

DCP 409 Working Group Meeting 02

13 July 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Derek Fairbairn [DF]	NPg
Kevin Woollard [KW]	Centrica
Peter Waymont [PW]	UKPN
Richard Ellie [RE]	WPD
Simon Vicary [SV]	EDF
Code Administrator	
Andy Green [AG] (Chair)	ElectraLink
Richard Colwill [RC] (Technical Secretariat)	ElectraLink

1. Administration

- 1.1 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.
- 1.2 Updates on all actions are provided in **Appendix A**.
- 1.3 The group reviewed the minutes from the previous meeting held on 29 June 2022. Members approved the minutes as a fair and accurate representation of events. These are included as **Attachment 1**.

2. Purpose of the Meeting

- 2.1 The Chair highlighted that the purpose of the meeting was to review the draft consultation document that was forwarded prior to the meeting.

3. Review of Draft Consultation Document

- 3.1 The Working Group reviewed the draft consultation document. It was noted that as the draft currently read, it was more tailored towards the proposer’s view and that the meeting should be used to update the document to articulate the Working Groups view.
- 3.2 Key points to the review can be found below:
 - The “Why” section was updated to articulate that if Last Resort Supply Payment amounts are included this could significantly reduce the level of credit cover required and reduce costs for these Suppliers which in a competitive market could flow through to consumers.
 - The “Why” section was updated to articulate that the obligation on Suppliers to provide adequate credit cover is there to ultimately protect Distributors, if a Supplier defaulted the cost of their bad debts may be picked up by consumers.
 - The “Why” section was updated to articulate that currently when calculating the Value at Risk for Suppliers any payments which may be due to Suppliers in the coming months are not included in the calculation. This means Suppliers may be unable to reduce the collateral required based on the SoLR payments, which may cause them to incur higher costs than otherwise would be the case and this may impact consumers.
- 3.3 The Working Group reviewed and agreed the following consultation questions:

No.	Questions
1	Do you understand the intent of the CP?
2	Are you supportive of the principles of the CP?

3	– Suppliers Only - If this change were approved, would it alter your participation in the SoLR process? Please provide your rationale
4	If the SoLR payment came to be taken, what value should be allowed to be offset? e.g. the full balance due to the user, the monthly balance due to the user or another value. Please provide your rationale.
5	Are there any other DCUSA changes that you are aware of (past, current or future) that this Change could impact? If so, please provide the change numbers and your rationale.
6	- Distributors Only - What proportion of Suppliers are required to provide collateral under the current credit process within Schedule 1? e.g., cash, letter of credit, parent company guarantees.
7	Should the value of the SoLR payment reduce the Value at Risk or be treated as collateral?
8	What are your views on the provision of the insolvency act and does this influence your answer to Q7? Please provide your rationale.
9	If approved, do you believe this should only apply to new SoLR's or would it need to be retrospectively applied? Please provide your rationale.
10	Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.
11	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
12	Are you supportive of the proposed implementation date?
13	Do you have any comments on the draft legal text?

- 3.4 The Working Group noted that appropriate commentary was required in Section 5 to provide the reader with some background information as to why each question is being asked. The Secretariat took an action to update Section 5 post meeting. It was agreed that another meeting would take place on 18 July between 12pm and 1pm to review these updates and finalise the consultation document.

ACTION 02/01: Secretariat to update Section 5 of the consultation document.

4. Next Steps & Work Plan

4.1 The Working Group discussed the next steps, and the following items were captured:

- The Secretariat to update Section 5 of the consultation document.
- Working Group to meet on 18 July to review and finalise the DCP 409 consultation documentation.

Post Meeting Note

4.2 The Working Group met on the 18 July to review the consultation document further. Attachment 2 to these minutes provides the DCP 409 updated consultation in tracked changes (this document includes the additional text that was agreed at the meeting on 18 July). The minutes for the meeting held on 18 July will be provided separately.

5. Any Other Business

5.1 The Chair asked the group whether there were any other items of business to discuss to which nothing was raised.

6. Date of Next Meeting

6.1 The next meeting has been scheduled for 18 July 2022 at 12pm.

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
02/01	Secretariat to update Section 5 of the consultation document.	ElectraLink	Completed