

# DCP 349 Working Group Meeting 06

07 January 2021 at 10:00

Teleconference

| Attendee                      | Company          |
|-------------------------------|------------------|
| Andrew Sherry [AS]            | ENWL             |
| Chris Barker [CB]             | BU-UK            |
| Gareth Evans [GE]             | Orbit            |
| Karl Maryon [KM]              | Haven            |
| Laura Quinn (LQ)              | SPEN             |
| Mark Jones [MJ]               | SSE              |
| Richard Adams [RA]            | Ofgem            |
| Richard Ellis [RE]            | WPD              |
| Richard Jerreat [RJ]          | EDF              |
| Robert Cameron-Higgs [RCH]    | Octopus Energy   |
| <b>Code Administrator</b>     |                  |
| Richard Colwill [RC] (Chair)  | ElectraLink Ltd  |
| Mel Kendal [MK] (Secretariat) | ElectraLink Ltd. |

| Apologies           | Company             |
|---------------------|---------------------|
| Megan Coventry [MC] | SSE Business Energy |

## 1. Administration

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- 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 26 November 2020, as an accurate record.

## 2. Purpose of the Meeting

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- 2.1 The Chair set out that the purpose of the meeting was to review all additional consultation responses and agree next steps. Three additional responses were received since the previous meeting.

## 3. Review of Additional Consultation Responses

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- 3.1 The Working Group reviewed the additional responses received from the second Consultation which was slightly amended after the previous Working Group meeting (26 November 2020), with an extended deadline of 11 January 2021. The consultation responses can be found in Attachment 1.
    - The Supplier respondents were either against this proposal or believe that the solution is not clear and may not resolve the issue. The Working Groups view is that Good Payment History, as a single metric, may not demonstrate the financial stability of a Company, with an independent assessment potentially being more accurate. It should be clarified to the respondents that an independent credit rating can be used, as opposed to an approved credit rating after the five-year period.
    - The Supplier respondents disagreed with the Working Groups view to apply this change retrospectively. The Working Group believes that applying this change retrospectively so that all Suppliers, existing and new will be treated the same. Guidance on how this will be applied retrospectively will be produced.
    - The Supplier respondents stated that providing Suppliers with a 12-month implementation period will not be long enough to make the transition. After review, the Working Group agreed that 12 month would be sufficient time to allow for an alternative form of cover to be put in place. As noted above, Suppliers can use an independent credit rating as an acceptable, alternative, unsecured cover arrangement. DNOs believe that this would provide a more accurate representation of a Suppliers financial stability.
    - The majority of respondents agree with the Working Groups proposal to introduce a common good payment performance matrix to ensure consistency across all DSA.
    - Some Suppliers were keen to understand, as an aggregated figure, what the financial impact has been across DNOs based on Supplier failures over the last few years. We have data from four DNOs with aggregated costs over the last two years. An action was taken to seek data from the two missing DNOs and provide a total aggregated cost within the Change Report.
  - 3.2 The Chair reminded the group that as the deadline has yet to be reached for responding to this Consultation, additional responses may be received post-meeting.
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- 3.3 After further discussion, the Working Group view is that the current proposal is a compromise which has taken various feedback from the industry into consideration.

**Post meeting note**

Additional responses have been received since this meeting and these responses can be found in Attachment 1.

The Working Group is asked to review and provide their feedback to the responses received.

## 4. Finalise Proposed Solution

**Post meeting note**

- 4.1 At the meeting it was proposed that the Change Report would be submitted to the DCUSA Panel on 13<sup>th</sup> January. After consideration it has been agreed it would be sensible to delay submission of the Change Report until the February DCUSA Panel. This will require submission of the Change Report on 10 February ahead of review at the 17 February Panel. Subsequently, it would be issued for voting on 19 February.
- 4.2 The draft legal text has been reviewed by the DCUSA legal advisors and an updated version can be found in Attachment 2. The Working Group is asked to review the updated legal text and provide feedback.

ACTION 06/01: Working Group to review the additional consultation responses (Attachment 1) and provide feedback.

ACTION 06/02: Working Group to review the draft legal text (Attachment 2) and provide feedback.

ACTION 06/03: Secretariat to request UKPN and SSEN aggregated data for financial impacts of Supplier failures over the last two years.

## 5. Agree Next Steps

- 5.1 The next steps are:

- Working Group to review additional consultation responses and draft legal text and provide feedback
- Issue RFI to UKPN and SSEN regarding aggregated data of financial impact of Outstanding Good Payment History cover from Supplier failures over the last 5 years.
- Approve legal text
- Draft and approve DCUSA Change Report
- Submit Change Report to DCUSA Panel on 10 February 2021

## 6. Any Other Business

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

## 7. Date of Next Meeting – TBC

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7.1 The date of the next Working Group will be confirmed shortly, if needed.

## Appendix 1 – Actions Log

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

| Ref.  | Action  | Owner | Update |
|-------|---|-------|--------|
| 06/01 | Working Group to review the additional consultation responses (Attachment 1) and provide feedback.  | All   |        |
| 06/02 | Working Group to review the draft legal text (Attachment 2) and provide feedback.   | All   |        |
| 06/03 | DNOs to provide aggregated data of the financial impact of Outstanding Good Payment History cover from Supplier failures over the last 5 years. | DNOs  |        |

### 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  | ElectraLink   | Completed |

|       |  |     |            |
|-------|--|-----|------------|
|       | Working Group for review and comments.   |     |            |
| 05/01 | Working Group to review and provide comments on draft consultation document to be issued to smaller Suppliers. | All | Completed  |
| 05/02 | Working Group to review and provide comments on the draft guidance document for impacts on existing Suppliers. | All | Completed. |