

DCUSA Change Report		At what stage is this document in the process?
<h2>DGP 411:</h2> <h3>Charging De-energised sites</h3> <p><i>Date raised: 14 September 2022</i></p> <p><i>Proposer Name: Peter Waymont</i></p> <p><i>Company Name: Eastern Power Networks</i></p> <p><i>Company Category: DNO</i></p>		<p>01 – Change Proposal</p> <hr/> <p>02 – Consultation</p> <hr/> <p>03 – Change Report</p> <hr/> <p>04 – Change Declaration</p>
<p><b>Purpose of Change Proposal:</b></p> <p>To remove the different treatment of DUoS with respect to de-energised sites.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA. Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by 5pm on 12 June 2023.</p> <p>The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.</p> <p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3011.</p>	
	<p>Impacted Parties: Suppliers/DNOs/IDNOs/CVA Registrants</p>	
	<p>Impacted Clauses:</p> <p>Schedule 16, Clause 139</p> <p>Section 2A</p> <p>Section 2B, Clauses 12.11 and 23</p> <p>Schedules 17 and 18</p>	

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Any questions?

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## Timetable

The timetable for the progression of the Change Proposal is as follows:

### Change Proposal timetable

Activity	Date
Initial Assessment Report	21 September 2022
Consultation 1 Issued to Industry Participants	17 November 2022
Consultation 2 Issued to Industry Participants	25 January 2023
Change Report Approved by Panel	17 May 2023
Change Report issued for Voting	19 May 2023
Party Voting Closes	12 June 2023
Change Declaration Issued to Parties	14 June 2023
Change Declaration Issued to Authority	14 June 2023
Authority Decision	TBC
Publish Notice in the London Gazette	No more than 1 week prior to the implementation date

## 1 Executive Summary

### What?

- 1.1 Distributors have an obligation to maintain a connection. Associated to this is the maintenance of the capacity of the connection. DUoS is charged to recover the costs of maintaining the connection and the capacity but it is not charged for de-energised sites on site-specific billing or aggregated billing. The D0030 flow which contains aggregated billing data excludes de-energised MPANs in the counts.

### Why?

- 1.2 De-energised sites, with site-specific billing, are able to retain capacity on the network without being charged for it under the current methodologies. This arises from Clause 139 of Schedule 16 of the DCUSA. The National Terms of Connection, at Section 3, do not allow DNOs to remove capacity except with the agreement of the customer. So other customers who are energised are faced with enduring capacity charges whereas any de-energised customers can continue to “reserve” the capacity at no charge. This leads to inefficient cost signals being given.

### How?

- 1.3 By allowing the DNO to communicate with the customer to determine if the customer still requires the capacity. Where the capacity is required, and there is an active supply contract in place, having use of system charges apply. This applies to site-specific billing only.
- 1.4 The charging methodologies will be updated to reflect that some de-energised sites will be charged.
- 1.5 Where the capacity is not required, the DNO will reduce the Maximum Import Capacity and/or Maximum Export Capacity to zero.
- 1.6 Site-specific de-energised customers who are contacted by the DNO and choose to retain capacity should be charged fixed and capacity charges in full, as their connection to the network is withholding their contracted capacity from being used by other customers.
- 1.7 It is recognised that there is a period after a connection is completed and before an MPAN is traded where a “de-energised” site is not charged DUoS. This DCP does not intend to change that and is only intended to apply to MPANs that have previously been traded.

## 2 Governance

### Justification for Part 1 Or Part 2 Matter

- 2.1 This Change Proposal is being treated as a Part 1 Matter as it is a methodology change, therefore it will go to the Authority for determination after the voting process has completed.

### Requested Next Steps

- 2.2 The Panel is to consider if the Working Group have carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 411.

- 2.3 The DCUSA Panel recommends that this Change Proposal be issued to Parties for voting.

### 3 Why Change?

#### Background of DCP 411

- 3.1 To ensure that all customers under measurement classes C and E with site-specific billed sites with allocated network capacity bear the appropriate costs.

### 4 DCP 411 Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 411. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 4.2 The Proposer walked the Working Group through the change and explained that customers with de-energised sites can currently reserve capacity on the network without paying for it, which could be allocated to other customers.
- 4.3 The Working Group issued a request for information and two consultations to gather information and feedback from Parties to help develop the approach to the implementation.
- 4.4 The proposed solution would allow the DNO/IDNO to contact customers, in measurement classes C and E, with a de-energised site, informing them that the DNO/IDNO no longer considers it necessary to maintain the capacity and invite the customer to respond in writing with representations if they disagree. Where capacity is retained after taking into account the customer's representations, DUoS charges would then apply.
- 4.5 The Working Group proposed three new paragraphs to Section 2B, 12.11A to C, under which the DNO/IDNO would contact the customer after a minimum of 6 months after site de-energisation, invite and consider representations from the customer, decide whether to continue maintaining the capacity for the customer and, if so, to apply DUoS charges for maintaining said capacity.
- 4.6 The Working Group proposed to renumber the existing Paragraphs 12.11A and 12.11B, under Section 2B, to 12.11D and 12.11E respectively.
- 4.7 The proposed legal text extends the period after which a DNO/IDNO can consider disconnecting a supply from 6 months to 12 months.
- 4.8 The Working Group proposed to add a new paragraph to Section 2A, 17.10AA, requiring the DNO/IDNO to notify the supplier where DUoS charges will begin to apply to a de-energised site.
- 4.9 The Working Group proposed to amend Schedule 16, Paragraph 139, to add a reference to new paragraph 12.11C, so that no charges will be applied to correctly de-energised HH MPANs/sites unless otherwise agreed with the customer. The revised paragraph was added, as Paragraph 22A, to Schedules 17 and 18 to provide clarification that this also applies to EDCM customers.

## 5 DCP 411 Consultation 1

- 5.1 The first DCP 411 consultation was issued on 17 November 2022. There were a total of 11 responses received.
- 5.2 Set out below are the questions that the Working Group sought views on, and a summary of the responses received. The full set of responses and the Working Group's comments are provided in Attachment 3.

### Question 1 - Do you understand the intent of DCP 411?

- 5.3 Most consultation respondents understood the intent of the Change Proposal.
- 5.4 One respondent stated they partially understood the intent of the Change Proposal but sought clarity on whether sites yet to be energised were in scope of it, as no capacity was there to be unlocked.
- 5.5 The Working Group noted the concern raised and agreed that the intent of the Change Proposal was to charge sites that become de-energised, not to charge sites that have yet to become energised.

### Question 2 - Are you supportive of the principles of DCP 411?

- 5.6 Five respondents stated they were supportive of the Change Proposal.
- 5.7 One respondent qualified their support, stating that the impact on all customer groups, and especially vulnerable customers, needed to be understood.
- 5.8 One respondent stated the Change Proposal appeared to be based on two principles:
- that customers should not be able to open-endedly reserve network capacity they don't require, thereby preventing other network users from accessing that capacity; and
  - being charged fairly across network users in terms of contributing to network maintenance.
- 5.9 It stated it was supportive of both principles, but that there were a number of practical issues to consider and that it would be helpful if the proposer could clarify whether they are seeking to achieve one or both of these principles.
- 5.10 It also sought clarity about whether EDCM customers were to be covered by the proposal.
- 5.11 The Working Group recognised that the two principles may require different solutions and that there may be different means of achieving this, with different outcomes for different customer groups. It was agreed to consider this as the Change Proposal progresses. It was noted that the starting point for the Change Proposal was the first principle, but that depending on the solution the Working Group arrives at, it may also cover off the second principle.
- 5.12 The Working Group noted that it could be beneficial to make it clear that EDCM customers are in scope of the Change Proposal.
- 5.13 Six respondents stated they were not supportive of the Change Proposal.

- 5.14 One respondent stated it did not believe that the solution for this Change Proposal introduces cost reflective charges and it disagreed with the assertion in the consultation document that the unit rates recover the costs which relate to the ongoing use of the network. It stated that the unit rates are set to recover all asset and operational costs of the deeper network, whereas the fixed and capacity charges related to all costs associated with the local network (which is derived through the use of the standing charge factors in the CDCM).
- 5.15 The Working Group discussed that it was not correct to say that the residual revenue is recovered from fixed and unit charges in LPN, making it different to other DNO regions. It was noted that LPN is currently the only DNO to have negative residual (i.e., the forward-looking cost calculated is greater than the allowed revenue). As a result, instead of costs being added to the fixed charge (as would currently be the case for all other DNO regions), the fixed charge is reduced, this can also require the unit charge to be reduced to ensure the correct amount of revenue is recovered from each group of customers.
- 5.16 One respondent stated it places a financial burden onto suppliers that they may be unlikely to pass on to the end user.
- 5.17 One respondent stated that whilst it recognised there may be an issue where larger de-energised sites have unused allocated capacity, it did not agree that the best way to resolve this is to charge all de-energised sites fixed and capacity charges in full. It further clarified that, as proposed, the Change Proposal would apply equally to both site-specific billed customers aggregated billed customers alike. It stated it did not agree that aggregated billed customers “reserve” capacity on the network and suggested that any solution should only be applied for site specific billed customers.
- 5.18 The Working Group recognised there are both site-specific and aggregated customers. It was discussed that these may end up getting the same treatment or a different treatment, depending on the solution arrived at by the Working Group.
- 5.19 One respondent stated it was not supportive of the principle of DUoS charging on de-energised sites.
- 5.20 One respondent stated the cost to serve customers with energised MPANs is markedly different to those which are de-energised. It also suggested there were other mitigating actions that could be undertaken to lessen the volume of de-energised sites, such as data cleansing.
- 5.21 The Working Group was not clear on what data cleansing was being referred to, but discussed that it could be the incorrect energisation status held (e.g., a site with a status of de-energised is in fact energised, or vice versa).
- 5.22 One respondent stated it was incorrect that de-energised sites, with site-specific billing, are able to retain capacity on the network without being charged for it under the current methodologies. It referenced DCP 181 in which the Working Group of that CP queried whether the obligation to maintain the connection could also be interpreted as an obligation to maintain the capacity of the connection. The minutes recorded Deirdre Bell of Ofgem advising that Ofgem’s interpretation is that the DNO has the obligation to maintain the physical connection, but not to maintain the capacity of the connection. It was noted in the minutes that there is a difference between the physical connection and the contractual connection.

- 5.23 The same respondent also stated it was unsure how de-energised customers should be charged fixed and capacity charges in full when they may no longer have a contract with the original Supplier and may well have no responsibility for the premises.
- 5.24 It also stated that DNOs may not use the agreed capacities, but rather the actual maximum demand on the network to assess the load on the network and the need for reinforcement. If a site is de-energised, it will not be contributing to the load on the network and therefore will not impact whether the area of the network requires reinforcement.

**Question 3: To Suppliers, do you currently charge any de-energised customers? If so, in which circumstances does this occur?**

- 5.25 Two Suppliers stated that they do not bill for de-energised sites. One of the respondents stated it was impossible to justify charging for an unusable service.
- 5.26 Two respondents stated they do charge de-energised customers in certain circumstances, citing the recovery of meter rental charges and supplier agent costs as items recovered. One of these respondents further clarified that it does not bill de-energised NHH domestic or SME segments at present.
- 5.27 The Working Group noted the above. The Working Group discussed what was meant by ‘unusable’ and that there may be some confusion with disconnection (which is irreversible).

**Question 4: Whether you already charge de-energised customers or not, what would be the challenges of passing de-energised DUoS charges onto de-energised customers under the current Proposal? Please provide your rationale.**

- 5.28 Three respondents highlighted impacts on debt related activity, adding additional debt to a customer already in payment difficulty and reducing the leverage suppliers have in using de-energisation as a tool to encourage payment.
- 5.29 Three respondents stated there could be an increase in bad debt. One of these respondents asked what the incentive would be for customers to pay these charges.
- 5.30 Three respondents stated this would lead to higher costs for suppliers, as a result of debts not being collectible, legal costs associated with collecting the debts, and the mutualisation of the debt across other customers.
- 5.31 Two respondents stated this does not benefit most/energised customers.
- 5.32 Four respondents identified long term vacant sites and sites de-energised for a long period of time as problematic, with difficulties in identifying the responsible person or business. Two of the respondents also highlighted that cost signals are unlikely to have any impact on such sites.
- 5.33 One respondent highlighted the lack of a deemed contract as a particular risk, citing its interpretation of the Electricity Act to mean that a supplier is deemed to have contracted with an owner/occupier when they began to supply electricity, which it stated would not be the case for de-energised sites that have not taken a supply of electricity unless an agreed contract is in place.

- 5.34 One respondent highlighted a potential impact to customers in vulnerable situations and referenced an Ofgem letter, in relation to domestic customers and gas meter standing charges, in which it encourages suppliers to not charge standing charge for gas meters where domestic customers had not consumed gas.
- 5.35 Three respondents stated the introduction of charges for de-energised sites would require new product and system development.
- 5.36 One respondent sought clarity on what the change would mean for the next customer moving into a property, if the capacity had been removed.
- 5.37 One respondent stated there should be a data cleanse to ensure the true number of de-energised sites was understood.
- 5.38 One respondent stated there could be a significant backlash if charges suddenly started being levied for sites which had been de-energised for years.
- 5.39 The Working Group recognised the difficulties that could be faced by suppliers.
- 5.40 The Working Group noted the concerns about the increase of bad debt, the difficulties suppliers would face in recovering these costs, and the impacts on customers of this being mutualised over all customers.
- 5.41 The Working Group discussed that the treatments for different segments may not be the same and that these points would need to be reviewed again. The Working Group noted, as per the Ofgem letter provided by one of the respondents, that a precedent had been set for due discrimination where it protected a specific group of customers, such as those in vulnerable situations.
- 5.42 The Working Group recognised the difficulty in the legislation relating to deemed contracts. The draft legal text was amended following a suggestion in a response to another question, requiring the customer to confirm they had an active supply contract with their supplier.
- 5.43 The Working Group discussed the possibility of a data cleanse and determined it would need to understand the feasibility, scale and impact of any data cleanse activity. It was agreed that this could form the basis of a follow-on question in the next consultation.
- 5.44 The Working Group noted the query around the removal of capacity and the impact on the next customer moving into the property. It noted that this could be lessened by the Access SCR.
- 5.45 The Working Group noted the concerns about the potential backlash as a result of introducing these charges, but considered that there would be winners and losers in these situations.

**Question 5: Can you think of any alternative solutions to the one proposed? Please provide your rationale.**

- 5.46 One respondent stated it did not believe the overall benefits of incorporating DUoS charges to de-energised sites would outweigh the complications and the potential corresponding risks. It stated that under the new connection charging rules it is possible for distributors to assess their network more holistically without needing to 'reserve' the capacity for an individual de-energised customer at a

point on the network and to reinforce the network when this becomes required through new customers connecting or through the de-energised customer re-energising their supply.

- 5.47 The Working Group noted the above.
- 5.48 Two respondents suggested a solution provided through changes to the National Terms of Connection should be explored, such as giving the DNO the right to withdraw capacity after a specific period of time. One of the respondents noted that DCP 115 had introduced paragraphs 12.11A and 12.11B, which allowed for the DNO to disconnect a site that had been de-energised for a period of time, having contacted the customer and taken into account any representations they had made.
- 5.49 One respondent identified the same DCP and changes as above, and queried whether the existing provisions already enabled the release of longer-term unused capacity by facilitating the eventual disconnection of de-energised customers, thereby freeing up capacity in that way. It stated that it would be keen to understand whether this existing provision already achieves the first aim the proposer seeks to address and, if not, whether the Working Group could consider clarifying or strengthening the provision.
- 5.50 The Working Group agreed to explore a potential solution through the National Terms of Connection.
- 5.51 One respondent stated that where a customer surrenders capacity, they may also qualify for a re-banding under the exceptional circumstances section of Schedule 32 of the DCUSA. It also stated that de-energised site customers relinquishing all booked capacity should be treated as non-final demand, so should consider extending the criteria under DCUSA Schedule 32 paragraph 5A to enable a de-energised site to be re-classified to a non-final demand site, extending the Non-Final Demand Site definition and, where appropriate, the inclusion of a non-final demand certificate within the connection agreement changes agreed between the customer and DNO.
- 5.52 The Working Group noted the above and agreed to consider this as a potential solution.
- 5.53 One respondent stated a change will be required to the appropriate dataflows which are currently being developed as part of MHHS, and so the timing of this change would ensure that the new dataflows include this data from the start and remove the need for a further change being required at a later date. It stated that even if this change was to be rejected, the inclusion of data relating to de-energised sites will be useful for verification and validation going forward.
- 5.54 The above was noted by the Working Group, which agreed that it would be advantageous to have the count of de-energised sites in the flows, even if this change was rejected.
- 5.55 One respondent question that the cost of holding de-energised sites is lower than energised, and so DUoS costs are not a fair charge to be applied. It stated that if there is a cost that needs to be recovered a new, lower charge might be needed, and that these fixed charges would need to be proportionate and should not include recovery of Supplier of Last Resort costs.
- 5.56 The Working Group agreed that further clarification of the above response would be useful.
- 5.57 One respondent asked whether, on de-energisation, customers were asked whether they still need the associated capacity.

- 5.58 The Working Group discussed that suppliers may not currently ask customers if they wish to retain the capacity but could do so and could direct the customer to the DNO. It was noted that if this Change Proposal progresses in such a way as these customers could get charged for capacity, it may drive the customer to act.
- 5.59 One respondent asked whether the solution would apply irrespective of why the connection has been de-energised, citing for debt, theft, safety and at customer request as examples.
- 5.60 The Working Group noted that the reasons could include customers in vulnerable situations and would need to consider this.
- 5.61 One respondent stated that within the connection agreement, it could be stated more clearly that a customer may be better off handing back unused capacity instead of receiving charges for it. This was noted by the Working Group.
- 5.62 One respondent stated the DNO could bill the customer directly where charges apply to a de-energised site.
- 5.63 The Working Group noted the option for the DNO to bill the customer, but discussed the scale of the change alongside the customer experience impact, and agreed it was out of scope of this change proposal.
- 5.64 One respondent stated there needs to be considerations for intermittent customers, for example, seasonal businesses, such as Christmas shops, as these would be de-energised and remain as such until the supply was required for the next season.
- 5.65 The Working Group noted the above for metered sites. It was discussed that this should not be a problem for UMS once P434 is delivered, combined with the delivery of market-wide half hourly.
- 5.66 One respondent stated that provisions for de-energised back-up supplies also need to be considered, in particular those which are on their own separate connection agreement. This was noted by the working group for metered supplies.
- 5.67 One respondent stated that in order to improve charging fairness, it would be helpful to compare how deenergised customers are treated at transmission level. The Working Group took an action to clarify this and determined that de-energised sites are excluded from charging at the transmission level.

**Question 6: To DNOs and IDNOs, how many traded energised MPANs are there in your region, broken down by:**

- a) Measurement class; and**
- b) EDCM vs CDCM.**

- 5.68 Please see attachment 6 for the collated RFI results.

**Question 7: To DNOs and IDNOs, how many traded de-energised MPANs are there in your region, broken down by:**

- a) Measurement class;
- b) EDCM vs CDCM;
- c) The age of de-energised sites, e.g., de-energised for up to 1 year, 2 years, 3 years or 4 years or more;
- d) The level of capacity that could be unlocked for half-hourly site specific billed MPANs.

5.69 Please see attachment 6 for the collated RFI results.

**Question 8: Could there be adverse effects by removing the current provision of not charging de-energised sites? Please provide your rationale.**

5.70 One respondent stated it may result in disincentivising new customers from wanting to register until the latest possible moment. It stated that, for new sites (such as housing developments), the supplier currently registers all customers at once and then they get energised as their individual contracted period approaches. Exposing new customers to DUoS charges will, it asserted, drive them to leave registering to the last minute, which, as a result, will bring a high risk of them forgetting to do so. It also suggested this would be likely to add cost to customers.

5.71 The above was noted by the Working Group. The Working Group discussed that the intent was not to charge new connection customers. The Working Group will consider this when progressing the Change Proposal.

5.72 The same respondent also stated that not registering in time due to errors and data issues, as well as forgetting, will unavoidably lead to more cases of theft of energy. The Working Group noted it would be helpful to gain more clarity on this point.

5.73 One respondent stated that suppliers will be exposed to more charges than they will be able to recover, which could lead to Supplier failures or increased charges across their customer bases. It suggested that, as the overall revenue income from DNOs does not change, what this potentially saves in DUoS charges will be increased by supplier charges. This was noted by the Working Group.

5.74 One respondent stated there are likely to adverse impacts on customers in financial difficulty as one of the reasons for de-energising is often due to inability to agree to resolution of account debt. It stated that de-energising for non-payment is often a last resorting action that a supplier will undertake and that debt positions would worsen, which may lead to more supplier failures, increased pressures on bad debt, cash recovery and cost for DUoS credit provisions. This was noted by the Working Group.

5.75 One respondent stated suppliers would struggle to recover the costs. This was noted by the Working Group.

5.76 One respondent stated the Change Proposal will cover all distribution voltages and customer categories. It raised a particular concern for vulnerable customers who may de-energise (i.e., go 'off grid') for economic reasons. It stated that under this change, they would still be liable for DUoS charges, post MHHS implementation, and removing the cost-free de-energisation option may leave

vulnerable customers with costs for a supply they are not using. This was noted by the Working Group.

- 5.77 One respondent noted that there is currently a provision under clause 139 of Schedule 16 of the DCUSA (the CDCM) which applies to site-specific metered demand customers, stating that 'there will be no charges applied to correctly de-energised HH MPANs/sites as determined by the de-energisation status in MPAS'. It stated it was keen to understand what the original policy intent was for this provision, so that the Working Group can ensure that there are no unintended consequences should this provision be revoked. It also noted that there appeared to be no equivalent provision for EDCM customers in the DCUSA.
- 5.78 The Working Group noted this has been in place for a significant period of time, possibly as far back as deregulation, and it may be difficult to find the policy intent.
- 5.79 One respondent stated it believed that, due to various practical challenges of collecting charges from de-energised customers, there could be an increased cost to DUoS payers at large, as non-payment of charges by de-energised customers will need to be recovered by other means. It also stated there is also a potential for financial impact on suppliers in an already volatile market with the added complexity of the cost of living crisis. This was noted by the Working Group.
- 5.80 Two respondents did not believe there were any impacts as a result of removing the current provision of not charging de-energised sites.

**Question 9: Might this Proposal lead to a change in behaviour in order to avoid charges for de-energised sites? Please provide scenarios and your rationale.**

- 5.81 One respondent stated it believed this proposal will bring changes in new customers' behaviours by disincentivising them from wanting to register until the latest possible moment. It stated that while currently the supplier registers all customers at once and then they get energised as their individual contracted period approaches, by exposing new customers to DUoS charges will drive them to leave registering to the last minute. This was noted by the Working Group.
- 5.82 One respondent stated there may be an increase in the use of 'umbrella' companies to mask who the actual responsible party is for de-energised supply points, making recovery of the costs difficult to achieve. The Working Group noted this concern. The Working Group also considered the scenario where a site de-energised for debt could be reenergised under an umbrella company.
- 5.83 One respondent stated it may lead to an increase in requests for a physical disconnection of the service. It recommended a review of the disconnection process as part of this change.
- 5.84 The Working Group noted this concern. It was discussed in terms of both the resourcing impacts of the increase in requests and the costs of the disconnection/reconnection process.
- 5.85 The Working Group discussed that while a review of the disconnection process may be beneficial, it would not be in the scope of this change proposal. It was discussed it may better sit with REC.
- 5.86 The Working Group discussed the difficulties that may be faced by customers who wish to disconnect, to avoid charges, but the disconnection is refused by the DNO. It was discussed that it

would be useful to understand the rejection reasons and that this could form the basis of a future consultation question.

- 5.87 One respondent stated that new connections are likely to be impacted because a supplier has to trade an MPAN in line with its registration effective from date, into a de-energised state firstly and then energised once metering and energisation confirmation is received. Therefore, the period after a connection is completed but before an MPAN is traded where a de-energised site is not currently charged DUoS. It stated that under this proposal, it would result in a customer receiving fixed and capacity charges for any period of time after a supplier has registered but has not energised the site. It also stated that are different factors that will impact the timing of MPAN registration, metering and energisation for different voltage levels, such as the installation of transformer cabinets and other types of high voltage equipment in order for the supplier to arrange the installation of metering equipment. It also noted that the energisation of some LV CT and all HV connections is solely the DNO's responsibility.
- 5.88 The Working Group noted the difficulties and complexity in certain circumstances and noted CT cabinets as one example.
- 5.89 The same respondent also stated that customers would need to ensure they time meter installation and energisation requests tightly to a supplier effective-from date, in order to not attract de-energised DUoS charges, which may be feasible for simpler whole current connections, however it is possible that there may be delays with the completion of DNO connection works. It stated this would be compounded if the supplier has registered the MPAN, as DUoS becomes chargeable despite delays caused beyond the customer's control. This was noted by the Working Group.
- 5.90 One respondent stated it believed the change could lead to currently long term de-energised properties being disconnected to prevent DUoS being charged. It noted this would be a positive scenario where the property has no likely long-term usage, and any associated capacity could be reallocated to other customers who require it. This was noted by the Working Group.
- 5.91 One respondent stated this could lead to sites remaining energised while having zero or minimal consumption. It did not see this as a problem. It stated it will have a positive outcome, as metered data under MHHS will be expected through a smart or advanced meter, on a daily basis, which should reduce any theft opportunity. This was noted by the Working Group.
- 5.92 One respondent stated that customers may disconnect sites to avoid costs. This was noted by the Working Group.
- 5.93 One respondent stated this could potentially increase the likelihood of suppliers not offering de-energisations and instead moving straight to disconnection.
- 5.94 The Working Group discussed that the supplier can't lead on disconnecting and that the process would normally be to de-energise the supply and remove the meter first.
- 5.95 One respondent stated that de-energisation is currently the most economically efficient way for a customer to temporarily avoid DUoS charges and retain their access to the network. It stated that, by removing this option (i.e., by charging DUoS on the de-energised connection), customers may be

inclined to seek disconnection; incurring additional costs to get the disconnection and subsequently applying to re-connect, as a new connection, on a future date. This was noted by the Working Group.

- 5.96 One respondent stated a concern that DNOs could receive an increase in the number of requests for logical disconnections. This was noted by the Working Group.
- 5.97 One respondent stated that it would expect that the operators of those deenergised sites, which are on route to de-commissioning, would respond to becoming liable for fixed and capacity charges by agreeing to return their unused capacity sooner than is currently the case. This was noted by the Working Group.
- 5.98 The same respondent also stated that it would expect that other operators, for example those which are de-energising sites temporarily to re-plant or re-purpose their site, would wish to retain their capacity, and would expect them to assess the economics of paying network charges during the de-energised period versus the risk of giving up their capacity and having to apply for re-connection later. This was noted by the Working Group.
- 5.99 The same respondent stated that it believed there would be an increase in disconnections to avoid paying charges, however as noted in its previous answers, this could impact future customers regarding capacity requests. This was noted by the Working Group.
- 5.100 It also stated that the energy industry is already in an unfavourable view of customers, and by adding additional charges to a customer's bill, it could see an increase in customer complaints.
- 5.101 The above was noted by the Working Group, which also discussed the costs of dealing with customer complaints (e.g., handling the complaint, deadlocking the complaint, going to the ombudsman, etc.) as a consideration moving forwards.

**Question 10: Might this Proposal lead to any other changes in behaviour? Please provide scenarios and your rationale.**

- 5.102 One respondent stated that it anticipated implementing this change under the current proposed circumstances will encourage customers to disconnect more from its networks and connect back when required. It noted that their charge will be socialised amongst the rest of the customers connected to the network.
- 5.103 The above was noted by the Working Group.
- 5.104 The same respondent also stated that disconnecting and connecting back at a later date may potentially extend the waiting period of time for new connections, as customers reconnecting will be prioritised. It stated that for these reasons, it believed that this change proposal will not bring to the industry the intended outcomes.
- 5.105 The Working Group discussed the prioritisation of the customers reconnecting versus new connections. It was discussed that there are multiple factors that influence when a connection goes ahead and should not be influenced solely or mainly by whether a connection previously existed. The Working Group discussed that a customer reconnecting would join the queue, and so may face risks where they may not get connected when they need to. It was not felt that it is solely a financial decision.

- 5.106 It also noted that the reconnection to the network will not be at the customer's cost, following the implementation of Ofgem's Access SCR.
- 5.107 The Working Group noted the above. It discussed that the extension assets would still be charged to the reconnecting customer (under DCP 406) but the reinforcement asset charges would be socialised. This does not therefore directly impact the overall costs as it's a timing issue, based on what capacity is needed at the given time.
- 5.108 One respondent stated that it believed the change would achieve its intention of promoting better management of customer's booked network capacity, and that in turn will offer benefits as it withholds contracted capacity from being used by other customers, so also acts to prevent inefficient network reinforcement decisions being determined, as DNOs will have an improved view on where capacity is and is not free.
- 5.109 It also stated that it could also see that DUoS capacity and fixed rates would be likely to reduce in published statement of charges because the value of the cost recovery remains the same (i.e., within the DNOs allowed revenues limits), so costs would be recovered from a wider population of customers by encompassing de-energised into DUoS charging which should lower the rates of each applicable DUoS charging item.
- 5.110 It noted, however, that it believes suppliers view on risks associated with increased costs via de-energised DUoS bills is generally likely to be more adverse than currently, and that issues such as bad debt, cash recovery and increased cost for credit cover provisions are likely to change as a consequence of this change, with its retail costs likely to erode any benefit perceived from lower fixed and capacity charges.
- 5.111 The above was noted by the Working Group.
- 5.112 One respondent stated it would expect to see an increase in requests for logical disconnections from those who don't understand the purpose of those but would expect this to reduce once issues with this have been explained. This was noted by the Working Group.
- 5.113 One respondent stated a customer could seek to reduce their fixed charge by asserting DCUSA Schedule 32, Clause 6, exceptional circumstances. This was noted by the Working Group.
- 5.114 One respondent stated there may be a reduction in the number of requests for de-energisation, and that, alternatively, the requests for permanent disconnection could increase, although agreement would need to be reached that there is no further use of the connection. This was noted by the Working Group.
- 5.115 One respondent stated this could lead to an increase in theft, and whilst the investigation processes are in place, this will not deter customers from avoiding charges. It also stated there is an added element of customer wishing to go 'off grid' to avoid these charges. This was noted by the Working Group.

**Question 11: Why do you de-energise sites? Please provide reasons and volumes for de-energisations (average for past 12 months).**

- 5.116 One respondent stated that distributors do not de-energise the sites, the customers do.

- 5.117 The Working Group noted that de-energisations are customer or supplier driven, unless it is due to a health and safety issue.
- 5.118 Four respondents stated they de-energise at customer request.
- 5.119 Three respondents stated they de-energise as part of debt mitigation and recovery actions.
- 5.120 Three respondents stated they de-energise due to theft.
- 5.121 One respondent stated they de-energise for safety reasons.
- 5.122 One respondent highlighted avoidance of standing charges and seasonality as reasons for de-energisation.
- 5.123 One respondent provided volumes of de-energised MPANs but marked this as confidential. As such, this has not been included in this change report.
- 5.124 The above was noted by the Working Group.
- 5.125 One respondent stated that de-energisation of sites is usually supplier led, where either the customer has requested it or the supplier is requesting as part of a warrant job due to unpaid bills. It stated that during the past 12 months it had completed 22 de-energisations, with a further 33 de-energisation requests cancelled for various reasons. It also noted it had to reject around 180 de-energisation requests as they either didn't have effective from dates, had dates in the past, and/or didn't have site contact information.
- 5.126 The above was noted by the Working Group. It also noted that the volumes appeared low, but did not include the MEM (MOP) numbers.
- 5.127 One respondent stated the proposal needs to be clear that unmetered supplies, which currently do not have any standing charges, are not impacted. It stated that MHHS is moving away from de-energising temporary supplies, moving to keeping them energised with a 'zero' inventory. This was noted by the Working Group.
- 5.128 One respondent stated that there are sites which are de-energised as disconnections have not been possible, due to DNO not approving requests.
- 5.129 The Working Group discussed that this may be useful as a future consultation question to DNOs on why these are rejected. (e.g., technical rejection (dates), reason for request or future use identified) and the associated volumes. It was noted that it may be difficult to quantify the reasons due to limitations on information on the data flows. It was noted that there is a 'rejection reason code' in the flow, J1722. (MM00151).

**Question 12: To Suppliers, is there always a customer on whom de-energised charges can be levied? Please explain your rationale.**

- 5.130 All five respondents stated there may not always be a customer on whom charges can be levied.
- 5.131 One respondent stated that finding out who owns the land does not mean they are guaranteed to be liable. It also stated that for historically de-energised MPANs and metering equipment removed, it can be difficult to identify the customer to levy the charge against, as after it ceases billing, its billing

records are correctly deleted after a certain amount of time. It noted that in many cases, customers who request a de-energisation do so to stop charges, meaning it is unlikely they will pay.

5.132 One respondent stated that whilst there will always be a legal owner of the property there may not be a “customer” taking a “supply” at the property to whom it can levy DUoS charges.

5.133 One respondent stated that sites can be vacant with no forwarding address available.

5.134 One respondent stated that not all de-energised sites are associated to a customer who can be billed. It stated that there are instances where a site is empty and it does not have a customer’s details to set up an account. As such, there would be no way to chase for payment where no customer is available.

5.135 One respondent stated that it believed known customers with agreed capacity should be given a choice to pay for reserved capacity.

5.136 The Working Group noted the above responses.

**Question 13: Post TCR implementation, do you believe that transmission charges include de-energised sites? If so, how are these charged.**

5.137 Three respondents stated that transmission charges do not include de-energised sites post TCR implementation. One of these respondents stated that only energised sites would be on the D0030 flow sent to the ESO. Two of these respondents cited P402, and that ‘Billing Data’ excluded de-energised sites.

5.138 One respondent stated that TNUoS charges rely on suppliers providing demand forecasts and that if a site is de-energised, it would expect that the supplier would not provide a forecast. It concluded, therefore, that TNUoS charges will not be applied to de-energised sites.

5.139 The above was noted by the Working Group.

5.140 Several responders were unsure whether de-energised sites were charged transmission charges.

5.141 The Working Group agreed there was a need to seek clarity from the ESO.

**Question 14: Are you aware of any impact on other industry codes of this Proposal?**

5.142 Seven respondents did not identify any impacts on other codes.

5.143 One respondent stated that it believed this change had increased the need for a number of changes within other codes. It stated that the obligations on DNOs and IDNOs to update the supplier with the agreed site capacity needs to be reviewed and, in its opinion, needs to be sent by flow, rather than by email, and give the volumes involved (£ and number of MPANs).

5.144 The above was noted by the Working Group. It was discussed that not all site capacity is managed at MPAN level, as some are aggregated over multiple MPANs.

5.145 One respondent stated that believes there are various impacts and considerations against the REC, including the timeliness of registrations being cancelled following a change to MPAN status on the basis that there is a need for a period of time to elapse between a de-energisation and disconnection. It also stated, however, as DUoS costs will be levied on de-energised MPANs, there is potential to

introduce DNO performance management to ensure that when a disconnection is completed the MPAN's status is set to inactive in a timely fashion, in order to reduce billing errors outside of customers' and suppliers' control.

5.146 The above was noted by the Working Group.

5.147 One respondent stated it considers that some form of DUoS disputes process would need to be developed, akin to the BSC's Trading Disputes process, which it felt would be necessary because the disconnection date can only be set within the Final Reconciliation (RF) window, which itself is reducing from 14 month to 4 months as part of MHHS transition. Any instances of de-energised MPANs remaining active in registration beyond that period that have been physically disconnected would be charged de-energised DUoS charges that can be rectified beyond RF by the BSC dispute provisions.

5.148 The Working Group noted the potential difficulties that would be experienced if there were delays to disconnection status updates. It was noted that the DCUSA contains a DUoS disputes process that could be expanded. It was also noted that disconnection status performance is not audited, whereas energisation status is.

### Question 15: Are you aware of any wider industry developments that may impact upon or be impacted by this Change Proposal?

5.149 Two respondents highlighted the MHHS Programme. This was noted by the Working Group.

5.150 One respondent stated it believed this would have implications for the Default Tariff Cap allowances, which will need to be updated to reduce DUoS and increase the bad debt caused by this change. It considered this proposal does not feel in line with Ofgem's change to put more charges on the fixed charge and less on the variable, as that was meant to be done by capacity and these sites have zero capacity.

5.151 The above was noted by the Working Group.

5.152 One respondent highlighted the Access SCR. This was noted by the Working Group.

5.153 One respondent suggested the Working Group should consider the Ofgem open letter published on 8 November 2022 ([Open Letter regarding Prioritisation of Electricity Network Charging Reforms](#)) and whether this proposal meets the criteria set out for changes to be considered in the short term.

5.154 The Working Group did not see any specific reasons to not progress the Change Proposal.

## 6 DCP 411 Consultation 2

6.1 The second DCP 411 consultation was issued on 25 January 2023. There were a total of 12 responses received.

6.2 Set out below are the questions that the Working Group sought views on, and a summary of the responses received. The full set of responses and the Working Group's comments are provided in Attachment 4.

### Question 1 - Do you understand the intent of DCP 411?

- 6.3 All consultation respondents understood the intent of the Change Proposal.
- 6.4 One respondent noted that the change excludes sites that have not yet been energised and that it would apply to only traded MPANs.

### Question 2 - Are you supportive of the principles of DCP 411?

- 6.5 Seven respondents confirmed they were supportive of the principles of this change.
- 6.6 One of these respondents stated that, as a distributor, it bears costs to own and operate the network up to the cut-out and to reserve capacity on both its own and upstream DNO systems for any connection that is in situ. It stated that de-energising a connection doesn't stop the need for this activity, and hence there are associated costs.
- 6.7 One of these respondents stated that smart meters allow for the meter to be 'disabled', which uses the contactor in the meter to interrupt supply whilst continuing to allow the meter to communicate zero usage. It stated this should become a more enduring method of interrupting supply in many circumstances, rather than de-energisation, with the main advantage being that the customer can contact their supplier and immediately have the supply enabled.
- 6.8 The Working Group discussed that this is not de-energisation as it's about controlling the flow of power using the meter. The MPAN remains energised and accrues all costs associated with that, and, as such, DUoS charges would continue to apply.
- 6.9 The same respondent also stated that charging whole current customers a standing charge, irrespective of the energisation status, will encourage the supply remaining energised but controlled by the smart meter through being enabled or disabled. The Working Group agreed that this is out of scope of this Change Proposal.
- 6.10 Four respondents confirmed they were not supportive of the principles of this change.
- 6.11 One of these respondents stated that it did not believe that the solution of this Change Proposal introduces cost reflective charges and that it disagreed with the assertion in paragraph 1.6 of the Consultation document that the unit rates recover the costs which relate to the ongoing use of the network. It stated that, as found in the 'unit rate charges' sheet of the CDCM model, unit rates are set to recover all asset and operational costs of the deeper network, whereas the fixed and capacity charges are related to all costs associated with the local network (which it noted is derived through the use of the standing charge factors in the CDCM).
- 6.12 It further stated that fixed charges also include residual charges (with the exception of LPN which has residual charges in the fixed as well as unit rates since the forecasted annual revenue for London exceeded the allowed revenue approved by Ofgem to be collected by LPN) and that it did not believe that de-energised customers should be required to pay for local assets and the residual charge, but not for deeper assets above their voltage of connection.
- 6.13 The above was noted by the Working Group.

- 6.14 One of these respondents stated that it places a financial burden onto suppliers that they may be unlikely to be able to pass onto the end user. This was noted by the Working Group.
- 6.15 The Working Group discussed whether the supplier can pass on the charges to the customer or not
- It was discussed that an issue arises where there is a change of tenancy and there is an inability to identify who should be charged.
  - It was also discussed that, where a customer is known, the customer may not pay, and the supplier may be unable to collect payment. A specific scenario of there being no contract with the customer being in place was discussed.
  - It was noted by a Working Group member that a later response to a question proposed to require the customer to confirm they have an active supply contract with their supplier in order to retain capacity. It was discussed that in writing to the customer and having them retain capacity, that the customer would be known, would have confirmed they have an active supply contract, and that the DNO will notify the supplier of the agreement with the customer to retain the capacity.
- 6.16 One respondent stated that its position had not changed from its response to the first consultation. (see paragraphs 5.22 to 5.24 in this report)
- 6.17 The Working Group noted that in the first consultation, the respondent had quoted Deirdre Bell of Ofgem, with the respondent concluding that ‘this implies that it is the connection itself that must be maintained when a site is de-energised, not the capacity.’
- 6.18 The Working Group discussed that by contacting the customer and asking if they wish to retain the capacity, as per the current proposal, a differentiation is being made between maintaining the connection and maintaining the capacity.
- 6.19 One respondent stated that whilst it understood from Working Group proceedings that it is the intention that EDCM customers were in scope of this Change Proposal, it was not clear on whether the proposed draft legal text unequivocally applied to EDCM customers as well as to CDCM customers.
- 6.20 The Working Group discussed that it would apply to CT metered customers, which should be all EDCM customers and some CDCM customers. It was discussed that this could be made clear in the legal text.
- 6.21 The same respondent sought clarification on the intent of the Change Proposal in response to the inputs from the first consultation, in particular (a) to focus on the freeing up of capacity, and to achieve this by amending the process around de-energisation and disconnection, and (b) to only apply capacity charges to customers who have made a case for retaining their capacity. It noted that, in relation to the first point (a), that around 49% of tied-up capacity related to customers in measurement class A, which are not CT metered, and, in relation to the second point (b), sought clarity on whether some measurement class F customers may be subject to capacity charges as well.
- 6.22 The Working Group discussed that measurement classes A, F and G are differentiated due to the differences in billing. It was noted that the first iteration of this Change Proposal covered all

customers, but moved to half-hourly settled customers following the first consultation, and the proxy for that is CT metering.

- 6.23 The Working Group agreed that, in order to understand whether the inclusion of non-half hourly customers should be reconsidered, it should engage with DNOs and IDNOs to understand whether they actively manage capacity on the basis of the number of de-energised sites within a population of NHH customers.

**Question 3: To suppliers, do you have any concerns that the proposed changes to the National Terms of Connection have an impact on your terms and conditions with your customers? Please provide your rationale.**

- 6.24 One respondent stated that its Industrial and Commercial supply business is being transparent with its customers, an amendment to its terms and conditions would be necessary to properly deal with these new circumstances. This was noted by the Working Group.
- 6.25 It also stated that in order to make any requisite amendments, it would need to discuss and work through the various circumstances that could arise. It questioned, as an example, what would happen with regard to multisite contracts where a customer may expect or plan to use their capacity across multiple meter points in the future. It stated it would also need to understand which terms and conditions would apply in the various circumstances.
- 6.26 The above was noted by the Working Group, which discussed that how capacity is charged by each supplier is within each supplier's commercial arrangements.
- 6.27 The same respondent also stated that a customer will believe they have bought a right to power at a certain price and could, for example, have planned to use that capacity at a later date. It stated that, as explained in its previous consultation response, it stops all billing once an account is de-energised and its terms and conditions reflect this, as the premise of its supply is that customers only pay for what they use, whereas this Change Proposal will impose a penalty for not using energy. It stated that this will likely require it to reconsider all of its products and different supply points.
- 6.28 The Working Group did not consider this amounted to an insurmountable challenge but noted that it does need to be considered for both new and existing contracts. It was noted that, depending on the terms in the contract, it could be problematic.
- 6.29 One respondent stated that the introduction of distribution charges for de-energised sites is likely to increase indebtedness levels for customers, particularly business customers, who are not consuming electricity at particular sites, and may add to the already significant energy cost burdens they are experiencing, for which government relief has been provided. It stated that this Change Proposal would appear to run counter to such relief schemes by charging customers in non-consuming situations.
- 6.30 It also stated that during the current economic downturn, the imposition of these charges could potentially result in the full disconnection of de-energised business premises to avoid distribution charges, leading to unnecessary work, and potential network constraints should supply need to be restored to such premises in an improving economic situation.

- 6.31 It further stated that from a supplier perspective, it would likely be very difficult to recover these charges from customers, with de-energised sites often being associated with changes of tenancy and difficulty in tracing customers. Where customers could be identified, it stated they would be likely to resist payment on the grounds that the site was not capable of consuming, leading to suppliers either having to write off the costs or undertake costly revenue protection activities that would be likely to lead to further costs from cases being taken to the energy ombudsman.
- 6.32 The Working Group discussed that the point being made was that relief being applied in the industry to reduce costs is contrary to this Change Proposal, which looks to increase them. The Working Group did note that it could be seen as another burden and recognised that the current economic situation can make it difficult to make decisions about whether to retain the capacity or not. In the case of this proposal, the Working Group noted that the customer is being given a choice to either surrender capacity, and therefore not pay for it, or to retain capacity and therefore pay for it. It was discussed that the engagement element of this proposal could instead be utilised to attempt to free up capacity without subsequently imposing a charge for retained capacity, but this would potentially make this proposal less effective in freeing up said capacity.
- 6.33 The Working Group also noted that relief schemes have been against the kWh charges as opposed to capacity charges.
- 6.34 One respondent stated that if a customer does not have a supply contract with a supplier and requests to retain capacity, there remains no route for recovery of charges from the customer by a supplier. It stated it believed the representations made by the customer to the DNO must include confirmation that they have a valid supply contract in place with the supplier, and provided some draft legal text to be used in this Change Proposal:
- Such representation needs to justify the continuing need for the Maximum Import and/or Export Capacity and must confirm that a supply contract is in place with the registered Supplier to allow for the recovery of the Duos charges.*
- 6.35 The Working Group agreed to add this to the draft legal text, subject to some minor amendments to the drafting.
- 6.36 One respondent stated that as this impacts larger sites with site specific terms and conditions, it had not been able to review this in detail. It noted, however, that as previously stated, its terms and conditions generally do not allow it to bill a de-energised site, so whilst the National Terms of Connection will be changed, it will not impact our terms and conditions in the same way. This was noted by the Working Group.

**Question 4: Do you support the changes to the National Terms as regards the 6-month period and the 12-month period, or should different periods apply? Please explain your reasons for your response.**

- 6.37 Six respondents supported the changes to time periods in the National Terms.
- 6.38 One respondent reiterated that it was not supportive of the Change Proposal overall.

- 6.39 One respondent stated there should be no need to wait to contact the customer, except where perhaps the site is de-energised for only a short time period (e.g., for re-engineering of electrical equipment).
- 6.40 The Working Group discussed that if it was immediate, the DNO could be contacting the customer during another process taking place, such as temporary works, debt collection activity, etc. It was also discussed that time will be needed to inform customers of the charges, giving them time to plan or make decisions about their capacity, and that retaining the current time period of 6 months, albeit for capacity, gives them sufficient time. It was also discussed that customers could be informed of this up front, during conversations about de-energising their site.
- 6.41 It also stated that there is a risk that certain parties may seek to abuse the process, by re-energising for a short period in order to 'restart the clock'.
- 6.42 The above was noted by the Working Group. It was noted this should be a low risk as it would be complicated to do and would require a supplier to facilitate it.
- 6.43 One respondent stated its preference for retaining 12.11D as six months and not extend the period for disconnection to twelve months. It also stated it would like consideration to be given to the ability to charge for a de-energised site earlier than six months, possibly even straight away or after a very short period. It stated the 6 month period proposed, whilst reasonable to disconnect, was too long a timeframe to force the customer to decide whether to keep the capacity and pay for it or relinquish it.
- 6.44 The Working Group discussed that this was a weakening of the ability to disconnect where needed. It was discussed that this could be a very low number.
- 6.45 The Working Group discussed that the process of removing capacity is less complex than that of arranging a disconnection. It was also noted that, if the customer does not require the capacity, there's nothing to stop a conversation about potentially disconnecting the site from taking place at the same time.
- 6.46 It was discussed that if a customer requests a disconnection via their supplier, it will be necessary for the DNOs to action this. It was noted that the DNO may still need to reject these requests if it cannot fulfil its obligations.

**Question 5: How should a DNO make it known to a Supplier that it will charge for a particular de-energised site that wants to retain its capacity?**

- 6.47 One respondent reiterated it was not supportive of the change overall.
- 6.48 One respondent stated that as the supplier, it needs to maintain a view of what should and shouldn't be charged for de-energised sites and suggested the best solution for notifying suppliers would be through an industry data flow. It stated this flow should be used to make it clear when a charge should or should not be applied.
- 6.49 One respondent stated the only practical way to notify a supplier of the contact is by the use of a data flow in which suppliers must be notified, by the DNOs, that contact has been initiated and the response received by the customer. It also stated it is highly likely the customer will initiate contact

with the supplier once they have received correspondence from the DNO, therefore the supplier needs to know that this has taken place.

- 6.50 The Working Group identified the possibility of using the D0139 by using the Site Visit Check Code to identify that a site will now be charged DUoS. This would need a new Site Visit Check Code to be introduced.
- 6.51 The same respondent also stated that it had some concerns with the outcome of this process, and it strongly believed that a data cleansing exercise is needed. It stated it appreciated the Working Group's view that industry data should be complete and accurate, however it noted it had experienced instances where a supply has been set to de-energised but the meter is recording usage. It stated that there is a need to complete a data cleansing activity for all measurement classes, not just those noted within this second consultation.
- 6.52 The Working Group discussed the possibility of performing a data cleanse using the master data and cross checking this against MPAN portfolio data. This will be considered by the Working Group.
- 6.53 The respondent also noted a number of other concerns:
- the supplier will hold the most current contact details which the DNO will need to confirm with it;
  - the site could be sat empty which means any letter sent to it may not be received by the customer;
  - there could be an increase in customer complaints where this process has been initiated and charges have been accrued for the customer;
  - the full end to end process has not been established;
  - the Working Group needs to consider seasonal supplies, as if the DNO makes contact with the site but the customer has left, removal of capacity could be initiated where the site is empty but it is proposed that the site will be required at a later date; and
  - the supplier needs the ability to reject the contact from the DNO to the customer where the customer has been de-energised for debt, non-payment, theft, etc., as this could lead to the customer being re-energised where the DNO has not recognised the initial reason for de-energisation.
- 6.54 The above was noted by the Working Group. The Working Group discussed that the re-energisation of a meter point would always be supplier led, so there would be no danger of a DNO re-energising a meter point that was de-energised for debt or theft.
- 6.55 One respondent suggested to continue to charge for standing charge and capacity when a site is de-energised. This was noted by the Working Group.
- 6.56 Three respondents suggested an email could be sent to a nominated email address.
- 6.57 The Working Group discussed the potential issues relating to this, such as GDPR concerns. It was noted that a data flow would be the best solution, but the Working Group could also look at workflow notifications on the SDEP (Secure Data Exchange Portal) for escalation purposes.

- 6.58 One respondent stated the charges for the site would be included in the site-specific invoices and that, in order to validate the charges, the supplier would need to be able to see the status of the site as de-energised but being charged, in EES.
- 6.59 The Working Group discussed whether this was something that was needed in EES, as this does not need to be known by other suppliers, and it would be difficult to implement at the current time. It was agreed by the Working Group that this would not be taken forwards.
- 6.60 One respondent stated the best approach would be to introduce a 'blanket change' so that all the suppliers would be treated uniformly. This was noted by the Working Group. The Proposer confirmed the intent was not to treat any supplier differently.
- 6.61 One respondent stated that no method for communicating with suppliers where de-energised sites are being billed is required, other than by virtue of the fact that they are included on the D2021 flow/REP-EDI message. Therefore DNOs would need to either email to advise suppliers they were to commence billing or, alternatively, the receipt of a charge on the D2021/REP-EDI message for a de-energised MPAN could be the confirmation.
- 6.62 The above was noted by the Working Group. It was discussed that this would be at the end of the process, giving only 14 days to pay.
- 6.63 The Working Group discussed whether the DNO will always have the most up to date contact information possible for the customer. It was discussed that this should be provided on the D0302, owned under the REC, which should be sent by the Supplier whenever any data to the data groups containing customer information is made. It was acknowledged that data is never going to be 100% accurate, but that this is the data the DNO must rely upon.

**Question 6: Are there any impacts or challenges of charging a subset of de-energised sites?**

- 6.64 One respondent reiterated it was not supportive of the change overall.
- 6.65 One respondent stated there will be an increase in the management of its de-energised portfolio with changes to processes needed to ensure that these are managed accurately. It also stated it needed to identify the correct customer to pass these charges on to, and new service plans and products would be required to allow DUoS charges to be passed on correctly to the relevant customer(s).
- 6.66 The same respondent also stated that suppliers could potentially see an increase in their debt collection activities which also needs to be considered as the costs of this debt collection activity could far outweigh the actual DUoS charges, therefore a supplier may choose not to pass these charges onto customers who they cannot identify, which will inadvertently pass charges onto customers who already pay as supplier debt will increase.
- 6.67 This was noted by the Working Group. It was discussed that once a customer is de-energised, there is little that can be done to enforce payment, except for legal action, but that these customers will have engaged in order to retain their capacity and should, in most cases, be willing to pay. It was also noted by the respondent in the Working Group that, with the proposed amendments made to the legal text around the requirement for there to be an active supply contract, this response would have been different.

- 6.68 One respondent stated that there would be challenges in identifying and then charging the specific group. It also stated that in June 2023 a change is introducing the Connection Type, which will enable the industry to clearly differentiate between whole current and CT customers. It stated that this is the data item, rather than measurement class, that should be used to distinguish between capacity charges (CT) or not (WC).
- 6.69 This was noted by the Working Group. It was noted that the change is an enabler for the MHHS programme but it is not useful to this change proposal (DCP 411). It was noted that using Connection Type to differentiate between CT and whole current meters would not necessarily be the case. DCP 414 was noted as relevant to this.
- 6.70 One respondent referred to its proposed amendments to the draft legal text, which the Working Group have accepted.
- 6.71 One respondent stated that systems need to be able to tell the difference between de-energised sites which should be charged and those which should not be charged. It stated that DNOs would need a change to their billing systems to introduce a flag to identify the subset of sites and ensure they are charged as required. It stated that without a flag this would not be auditable, as the sites could not be readily identified and verified as being correctly charged or not charged, and suppliers cannot validate the data if they do not have a view of which sites are being billed. It suggested suppliers would need a view of this flag in EES.
- 6.72 This was noted by the Working Group. It was discussed that a change to the D0139 with a new SVCC, as per earlier in this report, would give the suppliers visibility of the status (to be charged or not). It was also noted that DNO/IDNO systems may need to record the new SVCC data item. It was discussed that, given the expected low volumes, it may be sufficient that DNO/IDNO systems are in line with the data item rather than specifically recording it.
- 6.73 One respondent anticipated internal challenges regarding the agreed supply capacity for individual MPANs and how it would get access to this information prior to energisation. The Working Group discussed that this should not be an issue, as it would be on the DUoS bill, prior to de-energisation.
- 6.74 The same respondent also stated another internal modification required would be updating our billing system in order to account for billing de-energised sites. This was noted by the Working Group.
- 6.75 One respondent stated that processes will need to be put into place if only charging a subset, which is likely to be a huge administration burden, and that a data cleanse should be undertaken prior to contacting customers. This was noted by the Working Group.
- 6.76 One respondent stated it did not identify significant impacts of charging for de-energised sites. This was noted by the Working Group.
- 6.77 The same respondent stated there would be a requirement to amend its system and that it had reached out to its system provider, who confirmed that it is possible to make the relevant changes to enable it to charge for a subset of de-energised sites should the change be agreed. It stated it would like to see six months from agreement to implementation, to allow this to happen. This was noted by the Working Group.

- 6.78 One respondent stated there would be administration impacts, which would require changes to supplier systems used for verifying DUoS charges, and changes required to suppliers billing systems used to pass through charges to customers. This was noted by the Working Group.
- 6.79 One respondent stated there would be an increased workload initially in contacting de-energised customers and updating billing systems. This was noted by the Working Group. It was discussed that, under the current proposal, there is no time frame after which a DNO must commence the work, so this should be manageable.
- 6.80 One respondent stated it did not believe that there would be any impacts, as this change would clearly only impact half hourly customers and, after a defined period of time, a de-energised customer would either be charged or their connection would have its capacity reduced and ultimately disconnected. This was noted by the Working Group.

**Question 7: Are there any impacts to consumers (who may differ from the bill payer) in vulnerable situations, or could consumers be put in a vulnerable situation, as a result of charging de-energised sites?**

- 6.81 Six respondents did not identify any impacts to vulnerable consumers.
- 6.82 One respondent stated that CT metering needs to be considered, as although it is unlikely that this will impact vulnerable customers, there are some customers who have this type of metering.
- 6.83 The above was noted by the Working Group. It was discussed that some customers may have a CT meter due to a change of use at the property, but without any change to the metering system.
- 6.84 One respondent stated that where an organisation which serves the needs of vulnerable consumers, for example a care home company or sheltered accommodation, chose to de-energise some of its premises to save on energy consumption and rationalise its operations for a period, any savings realised would be reduced by the value of continuing distribution charges. It stated this could negatively impact the budget of the organisation serving the needs of vulnerable consumers and also potentially the scope of the services it was able to provide.
- 6.85 The above was noted by the Working Group. It was discussed that it is not the vulnerable customers that are impacted by this modification, but the organisation that serves them, which receives no differentiation when the sites are energised.

**Question 8: Do you have any comments on the proposed draft legal text? Please provide your rationale.**

- 6.86 One respondent stated that what is considered “unreasonable” can be open to various interpretations in the following statement: “Where the Company [...] considers that it is unreasonable for the Company to continue to make the Maximum Import and/or Export Capacity available to the Customer”.
- 6.87 The Working Group noted that “reasonableness” is used under the Electricity Act 1989 in relation to disconnections. The Working Group also noted disconnection matters are covered by existing dispute resolution processes, as referred to in the existing legal text and now included in the new legal text.

- 6.88 One respondent stated that customers should continue to be charged the standing and capacity charges until the customer agrees to reduce the value or the MPAN is disconnected. This was noted by the Working Group.
- 6.89 One respondent reiterated its suggestion to amend the legal text to require a customer to confirm it has an active supply contract with a supplier in order to retain capacity. This was noted by the Working Group as having been accepted, per a previous response to the same consultation.
- 6.90 One respondent sought clarity on what happens in the interim period between de-energisation and 6 months having passed.
- 6.91 The Working Group noted that customers are not currently billed in that period and the proposed change does not apply charges retrospectively. The Working Group discussed that it would be challenging to bill for any prior period as the customer may not be contacted exactly 6 months after de-energisation, and there may have been a change of customer.
- 6.92 The same respondent also stated it was unclear how the DNO will contact the customer as they do not hold customer contact details. The Working Group discussed that the DNO should have been provided with contact details via the D0302 flow.
- 6.93 One respondent stated that as the DNO only has the address in MPRS to contact the customer, and no name, and given the experience of P272, this exercise would be better placed for suppliers. It stated that if the outcome is placed on DNOs then this will need to be supported by suppliers.
- 6.94 The same respondent also stated that the legal text states that the customer will have 30 days to respond. It queried whether, if the customer does not respond, that means the DNO then has the right to change their capacity to zero, and what would happen if the customer came back in the future to say they never received a letter.
- 6.95 The Working Group discussed that the DNO should have been provided with contact details via the D0302 flow.
- 6.96 The Working Group noted that a customer could claim to have not received a letter, but that it's a common occurrence in many process, and it's about demonstrating that the DNO has taken steps to use correct contact details. The Working Group discussed that contact could also be made via email (e.g., by sending a PDF copy of the letter).
- 6.97 The respondent also stated that following the initial process, every new de-energised site will need to be contacted following six months of being de-energised and that, depending on the number of de-energised customers, this could be another admin burden. It questioned if it would be better for the supplier, at the time of de-energisation, to ask the customer if they still require the capacity and to explain that, if they do, then they will be charged for it.
- 6.98 The Working Group discussed that it would be confusing if one part of the process was handled by the DNO and the other part managed by the supplier, and that it would not make sense as the proposal currently stands (e.g., not charging all customers). It was also noted that during conversations with customers, it may not be clear how long a site is to be de-energised for, and where the customer does have a view, that this is subject to change.

- 6.99 One respondent queried whether, if the DNO contacts all customers and no response is received within 30 working days, will the DNO always reduce the Maximum Import and/or Export Capacity to zero. It stated that the addresses being contacted may be derelict, demolished, vacant or in remote locations, and questioned the chances of any correspondence being responded to within 30 working days.
- 6.100 The Working Group noted the above and that it relates to previous conversations around using the most up to date contact details, as provided in the D0302, and that customers may claim to have not received the letter, also as per a previous comment.
- 6.101 The Working Group considered whether there would be any situations where a customer would have been contacted, had failed to reply, and then would not have their capacity reduced. It was discussed that if the latest contact details had been used, with the mail not 'returned to sender', then there is no reason to believe the capacity would not be reduced. It was noted the legal text allows for DNOs to exercise discretion, for example in the case of incorrect contact details.

**Question 9: Are there any other consequential changes to the DCUSA legal text as a result of the proposed changes? Please provide your rationale.**

- 6.102 Two respondents stated that Schedule 16 paragraph 139 would need changing as this specifies that de-energised sites MPANs/sites will not be charged.
- 6.103 This was noted by the Working Group and has been addressed by the addition of text to the clause: There will be no charges applied to correctly de-energised HH MPANs/sites as determined by the de-energisation status in MPAS unless otherwise agreed pursuant to Schedule 2B Section 3 Paragraph 12.11C.
- 6.104 One respondent stated that following a concern raised during the first consultation, the Working Group confirmed that the proposal would only apply to previously energised customers, and not to new and not yet energised customers. It noted that whilst this intent is implied in the proposed legal text, it would request greater clarity on this point in the legal wording of Schedule 2B section 3.
- 6.105 This was noted by the Working Group. It was discussed that whilst the intent is not to charge new connections, there may be cases where an MPAN has never been energised but has been sat with reserved capacity for a period of time. It was agreed that the DNO will need some discretion to write to such sites. If the customer provides sufficient representations to retain the capacity, this will be taken into account by the DNO.
- 6.106 The same respondent also stated that it understood that the proposal is to apply to EHV customers as well, but noted there is no equivalent provision in the EDCM to clause 139 of the CDCM. It considered that the proposed legal text changes should explicitly cover EHV customers as well.
- 6.107 It was noted by the Working Group that a similar clause and condition needs to be added to the EDCM.
- 6.108 The respondent also noted that the proposal is aimed specifically at customers under measurement classes C and E, and queried whether the proposed legal text changes apply to all CT metered sites, which would include some measurement class F customers.

- 6.109 The Working Group discussed DCP 414, 'Transitional Protection for NHH CT Customers affected by regulatory change', as potentially changing the way these customers are charged. It was noted that whilst the new legal text applies to all CT metered customers, the CDCM does not allow these customers to be charged capacity, and so it would not apply. It was noted that following DCP 414, these customers may or may not be allowed to be charged. It was discussed that if these customers are to be charged for their capacity, this Change Proposal's draft legal text would then apply to them.
- 6.110 The respondent also requested the Working Group consider whether the proposed changes should apply to all measurement classes, notwithstanding that not all measurement classes are subject to capacity charges. It was noted by the Working Group that this has already been discussed and agreed as out of scope.
- 6.111 The same respondent also stated the timeframes for making contact are open ended and that the DNO could send the notification to the customer a number of months after this current timeframe. It suggested there should be a deadline for this contact, after which no contact will be made. This was noted by the Working Group for consideration.
- 6.112 The respondent also stated the current draft legal text states that the DNO 'may' contact the customer, which could lead to issues with some DNOs initiating this process and others not doing so, as it is not explicit that the DNO will complete this process. It stated it strongly believed that the legal text should state the DNO 'must' complete this process. It stated the Working Group needed to consider how customers will be treated fairly in this situation where some DNOs will contact these customers and pass charges whilst others will not.
- 6.113 The above was noted by the Working Group for consideration.

## Question 10: Are you aware of any impact on other industry codes of this Proposal?

- 6.114 One respondent referred to the first consultation responses and identified some points for clarification:
- that some modifications may be necessary to the REC to clarify the processes around updating the MPAN status of de-energised and disconnected customers, including expected timelines, to ensure suppliers can adjust their billing accordingly in a timely manner;
  - that change will also be required under the REC for the EMAR as Data Flows will need to be available to use for this process;
  - that a disputes resolution process is needed; and
  - and impacts to the BSC need to be considered, as charges will be passed through under the BSC.
- 6.115 The Working Group discussed whether any flow changes would be required, which would depend on how things are communicated between Parties. The Working Group reviewed the REC, RMP 27 (RMP Lifecycle), to assess if any changes are necessary and concluded that no changes were required.

- 6.116 The respondent suggested that the Working Group confirms whether the existing statutory provisions for Ofgem to make determinations in appeals concerning connection matters are sufficient, for instance, in cases where the customer has responded within 30 days and a disagreement arises between the distributor and the customer.
- 6.117 The Working Group noted this and discussed having this looked at by Gowlings, as part of the legal text review.
- 6.118 The Working Group requested further clarification on the BSC impacts.
- 6.119 One respondent stated that if a subset of de-energised sites are to be charged, then changes to the BSC and REC may be required to facilitate a flag to identify these sites. This was noted by the Working Group and relates to the previous assessment of the responses to this question.
- 6.120 One respondent stated the requirement under the BSC, section 'S', for parties to provide information for TNUoS purposes will need to be assessed when the final proposal is drafted.
- 6.121 One respondent stated that P402 was inadvertently going to create the scenario of charging suppliers residual TNUoS charges, which was highlighted to Elexon which has since issued clarity to confirm that TNUoS residual charges should not be applied for de-energised MPANs. This was noted by the Working Group.
- 6.122 One respondent stated that there is a principal under the Residual Network Charging TCR that the same sites should be applicable for residual charges for DUoS and TNUoS. It stated that if the DCUSA is changed such that some de-energised sites are to be billed DUoS, a corresponding change to TNUoS charging may also be required. It stated that if such a TNUoS change is required, the BSC obligation on DNOs to provide billing data to National Grid, introduced in Elexon Modification P402, will also need to be amended.
- 6.123 The Working Group discussed that the TNUoS charges only requires data for energised sites. It was noted a separate change would be required if TNUoS was to include any de-energised sites.
- 6.124 One respondent stated the changes taking place as a result of MHHS along with the possibility of the DUoS SCR, could both be impacted by this change, but that it would not expect either to have a significant impact. This was noted by the Working Group.

**Question 11: Are you aware of any wider industry developments that may impact upon or be impacted by this Change Proposal?**

- 6.125 One respondent stated the provision of the necessary data needs to be set out under the MHHS reforms.
- 6.126 The Working Group requested additional clarification on this response.
- 6.127 One respondent stated that MHHS is changing things significantly, so any changes need to reflect the new ways of working. This was noted by the Working Group.
- 6.128 One respondent stated again that P402 was inadvertently going to create the scenario of charging suppliers residual TNUoS charges, which was highlighted to Elexon which has since issued clarity

to confirm that TNUoS residual charges should not be applied for de-energised MPANs. This was noted by the Working Group.

## 7 Working Group Conclusions & Final Solution

7.1 The Working Group reviewed the responses and identified the following areas of the consultations for further consideration:

- whether to include all customers in scope of the Change Proposal;
- requiring the customer to confirm they have an active supply contract with a supplier in order to retain their capacity;
- performing a data cleanse of energisation status;
- whether the DNO 'must' contact customers and whether there needs to be a timeframe for this;
- DNO's use of the customer contact details provided on the D0302 data flow for contacting customers;
- how to communicate to suppliers that a de-energised site will be charged DUoS; and
- the potential interaction with DCP 414.

### Whether to include all customers in scope of the Change Proposal

7.2 The Working Group engaged with DNOs and IDNOs to understand how they managed capacity on the basis of the number of de-energised sites within their portfolio of non-half hourly customers. Feedback was sought from DNO and IDNO Parties on the following points:

- if they actively managed their capacity in relation to the number of de-energised sites within a portfolio of non-half hourly sites;
- whether they believed there is benefit in including non-half hourly sites within scope of the change proposal; and, if so
- how they would look to communicate with these customers, reduce or remove their capacity, and/or charge them for any reserved capacity.

### **Do DNO/IDNO Parties actively managed their capacity in relation to the number of de-energised sites within a portfolio of non-half hourly sites?**

7.3 One respondent stated that it considers the total volume of connected NHH customers, but not specifically just de-energised customers.

7.4 One respondent stated that it tracks the number of de-energised NHH sites in the Portfolio, however it does not have information as to the reason for these. It noted they could be for a variety of reasons, such as refurbishments, as a result of a theft investigation, etc. It stated that, for non-half hourly sites, the customer does not enter into a contract for agreed capacity and therefore it does not manage these sites in the same way as half hourly ones.

7.5 One respondent stated that it does not currently do this. It noted that it would be possible, but that some process development would be required.

**Do DNO/IDNO Parties believe there is benefit in including non-half hourly sites within scope of the change proposal?**

7.6 One respondent stated it did not believe that there is benefit in including non-half hourly sites in this change proposal. It acknowledged that the introduction of non-half hourly sites into this Change Proposal would appear appropriate but believed that this would put an onerous burden on Parties at this point due to the numbers involved.

7.7 It also stated there is no agreed capacity for non-half hourly sites and that this would require ongoing engagement with the supplier in this area. It noted the supplier manages this status and arranges this with the customer and stated that it believed that this process should be supplier led.

7.8 It also stated if there is a requirement for charging of de-energised non-half hourly sites, it believed that this should be raised as a new Change Proposal to be assessed on its own merits.

7.9 It further stated that it believed there is currently no incentive for customers to arrange a physical disconnection of a supply for which there is no future use and that it would welcome the introduction of a process where the customer is charged for de-energised sites where no future use has been identified, until the point that the disconnection is complete. It noted that the introduction of Industry flows to ensure an audit trail and the impact on billing systems should both be considered.

7.10 One respondent stated that each connection will have an allocated capacity, meaning there will be some benefit in doing this. It noted that most of these customers won't have a Connection Agreement and do not pay capacity charges, and that, therefore, it would need to be considered if it can follow the same disconnection process as for half hourly sites.

7.11 One respondent stated that it felt it was appropriate that all customers who are connected to the network pay a fair charge for their connection, whether it is used or not, as energised customers pay a higher charge than they otherwise would.

**How would DNO/IDNO Parties look to communicate with these customers, reduce or remove their capacity, and/or charge them for any reserved capacity?**

7.12 One respondent stated that typically a non-half hourly customer does not have a declared capacity, unless it was in place historically, so this is about whether a site which is de-energised is left as is today and does not pay DUoS, it is disconnected after a defined period of time, or whether the site is charged for being connected whilst de-energised. It noted that an approach similar to that which the Working Group is looking at for half hourly could be extended, but the number of customers is much greater than for half hourly, which would be a larger issue to resolve. It agreed with the Working Group's current view that non-half hourly sites are not in scope.

7.13 One respondent stated it would expect any process to include non-half hourly customers to be supplier led, as the de-energisation process is managed by the supplier. It stated that the DNO only has the address in MPRS to contact the customer and does not have the customer's name on file. It

stated that, given the experience of P272, this exercise would be better placed for suppliers. It noted that if the obligation was placed on DNOs, this would need to be supported by suppliers.

- 7.14 The same respondent noted the legal text states that the customer will have 30 days to respond. It questioned that if the customer doesn't respond, does the DNO then have the right to change the capacity to zero, and what will happen if the customer then comes back to say they never received a letter.
- 7.15 It also stated that following the initial process, every new de-energised site will need to be contacted following six months of being de-energised. It stated that, depending on the number of de-energised customers, this could be another administrative burden, and questioned whether it would be better for the supplier, at the time of de-energisation, to ask the customer if they still require the capacity. It also questioned how they would be charged for this.
- 7.16 One respondent stated that sending a letter would be the only guaranteed way of contacting the customer, as there may not be a contact number or email address associated with the site. It stated that as the site will be de-energised, the customer may be unlikely to receive a letter, and that, where it could, an email and phone call would have to be attempted to give the customer the best possible chance to respond. It questioned whether it could be questioned on removing the capacity and/or disconnecting such a site if it did not receive a response for a further 6 months.
- 7.17 It noted that reducing or removing the capacity would follow the current process. It stated it would need to assess the process for non-half hourly sites to ensure it is realising the benefit of disconnecting the greater volume of smaller capacities.
- 7.18 The Working Group noted the responses.
- 7.19 The Working Group discussed that none of the DNOs actively managed their capacity on the basis of the number of de-energised sites within a portfolio of non-half hourly sites.
- 7.20 The Working Group also discussed a previous DCUSA Change Proposal, [DCP 160 'Non-Half Hourly \(NHH\) Notional Capacity'](#), which was rejected by Ofgem and may have relevant points relating to how networks plan their capacity.
- 7.21 The Working Group reviewed the DCP 160 decision letter from Ofgem and noted the following key points that were relevant for consideration:
- for half hourly consumers the MIC [agreed capacity] is guaranteed regardless of whether they use it, whereas for non-half hourly consumers no such guarantee exists; and
  - half hourly consumers have an opportunity to lower their MICs and thereby reduce their charges, whereas non-half hourly consumers do not.
- 7.22 Ofgem stated, in that decision letter, that 'differences suggest to us that the difference between the MIC and the maximum utilised capacity for HH consumers is closer to a definition of 'reserved' capacity and that the MIC should therefore be subject to charging regardless of the actual utilised capacity. We agree with the majority of the consultation respondents that HH consumers are paying for unutilised capacity whereas NHH consumers are not. However, the opportunities that HH

consumers have in this regard are not available to NHH consumers. This suggest to us that they should not be charged on a similar basis as set out in this proposal.'

- 7.23 The Working Group agreed that non-half hourly customers would continue to be out of scope of this Change Proposal.

## **Requiring the customer to confirm they have an active supply contract with a supplier in order to retain their capacity**

- 7.24 The Working Group reviewed the additional legal text proposed by one of the respondents to the consultation.

- 7.25 The Working Group refined the proposed legal text and agreed to include this:

*Such notice from the Company must also inform the Customer that use of system charges will apply if the Maximum Import Capacity and/or Maximum Export Capacity are maintained, and that the Customer must (unless it is itself the Registrant) have an active supply contract (and power purchase contract, if there is an export capacity) to enable the Registrant to recover those use of system charges from the Customer.*

## **Performing a data cleanse of energisation status**

- 7.26 The Working Group discussed the scope, feasibility and scale of a data cleanse.

- 7.27 It was queried whether there was a need for a data cleanse, as an incorrectly de-energised site with consumption would show advancing usage and should be identifiable as part of existing industry exceptions processes.

- 7.28 The Working Group agreed that a data cleanse of energisation status data was not in scope of this Change Proposal. It was discussed that it should be clarified with the MHHS Programme whether any data cleansing or exceptions handling relating to energisation status would be performed as part of the market-wide migration, but that it should not prevent the progression of this Change Proposal.

- 7.29 The MHHS Programme confirmed that no data cleanse activity was being undertaken in relation to energisation status during the migration. The Working Group agreed that this should not prevent the progression of this Change Proposal.

## **Whether the DNO 'must' contact customers and whether there needs to be a timeframe for this**

- 7.30 The Working Group discussed whether the legal text should state DNOs 'may' contact customers, affording them discretion to do so, or require that DNOs 'must' contact customers.

- 7.31 The Working Group also discussed whether there should be specific timeframes or deadlines for DNOs to contact customers, by which customers 'must' be contacted or after which customers may no longer be contacted.

- 7.32 The Working Group considered whether it should be explicit that a DNO must follow the process and contact all customers who are de-energised for a minimum of 6 months. It was discussed that this could be onerous on DNOs as there would be a backlog of customers that DNOs would need to work

through as well as sites more recently de-energised reaching 6 months of de-energisation, adding to the backlog.

- 7.33 One Working Group member suggested this could be managed on a transitional basis, whereby existing de-energised sites are worked through over an extended period of time, whilst more recent de-energised sites are contacted as they reach the 6-month timeframe.
- 7.34 The Working Group also discussed whether, after a period of time has passed with no customer contact, that the DNO should not then be able to contact a customer (e.g., if a customer is not contacted within a certain time after having been de-energised for six months, they will never be contacted).
- 7.35 The Working Group discussed that this could limit the DNOs ability to deal with a lack of available capacity at a future point in time, because the customer wasn't previously contacted (e.g., when there was previously not a lack of available capacity). It was also noted that this could potentially open up the process to gaming, whereby customers could make representations up to the deadline, and not need to make them again afterwards.
- 7.36 The majority of the Working Group agreed to retain the flexibility in the legal text in terms of affording the DNOs discretion on both which customers to contact and when to contact them. One Working Group member strongly disagreed with this and felt it should be consistent across the DNOs and across customers.
- 7.37 The Working Group member re-iterated their view that the amount of discretion proposed in terms of which de-energised (measurement classes C and E) customers a Company contacts, and at what point in time, could lead to potentially unfair outcomes, whereby some customers would be subject to the new process, and be charged for retaining their capacity, whilst others wouldn't. There would be no transparency of the reasons for the differential treatment, and there could be inconsistencies in the approach different DNOs take in terms of which customers they contact.
- 7.38 An example of the impact of differential treatment would be two EHV-connected generators (in measurement classes C and E), which are both de-energised for replanting, with both wishing to retain their capacity. However, one is contacted by their DNO and charged DUoS, the other is not (and hence is able to retain their capacity without having to pay network charges during their de-energisation). This could affect competition between these two generators due to the differences in their network charging costs.

### **DNO's use of the customer contact details provided on the D0302 data flow for contacting customers**

- 7.39 The Working Group sought clarification on what the data provided on the D0302 can be used for.
- 7.40 The Secretariat sought advice from the REC on this and received guidance on which schedules would apply. The following legal text was reviewed by the Working Group:

Schedule	Paragraph	Text
13	2.2	Each Party shall only access, update, share, use or otherwise process PSR Data and Consumer Contact Data insofar as is necessary to comply with its Energy Licence and any other statutory obligations which apply to it as the holder of an Energy Licence.
13	2.4	For the PSR Data and for the Consumer Contact Data that comprises personal data, each Party shall only access, update, share, use or otherwise process that data insofar as the Party has a lawful basis for processing under the Data Protection Legislation. Such lawful basis for processing may include (but is not limited to): consent; legal obligation under Law or an Energy Licence; or legitimate interests weighed against the Consumer's interests. To the extent that the personal data is special category data, the further conditions for processing will also apply.
13	2.5	Each Party shall comply with its obligations under the Data Protection Legislation concerning the PSR Data and the Consumer Contact Data, including those obligations concerning transparency. Clause 19 (Data Controller Obligations) of the main body of this Code applies.
Main Body	19.2	Where a Party (including the CRS Provider or RECCo) or a REC Service User or REC Service Provider acts as a Controller in Processing REC Data, then it shall be a REC Controller.
Main Body	19.4	Each REC Controller confirms that it has effected, and undertakes that it shall maintain, all such notices and registrations as it is required to effect and maintain under the Data Protection Legislation to enable it lawfully to perform the obligations imposed on it by this Code, and exercise the rights granted to it by this Code.
Main Body	19.5	Each REC Controller undertakes to comply with the Data Protection Legislation in the performance of this Code, including ensuring, in respect of REC Data to be shared or otherwise Processed pursuant to this Code, that the REC Controller has a lawful basis for such sharing and other Processing.

7.41 The Working Group discussed that, if this Change Proposal is approved, DNOs would be using the Customer Contact Data in compliance with their obligations under the DCUSA.

7.42 The Working Group discussed whether a Data Protection Impact Assessment was required in order to use this data. It was agreed that it would not be required as this data was already provided to and held by the DNOs and that it would be processed in accordance with the DNOs obligations under the DCUSA.

## How to communicate to suppliers that a de-energised site will be charged DUoS

- 7.43 The Working Group, having agreed a data flow would be used, reviewed the existing Site Visit Check Codes used on the D0139.
- 7.44 It was determined that a change request would need to be raised with the REC to introduce a new code to enable the chargeable status of a de-energised site to be communicated to suppliers in a secure and auditable manner.
- 7.45 A REC change was raised accordingly and it is recognised by the Working Group as a dependency for this change proposal.

## The potential interaction with DCP 414

- 7.46 The Working Group reached out to the DCP 414 Working Group to better understand the potential interaction between DCP 411 and 414.
- 7.47 DCP 414 seeks to provide transitional protection for Non-Half Hourly Current Transformer customers moving to Half Hourly settlement and prevent penal excess capacity charges being applied to customers in any instance that the Maximum Import Capacity is a zero value because there is no site-specific connection agreement in place between users and Distribution Network Operators. You can find more information on DCP 414 on the DCUSA website, here: [Transitional Protection for NHH CT Customers affected by regulatory change - DCUSA](#)
- 7.48 DCP 414 currently has two proposed solutions:
- Solution A – Default MIC
  - Solution B – New Aggregated Tariff

### Solution A

- 7.49 The Distributor will decide on the default MIC value were there has been no agreement with the customer in advance of the migration for either P432 or CT customers migrating due to MHHS.
- 7.50 The transition period is to be applied on the first migration (and not on any future migration should a reverse migration take place) and will be closed eighteen months from the migration date, which allows for twelve months data to be received and a further six months to agree a MIC with the customer or notify them of the revised MIC based on the metering data received.
- 7.51 Where the default MIC is replaced with a revised MIC then:
- if the revised MIC is lower than the default, it will be applied retrospectively from the date of the migration; or
  - if the revised MIC is higher than the default, it will be applied retrospectively from the date the MIC breached the default value.

### Solution A Working Group Conclusion

- 7.52 Where such a site has been de-energised for a period of 6 months or longer and contact is made by the DNO, the customer, at that time, will have a default MIC value set or a revised MIC. The default

MIC value is based on a limit of 69kVA. Where a customer wishes to retain their MIC, be that the default MIC or the revised MIC, they would become subject to the appropriate DUoS charges.

## **Solution B**

- 7.53 This solution effectively keeps the customers on the same tariff as they are now by making it available to Measurement Class C and E. This is achieved by changing the name of the tariff and several changes to the CDCM schedule.
- 7.54 It applies the same tariff components as the NHH domestic and NHH non domestic tariffs but requires the creation of new LLFCs to differentiate between NHH and HH settled arrangements.
- 7.55 The Working Group contacted Elexon to determine the impact on whether to:
- use existing LLFCs;
  - create new measurement classes; or
  - create new LLFCs for use on Measurement Class C or E.
- 7.56 Within six months following the completion of the either twelve months post migration or twelve months post MHHS M15 milestone, the distributor assesses whether to continue to apply the aggregated tariffs or apply Site Specific tariffs based on the actual metering data received post migration.
- 7.57 Where demands in excess of 69kVA have been calculated the distributor shall reasonably determine an appropriate MIC, having regard to the maximum demands in that period and shall notify the Customer.

### Solution B Working Group Conclusion

- 7.58 Where such a site has been de-energised for a period of 6 months or longer and contact could be made by the DNO, the customer, at that time, will either:
- have the aggregated tariff applied; or
  - having exceeded a demand of 69kVA, have a MIC.

Where a customer has a MIC and wishes to retain this, they would become subject to the appropriate DUoS charges.

## **8 Relevant Objectives**

### **Assessment Against the DCUSA Objectives**

- 8.1 For a DCUSA CP to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the Change Proposal form provided as Attachment 5.
- 8.2 The Working Group considers that the following DCUSA General Objectives are better facilitated by DCP 411:

	DCUSA General Objectives	Identified impact
<input checked="" type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive
<input type="checkbox"/>	2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Neutral
<input checked="" type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
<input type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	Neutral
<input type="checkbox"/>	5. Compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Neutral

8.3 General Objective 1 is better facilitated as the License requires Distributors to work towards efficient and economic operations, by ensuring that capacity is freed up on the Networks where it is no longer needed by Customers and ensuring charges are applied to all site-specific billed Customers who choose to continue reserving capacity on the Networks.

8.4 The majority of Working Group members believe the impact to General Objective 2 to be neutral. However, one Working Group member considered the impact to be potentially negative on competition in generation because some de-energised generators (such as EHV generators registered in the SVA) wishing to retain their capacity would be contacted and subsequently charged network charges whilst others would not be contacted or charged, leading to differences in their cost base and hence potentially competitiveness (as set out in paragraphs 7.37 to 7.38 above).

8.5 General Objective 3 is better facilitated as the different treatment, between energised customers who pay DUoS and de-energised customers who don't pay DUoS but choose to continue to reserve capacity, is removed.

8.6 The Working Group's view is that there is a neutral impact on the rest of the objectives.

	DCUSA Charging Objectives	Identified impact
<input checked="" type="checkbox"/>	1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	Positive
<input type="checkbox"/>	2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	Neutral
<input checked="" type="checkbox"/>	3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	Positive
<input type="checkbox"/>	4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	Neutral
<input type="checkbox"/>	5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and	Neutral
<input type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	Neutral

8.7 Charging Objective 1 is better facilitated, as the License requires Distributors to work towards efficient and economic operations, by creating a mechanism by which de-energised customers' requirements are better understood and are charged accordingly.

8.8 The majority of Working Group members believe the impact to Charging Objective 2 to be neutral. However, one Working Group member considered the impact to be potentially negative on competition in generation because some de-energised generators (such as EHV generators registered in the SVA) wishing to retain their capacity would be contacted and subsequently charged network charges whilst others would not be contacted or charged, leading to differences in their cost base and hence potentially competitiveness (as set out in paragraphs 7.37 to 7.38 above).

8.9 The majority of Working Group members believe Charging Objective 3 is better facilitated where customers are contacted and agree to pay to reserve their capacity or surrender their capacity, and that for other customers, this is neutral. One Working Group member considered the positive impact to be partial only. It is likely that under the proposed process, only a selection of de-energised generators who wish to retain their capacity will be subject to network charges, whereas others would not be. For example, in the case of generators in measurement classes C and E, such as EHV generators registered in the SVA, this would result in charges being applied in a way that may not reflect the actual costs incurred by the DNO parties, therefore not fully meeting this objective.

## 9 Impacts & Other Considerations

### Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

9.1 The Working Group did not identify any impacts.

### Does this Change Proposal impact Other Codes?

BSC.....	<input type="checkbox"/>	MRA.....	<input type="checkbox"/>
CUSC.....	<input type="checkbox"/>	SEC.....	<input type="checkbox"/>
Grid Code.....	<input type="checkbox"/>	REC.....	<input checked="" type="checkbox"/>
Distribution Code..	<input type="checkbox"/>	None.....	<input type="checkbox"/>

### Consideration of Wider Industry Impacts?

9.2 A change under REC required to the D0139 data flow has been identified and raised.

## 10 Implementation

10.1 The proposed implementation date for DCP 411 is 3 months after Authority decision.

## 11 Legal Text

11.1 The legal text for DCP 411 has been reviewed by the DCUSA legal advisors and is provided as Attachment 1.

11.2 The Working Group has considered the legal text and is satisfied that it meets the intent of the solution.

## 12 Code Specific Matters

### Modelling Specification Documents

12.1 N/A

### Reference Documents

12.2 N/A

## 13 Recommendations

### Panel's Recommendation

- 13.1 The Panel approved this Change Report on 17 May 2023. The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 411.
- 13.2 The Panel has recommended that this report is issued for Voting and DCUSA Parties should consider whether they wish to submit views regarding this Change Proposal.

## 14 Attachments

- Attachment 1 - DCP 411 Legal Text
- Attachment 2 - DCP 411 Voting Form
- Attachment 3 - Consultation 1 Responses & Working Group Comments
- Attachment 4 - Consultation 2 Responses & Working Group Comments
- Attachment 5 - DCP 411 Change Proposal Form
- Attachment 6 - RFI Collated Responses
- Attachment 7 - Process Flow Chart