DCP 349 Working Group Meeting 05

26 November 2020 at 10:00

Teleconference

Attendee	Company
Andrew Sherry [AS]	ENWL
Chris Barker [CB]	BU-UK
Kyran Hanks (KH)	Waters Wye Associates
Donna Townsend [DT]	Energy Assets
Donald Preston [DP]	SSEN
Laura Quinn (LQ)	SPEN
Megan Coventry [MC]	SSE Business Energy
Richard Ellis [RE]	WPD
Richard Adams [RA]	Ofgem
Code Administrator	
Richard Colwill [RC] (Chair)	ElectraLink Ltd

Apologies	Company
Karl Maryon [KM]	Haven Power

1. Administration

1.1 The Chair welcomed the members to the meeting.

1.2 The Working Group reviewed the "Competition Law Guidance". All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.

1.3 The group approved the minutes of the previous meeting, held on 30 September 2020, as an accurate record.

2. Purpose of the Meeting

2.1 The Chair set out that the purpose of the meeting was to review the consultation responses and agree next steps.

3. Review of Consultation Responses

3.1 The Working Group reviewed the responses received from the second industry consultation which was issued on 3rd November, with a deadline of 24th November. The Working Group responses to this consultation can be found in Attachment 1. Key points can be found below:

- A majority of the respondents are supportive of option 3. One respondent believes that this change will have a negative impact on smaller Suppliers. In a majority of cases where there has been a Supplier of last resort, Good Payment History has been the main form of cover and therefore it is the Working Group view that option 3 will mitigate the financial risk associated with supply business failures by strengthening the criteria around the provision of unsecured cover and protect customers from increased socialised failure costs.
- All respondents agreed with the Working Groups view not to pursue a change in the way a User's Credit Allowance is calculated at this stage. It has been noted that where a supply business has failed the unsecured cover in place was Good Payment History in most cases, which highlights that the risk is predominately with that form of Cover and not the Credit Allowance. Whilst one respondent agreed with this decision, they noted that they do not agree with the proposed solution within DCP 349.
- A majority of the respondents agree that this change should be applied retrospectively. However, a couple of respondents have raised concerns that applying this change retrospectively could unequally impact the market as Suppliers will be at different stages within the current Good Payment History structure and that their current financial plans will be based on the existing arrangements. It was noted that there has been limited smaller Suppliers reply to this consultation and the Working Group will endeavour to seek more views on this
- There were a few suggested amendments to the legal text, which the Working Group agreed provided more clarity and therefore the legal text for this change has subsequently been updated. The updated legal text can be found in Attachment 2.
- A majority of the respondents agree that this change will better facilitate the DCUSA General Objectives, A couple of respondents do not believe the objectives are better facilitated, with one stating that this change is neutral and the other stating that they believe it will damage retail competition.

- A majority of the respondents agree with the proposed implementation date of 01 April 2021, with a 12-month transitional period. One respondent believed that this change should be implemented a year later as they believe that the impacts on the economy from the Covid-19 pandemic will be considerable.

3.2 After discussions, it was acknowledged that there had been limited responses from smaller Suppliers and therefore it was decided to extend the consultation to seek further views on this proposal. An action was taken to produce a more tailored consultation for smaller Suppliers and to attempt to circulate it amongst targeted forums such as the Ofgem Small Suppliers Forum. The first draft of this consultation can be found in Attachment 3.

3.3 In regard to this change being applied retrospectively it was agreed that a guidance document explaining the impacts this change would have on existing Suppliers would be useful. The first draft of this document can be found in Attachment 4.

ACTION 05/01: Working Group to review and provide comments on draft consultation document to be issued to smaller Suppliers.

ACTION 05/02: Working Group to review and provide comments on the draft guidance document for impacts on existing Suppliers.

4. Agree Next Steps

4.1 Once agreed by the Working Group, a more tailored consultation will be issued to smaller Suppliers for a period of two weeks.

5. Any Other Business

5.1 There were no further items of AOB, and the Chair closed the meeting.

6. Date of Next Meeting – TBC

6.1 The date of the next Working Group will be confirmed shortly.

Appendix 1 – Actions Log

New and Open Actions – (Open/Closed Session) or (Board)

Ref.	Action	Owner	Update
05/01	Working Group to review and provide comments on draft consultation document to be issued to smaller Suppliers.	All	
05/02	Working Group to review and provide comments on the draft guidance document for impacts on existing Suppliers.	All	

Closed Actions

Ref.	Action	Owner	Update
04/01	Andrew Sherry to consider what information would be beneficial to include in an on-going report to Suppliers who are using Good Payment History.	Andrew Sherry	Completed
04/02	The Secretariat to draft a second consultation and circulate to the Working Group for review and comments.	ElectraLink	Completed