

DCP 413 Working Group - Meeting 03

11 January 2023 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Andrew Sherry [AS]	ENWL
Christine Austin [CA]	ENWL
Donald Preston [DP]	SSE
Jennifer McConnell [JMC]	SPEN
Karl Maryon [KM]	DRAX
Peter Waymont [PW]	UKPN
Richard Ellis [RE]	National Grid
Code Administrator	
Andy Green [AG] (Chair)	ElectraLink
George Kestner [GK]	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink

1. Administration

- 1.1 The Working Group reviewed the “Competition Law Guidance” and “Terms of Reference”. All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting and agreed to the Terms of Reference.
- 1.2 An action log has been created and all updates are provided in **Appendix A**.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of this meeting is to review and discuss the DCP 413 Consultation responses with the Working Group.

3. Review Consultation Responses

- 3.1 The Working Group reviewed the Consultation responses and Working Group comments were added to the document live.

Question 2

- 3.2 The Working Group noted that all DNO respondents agreed with principles of this change, however the one Supplier respondent did not agree.
- 3.3 One member stated that since the implementation of DCP 349, a number of businesses have failed and stated that DCP 413 is another element of this.
- 3.4 Another member stated that when DCP 349 is implemented in June 2023, there will be more Suppliers basing their credit cover on the Suppliers credit rating. There is a large number of good payment history users that will drop out of this from June 2023.
- 3.5 The Working Group reiterated that further engagement is needed from Suppliers around this change as this will have an impact on them as well as DNOs. The Chair noted that if there is little to no further engagement with Suppliers, this will have to be stated clearly within the Change Report.

Question 4

- 3.6 Four out of six respondents were able to insert data into the table template provided.
- 3.7 One member stated asked where a Supplier would have a shortfall if the change was to be implemented, would this need to be cash collateral, or could alternative methods of credit also be used? The Working Group agreed it would be beneficial to have this clarified.

ACTION 03/01: The Secretariat to clarify whether the shortfall of a Supplier could be paid using alternate methods of credit.

- 3.8 One member confirmed that they would not combine two methods such as good payment history and credit rating, but happy to accept any method alongside cash.
- 3.9 It was noted that the DNO increase for 2024 is expected to be anywhere between 30-55% (which will already be on top of the April 2023 price increase. The Working Group agreed that this is important to note within the Consultation.

Question 6

- 3.10 One respondent does not believe that this change better facilitates the DCUSA General Objectives.
- 3.11 The Working Group noted there is a risk of this change in that it could produce further costs for industry could be implemented. All members have previously acknowledged this for both DCP 413 and DCP 349 being implemented together.

Question 8

- 3.12 The Working Group noted that the original proposed implementation for this change would be six months post Authority approval. Four respondents were happy with this implementation date; however, one respondent suggested a lead time of at least six months post DCP 349 being implemented, and another respondent suggested 24 months lead time after implementation.

Discussion

- 3.13 Following the review of the Consultation responses, the Working Group noted that this CP will change a number of Suppliers financial risk significantly.
- 3.14 One member stated that the current Schedule 1 is based on how much cover can a Supplier be given as opposed to how much credit does a Supplier need, and this is what is trying to be addressed within this change.
- 3.15 Although there has seemed to be minimal Supplier engagement within this Working Group and to the Consultation, a number of Working Group members have received queries from various Suppliers asking what their current credit arrangements are and what this would look like if DCP 413 was implemented.
- 3.16 A member suggested creating a spreadsheet for Suppliers to complete to show the functioning of the current Schedule 1 for the Working Group to compare with what it would look like following the implementation of DCP 413.
- 3.17 One member queried whether DNOs could send through non-anonymised data to DCUSA to compile and then anonymise prior to sending to the Working Group to review to see if the same Suppliers are affected – the Secretariat agreed to take an action to seek legal advice around this first.

ACTION 03/02: The Secretariat to seek legal advice around whether DNOs can send non-anonymised data to DCUSA to analysis and the anonymise prior to circulating to the Working Group for review.

- 3.18 Following the above, the Working Group agreed that further Supplier engagement within this change is needed prior to developing this further and sending to the Authority for approval. With this, the Secretariat agreed to recirculate the Consultation to Suppliers to try to gain further feedback regarding this change with a deadline to respond on 20 January 2023.

ACTION 03/03: The Secretariat to recirculate the DCP 413 Consultation to Suppliers to seek further feedback with a response deadline of 20 January 2023.

- 3.19 The Working Group will then review the additional Consultation responses at the next Working Group meeting.
- 3.20 The Secretariat also agreed to put together a draft Change Report ready for the Working Group to review and work at the next meeting once the additional responses have been received.

ACTION 03/04: The Secretariat to draft a Change Report for the Working Group to review and work on at the next meeting.

4. DCP 413 Workplan

- 4.1 The Working Group reviewed the workplan for DCP 413 and agreed with the proposed dates. The updated workplan can be found as **Attachment 1**.
- 4.2 The workplan will be updated after each meeting.

5. Agenda Items for Next Meeting

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

1. The Secretariat to circulate the updated Consultation responses to the Working Group prior to the next meeting.

6. Any Other Business

6.1 The Chair asked the group whether there were any other items of business to discuss.

6.2 There were no other items raised.

7. Date of Next Meeting

7.1 The next Working Group meeting will be held on 01 February 2023 at 10am.

8. Attachments

- Attachment 1_DCP 413 Workplan

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
02/01	The Secretariat to send the draft legal text to Gowling for final review post-Consultation.	Secretariat	Ongoing. Will be sent to Gowling post-Consultation.
03/01	The Secretariat to clarify whether the shortfall of a Supplier could be paid using alternate methods of credit.	Secretariat	Ongoing.
03/02	The Secretariat to seek legal advice around whether DNOs can send non-anonymised data to DCUSA to analysis and the anonymise prior to circulating to the Working Group for review.	Secretariat	Ongoing.
03/04	The Secretariat to draft a Change Report for the Working Group to review and work on at the next meeting.	Secretariat	Ongoing.

Closed Actions

Action Ref.	Action	Owner	Update
02/02	The Secretariat to collate all DNO responses (to the table) so that all data is anonymised.	Secretariat	Closed.
03/03	The Secretariat to recirculate the DCP 413 Consultation to Suppliers to seek further feedback with a response deadline of 20 January 2023.	Secretariat	Closed.

The logo features the text "DCUSA" in a white, bold, sans-serif font, underlined. It is positioned on the right side of a green banner that has a wavy, organic shape. The banner contains faint, overlapping geometric lines in various shades of green.

DCUSA