alternative solutions or matters that should be considered by the Working Group?	
DNO/IDNO		
ENWL	The working group should consider whether the	

	suppliers who receive the rebate can be obligated to pass it on to customers.	
GTC	<p>Whilst we think we are understand the intent. We are unclear of the specific defect the DCP is trying to correct.</p> <p>We understand that DNOs may apply different judgements and that single rules may help; we are not sure that straight jacketing actions in respect of retrospective charges into a single “one size fits all” rule better meets the objectives.</p> <p>We think the DCP will bring forward unintended consequences.</p>	The Working Group discussed and noted this comment.
Northern Power Grid	We trust that the working group in reducing the number of options from 8 to 4 have considered this at length and we are not aware of any further options.	
Scottish Power Distribution	Yes. Has the Working Group considered whether there should be consistency in retrospective DUOS charging for all circumstances. For example, retransmitted HH readings, (can be corrected via a Trading Dispute, for a longer period than 14 months) and also where retrospective changes are made to HH MPANS regarding the connection/ energisation status?	The Working Group thought this was out of scope of the Working Group as this about settlements, and is a much wider issue than the CP is seeking to address.
SSE Distribution	No further comments.	
UKPN	Not at this time	
Western Power Distribution	No	

Suppliers		
EDF Energy	No	
GDF Suez	Some consideration could be given to a 20 month option which would align with the maximum period for claim in compensation for settlement errors under the BSC.	The Working Group noted that this does not expand the scope in terms of aligning with the settlement period of 14 months, or the Statute of Limitations of 6 years.
Haven Power	N/A	
SSE Energy Supply	Blank	
Customers/Other		
Aggregate Industries	No	
Anglian Water	No	
Bernard Matthews	No	
Associated British Foods plc (including British Sugar)	No	
BT Group plc	No	
Diageo	No	
First Group	No	
Imperial College	No	
Leeds and York Partnership NHS FT	No	
Livingston Precision	No	
Wm Morrison	No. It is important that 'date of submission' is used as	

Supermarkets plc	the starting point for the 6 year period as this is a standard approach used by suppliers, and otherwise disputes could occur over perceived delays.	
Moto Hospitality Limited	It is important that the 6 year recovery period commences from the date on which the claim is made. This aligns with the statute of limitations.	
Northumbrian Water	<p>Options 1, 2 and 3 would clash with the statute of limitations which applies to all contracts, and imposes a 6 year limit, which is adhered to by all electricity suppliers.</p> <p>This could create issues whereby customers pursue legal action on the basis that the statute of limitations overrides the DCUSA.</p> <p>Customers could also pursue legal action against the DNO or supplier on the basis that it is their responsibility to apply the correct LLF, and that as a result of the incorrect LLF being applied they have incurred costs and that the DNO or supplier is responsible for these costs.</p>	The Working Group noted the comments.
PCMG	No	
Ripon Select Foods	No	
Sheffield Teaching Hospital	No	
South Tyneside Council	No	
Virgin Active	No	