

DCP 414 Working Group - Meeting 05

30 January 2023 at 14:00

Location/ Web-Conference/Teleconference

Attendee	Company
Lee Stone (LS)	Npower
Peter Waymont (PT)	UKPN
Chris Ong (CO)	UKPN
Claire Campbell (CC)	SPEN
Pamala Howe (PH)	NPg
Simon Askew (SA)	Business Energy Direct
Dimutha Wijetunga (DWS)	Shell
Kara Burke (KB)	NPg
Karl Maryon (KM)	Drax
George Moran (GM)	Centrica
Donna Jamison (DJ)	Energy Assets
Danielle Walton (DW0)	Ofgem
David Wornell (DW)	National Grid
Ekpe Blessing (EB)	SSE
Code administrator	
Andy Green [AG] (Technical Secretariat)	ElectraLink
John Lawton (JL) Chair	ElectraLink
George Kestner	Electralink

Apologies	
Simon Yeo (SY)	National Grid

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 The actions from this Working Group have been captured in an action log. The action log can be found at **appendix 1**.

2. Purpose of the Meeting / Timeline for Delivery

- 2.1 The Chair explain that the purpose of the Working Group was to review the responses from the second consultation ,review the legal text and the change report if time allowed.

3. Review Responses to the Second Consultation

- 3.1 The Working Group started to review the second consultation document , this document can be found in **Attachment 1 _DCP414_Collated_Consultation2_responses**.

Which option do you support?

- 3.2 There were eight responses received with the support for each option being:
 - Option 1 – 0
 - Option 2 – 5
 - Option 3 – 1
- 3.3 The majority of respondents (five) supported option 2 as the solution to be taken forwards.
- 3.4 The other two responses were from suppliers who offered alternative solutions. The first alternative suggested by Shell was billing customers on an aggregated tariff structure for a full twelve months from April-March and agree a MIC during that time, otherwise no change to HH site specific tariff is made until agreement is reached.
- 3.5 The other alternative, which was suggested by British Gas, was keeping these customers on the aggregated tariff structure that is currently applicable to them until all customers have migrated. A future change could then consider the appropriate charging arrangements in the MHHS world.
- 3.6 DWS from Shell advised that their view is mostly aligned with the responses from British Gas and noted that this change is almost being forced onto customers and that most customers would not know what a Maximum Import Capacity (MIC) was and as such introducing a capacity charge for these customers could result in confusion and potentially be unfair if an explanation wasn't given.

- 3.7 DWS advised that Shell believed that these customers should be left to only paying DUoS, as per the current tariff structure, until there is actual data for the distributor to use to calculate the MIC and that the new charges could then be communicated to the customer.
- 3.8 PW asked if this would entail a methodology change and also is there still a need for the supplier to communicate how the customer's final bill would look as distributors wouldn't know how the new charges/tariffs are passed onto customers.
- 3.9 DW noted that delaying the process would give the distributor extra time to get the data required otherwise the required capacity would still be unknown. He did note that if these customers are retained on an NHH tariff for 12 months but migrated to HH they wouldn't be charging the capacity charge, but we would still get the data.
- 3.10 JL noted if a NHH customer was going through a transition to a HH customer, their LLFC would change as a consequence of that and asked how could it be ensured the customer is billed on a NHH arrangement without a modelling and methodology change?
- 3.11 The Working Group agreed there may be merit in the alternative solutions but also agreed that this would involve new tariffs, potentially a new measurement class and modelling changes but also agreed that this approach would allow distributors to have visibility of the HH data whilst charging the supplier on a tariff on similar arrangements to the NHH tariff (i.e unit charges and a fixed charge) for a period of time.
- 3.12 DWS also noted that Shell were also supportive of the approach suggested by British Gas which was in the consolidated consultation response document. The Working Group agreed that the two suggestions put forward by Shell and British Gas were very similar.
- 3.13 JL noted that this could require a modification to the BSC and this would likely impact the implementation date for this change, potentially pushing it to April 2025 which the Working Group agreed with.
- 3.14 It was suggested that a small group of Working Group members take away the suggestion and draft a solution to feed back to the Working Group would be a good approach.
- 3.15 This suggestion was accepted and LS, PW, GM and DW agreed to do this and that this solution could be offered as an alternative solution to option 2 as most respondents were supportive of option 2.

Where the customer has not agreed a MIC during the 12 month period post migration, should the distributor calculate the MIC and notify the customer of the revised value? Please provide rationale.

- 3.16 Three respondents agreed with the above process, two respondents suggested that any changes should be handed over to the supplier to notify the customer, one respondent suggested that the obligation should be one the distributor to contact the customer.
- 3.17 Although Shell didn't provide an answer to this question DWS advised that Shell's position was similar to British Gas's that the contact process should be distributor led. DWS did however note that suppliers should do all they can to support distributors in this process.

Do you believe that the MIC Default value should be left to the distributor to determine? Please provide rationale.

- 3.18 Five responses were in favour of the distributor setting this value, one seeking a common value across the industry and two offering no response.

- 3.19 It was unclear what ENWL meant by ‘*With data sharing, this could ultimately be set through parties utilising the same core data*’ within their response. The secretariate took an action away to confirm with ENWL what was meant by this and feedback to the Working Group.

Should the CT Metered Customers not covered by P432 be extended the same protection? Please provide rationale.

- 3.20 Five respondents believed that the protection should be extended CT customers not covered by P432.
- 3.21 Two respondents didn’t offer an opinion.
- 3.22 One respondent didn’t believe that the protection should be extended to these customers and that BAU processes would kick in and that as a result suitable communication should make it clear that a MIC needs to be agreed with their DNO so any protection such as this should not be necessary.

Should the MIC protection be subject to sunset clause or a defined period after the migration has taken place? Please provide rationale.

- 3.23 Six respondents agreed with a defined period being set rather than a sunset clause.
- 3.24 One respondent added that the defined period should be longer than 12 months suggesting that twelve months data should be used and then a further three months to agree the revised value.
- 3.25 One respondent supported a sunset clause and the final respondent replied that the question was not applicable to them.
- 3.26 The Working Group reviewed the responses and concluded that a defined period of 12 months with an extended period thereafter of a minimum of 3 months to agree the revised value was the best approach. This would allow time for distributors to collate accurate data to calculate the MIC and also mitigate the risk of all these customers migrating around the same time creating a large demand to distributors from customers in one hit.

Do you agree with the Working Group that the communications should be led by the supplier? Please provide your rationale.

- 3.27 Six respondents supported a supplier led approach.
- 3.28 One responded supported a distributor led approach with collaboration between suppliers and distributors.
- 3.29 The Working Group agreed to revisit this one the small sub group had drafted a solution for the alternative processes offered by Shell and British Gas.

Is there any further information that needs to be added to the obligation placed on the supplier? Please provide your rationale

- 3.30 It was noted that six respondents offered no additional information to be included within this obligation. One of these respondents did note that that the obligation should fall upon the supplier.
- 3.31 One responder suggested that within the legal text in para 19.12A, item F should state to customers what the consequences for not having a MIC agreed are.
- 3.32 Another responder noted that it would be useful if all suppliers used a similar set of words within the communication to customers to keep the process consistent.

- 3.33 It was again agreed to revisit this when the legal text is finalised and after reviewing the alternative solution that is proposed.

Should the protection offered be a once only protection even though customers may revert back? And are there any unintended consequences Please provide your rationale.?

- 3.34 Five respondents supported a one-time protection approach.
- 3.35 Two respondents didn't offer a view.
- 3.36 One respondent suggested that this could be avoided by keeping the customers on an HH aggregated tariff which the Working Group had agreed to explore further as part of the potential alternative solution.

Is the additional protection provided in the national terms of connection and the Residual Charges schedules sufficient? Please provide your rationale

- 3.37 Six of the respondents agree with the protection offered within the National Terms of Connection.
- 3.38 One of the respondents who agreed did also note that it needs to be made clear that retrospective changes of MIC cannot lead to higher overall costs in those historic months. The Working Group agreed with this and concluded that the customer would always be able to discuss this with the distributor if they felt the MIC was too high and a new MIC could be agreed. This is in line with the process currently and wouldn't change.

Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.

- 3.39 One respondent didn't offer an opinion.
- 3.40 All respondents who offered a view agreed that the DUCSA objectives would be better facilitated by the proposed solution.
- 3.41 The Working Group agreed to revisit the objectives once the final solution had been devised and provide a view in the change report.

What date do you believe this change proposal should be implemented? Please provide rationale.

- 3.42 Five respondents supported a June 2023 implementation date to align with P432.
- 3.43 One respondent supported an implementation date of 6 months post authority approval.
- 3.44 Another respondent supported an implementation date of April 2025 which could align with the potential alternative solution timeline. The rationale provided was that this would allow time to collate data and communicate with customers effectively.
- 3.45 The Working Group agreed to revisit the implementation date once the alternative solution had been reviewed and an agreed solution taken forwards.

Do you have any comments on the draft legal text?

- 3.46 Six respondents offered no comments on the legal text.
- 3.47 One respondent highlighted some typographical errors which the secretariate noted they would update.

- 3.48 The other responder who provided a view didn't have any comment on the text itself other than it would be more appropriate for distributors to lead on.
- 3.49 This was again another area the Working Group agreed to reconsider once the alternative solution had been reviewed.

Do you have any further comments on this change proposal?

- 3.50 All but one respondent offered no additional comment.
- 3.51 The one respondent who offered additional comments stated that they supported a process that maintains the same structure of charges as is currently applied to all customers migrating to HH until the migration has completed for all customers.
- 3.52 It was noted that this point had already been raised earlier and that LS, DW, PW and GM had agreed to set up a call to draft an alternative solution in line with the responses from Shell and British Gas to question 1 and then present this solution back for the Working Group to consider.
- 3.53 As noted through the meeting, the Working Group agreed to revisit some of the questions within consultation responses that had not been answered once the alternative legal text had been reviewed and then draw their conclusions.

Next Steps

- 3.54 The Working Group agreed to review the alternative draft solution and LS agreed to discuss the approach with Elexon about the possibility of raising a modification for a new measurement class.
- 3.55 The Working Group agreed to meet again on 20 February 2023 between 14:00pm and 17:00pm.

4. Attachments

- **Attachment 1 _DCP414_Collated_Consultation2_responses.**

5. Next Meeting – 20 February 2023

- 5.1 The next Working Group to be held on 20 February 2023 between 14:00pm and 17:00pm.

Appendix 1 – Actions Log

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

Ref.	Action	Owner	Update
5.1	Secretariate to confirm with ENWL what they meant with their data sharing comment in their response to Q3	Andy Green	
5.2	Lee Stone to raise with Elexon the prospect of introducing new measurement classes.	Lee Stone	
5.3	Small sub group to create a solution based on the feedback from British Gas and Shell and feedback to the Working Group.	Lee Stone, Peter Waymont, David Wornell and George Moran	

Closed – (Open/Closed Session) or (Board)

Ref.	Action	Owner	Update
1.1	Secretariate to produce a draft consultation and share with the Work Group on 11 November 2022.	Andy Green	Closed
4.1	Create a clean formatted version of the legal text ready to be issued with the second consultation.	Andy Green	Closed
4.2	Create a clean formatted version of the second consultation document and issue to industry on 10 January 2023	Andy Green	Closed
4.3	Kara Burke to send comments and feedback on the second consultation document to the secretariate and the secretariate to consider the suggested amendments	Andy Green	Closed