

Appendix B – DCP 173 Options – Advantages and Disadvantages

Option 1 - A maximum of 14 months (the settlement period) back from the date of a valid enquiry

Advantages

- A timescale that limits the liability of customers
- Aligns with NHH energy settlements timeframe
- Limits over/under recovery

Disadvantages

- Potential settlement dispute runs
- A timescale that limits the opportunity of Customers

Option 2 – The date that the current supplier took on the contract

Advantages

- Limits the number of parties involved within the dispute, which provides a simple approach to implement/manage
- The supplier can reconcile pass-through costs with their customer.

Disadvantages

- How much of this is automated by the DNOs, there is a potential lack of control of LLFC changes
- Could distort competition in the sense that it could discourage customers to change suppliers
- It potentially places an obligation on Suppliers to ensure the customer's LLFC are correct
- Potentially may not cover the complete time period of incorrect LLFC application if the customer has changed supplier, but on the other hand places no time restriction on liability when a customer does not switch/does not regularly switch supplier.

Option 3 - The introduction of the CDCM Methodology with a defined limit

Advantages

- Simplifies the definition for whom this tariff is applicable
- Defined limit of liability (but would need to be future proofed)

Disadvantage

- Could be limited to every time the methodology changes
- Only limits the liability at present, and is not future proofed – may need to have a time limit associated with this option as well.

- Incorrect charges could not be reconciled beyond this methodology implementation, which may not cover the complete time period of incorrect LLFC application

Option 4 - A maximum of 6 years in line with the Statute of Limitation Act 1980

Advantages

- Aligns with the legal precedents (except in Scotland) of the Limitations Act
- Aligns with general practice in Supplier billing for other dispute types
- Allows for previous methodologies to be taken into account and reconciliations over a significant time period

Disadvantages

- The scale of potential risk for the customer is significant
- NHH cannot be refunded past 14 months, so this will only apply to HH customers, which isn't the intent of the change proposal.
- The timescale of retrospective charging would be different in Scotland (5 years)
- Increases the possibility of having multiple parties (many suppliers) involved