

DCP 414 Working Group - Meeting 06

13 March 2023 at 10:00

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
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	

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 open actions including the alternative solution, finalise the conclusions to the second consultation, review the legal text and if time permitted, consider questions for a third consultation.

3. Review Open Actions and Response from Elexon

- 3.1 The Working Group started to review the second consultation document, this document can be found in **Attachment 1 _DCP414_Collated_Consultation2_responses**.
- 3.2 The Chair invited LS to discuss Elexon’s response to creating new measurement classes.
- 3.3 LS explained that there would be circa 700 new LLFC’s (LS did state that it would likely be lower than 700 but this was the ballpark figure).
- 3.4 It was noted when new LLFCs were created for the Targeted Charging Review (TCR), this was difficult process due to the volume of new LLFCs created. It was acknowledged that the number of new LLFCs for this change would be much lower and it was explained that the process for the TCR was to match the new LLFCs into different groups and that the volumes were split into separate releases that occurred over 5 weeks.
- 3.5 This meant that if Elexon wanted to follow a similar process of updating the new LLFCs in five weekly releases, it could impact the delivery date for the change. As the volumes for this change were much smaller than the TCR though, the Working Group believed that this wouldn’t be a huge issue to update.
- 3.6 The conclusion to the Elexon response was that whilst it may create delay in delivering this change, Elexon saw no other issues in creating new LLFCs. The Working Group agreed that Elexon’s response did mean that the alternative solutions put forward by British Gas and Shell in Consultation 2 were workable. The Working Group moved on to discuss the alternate solution put forward by the sub group.

4. Review alternative solution offered by sub group.

- 4.1 The initial concern raised was whether the alternate solution required a derogation or not. It was agreed that the solution offered by the sub group wouldn’t require a methodology model change.
- 4.2 LS did note that the LC14 statement charges would need to be updated with the new tariffs/LLFCs which is why a derogation may potentially be required and the Working Group agreed to raise a consultation question on whether a derogation is needed and if so what type of derogation was required.

- 4.3 It was agreed that the alternate solution would require a new tariff names/titles as well as adding in the new LLFCs which would also be needed in the model. It was specifically noted that these would only be title/naming changes and not for calculating the charges.
- 4.4 It was also agreed that the above changes would fall under housekeeping and could be catered for within this change proposal.
- 4.5 It was suggested that the current drafted solution wouldn't be transitional as the change would be enduring. The Working Group discussed this and agreed as the change would allow for the transition from NHH to HH, it should be transitional, however, the current approach would require a further change at a later stage for an enduring solution.
- 4.6 The Working Group then discussed how these customers would be charged during the transition/migration to MHHS. The Working Group agreed that the options are:
- Use actual data as and when it's received throughout the transition and move the customer onto a site specific MIC; or
 - Do it as a one off 'big bang' at the end of migration for all customers.
- 4.7 The Working Group agreed that a decision needs to be made as to whether the transitional window ends 12 months after migration or at M15 which is completion of migration within the CUSC. The Working Group agreed that a backstop was required within the legal text to make it transitional and that a consultation question asking when customers should have their charges amending would be included.
- 4.8 The options the Working Group believed to be available were either:
- 18 months, 12 months to collect data and then 6 months to agree a MIC with a customer or
 - using the MHHS programmes M15 milestone plus 12 months.
- 4.9 DWO advised that whilst she couldn't make a suggestion, any solution that offered long term benefits to customers should be considered. DWO also went on to state that the main requirement for this change is that the customers going through migration from NHH to HH are not subjected to any unfair charging. It's ok if they are charged excess capacity if their MICs agreed aren't appropriate but they must be charged fairly.
- 4.10 The Working Group continued to discuss if an end date was required within the solution. It was noted that whilst an end date could be inserted, due to the volume of change within the industry it would be likely that the end date would need to be changed via a separate DCUSA CP but the options stated under 4.8 create the end date.
- 4.11 SA raised a concern around customer engagement where the data had been received and a MIC can be agreed stating that purely sending letters to customers stating they needed to contact their suppliers/distributors to agree a MIC.
- 4.12 SA asked if a website could be created to support customers in understanding what the changes meant to them. DWO from advised she would take away an action to see if this was something Ofgem could support.
- 4.13 The Chair asked if that the initial consultation favoured the Default solution but as this alternative solution had been offered since, which solution did the Working Group want to take forward.

- 4.14 The Working Group preferred the alternative solution but as there was appetite for the Default solution also, taking both these solutions forward for consultation 3 would be a sensible approach.

5. Review Responses to the Second Consultation

Which option do you support?

- 5.1 It was noted that option 2, default MIC, was the preferred option and is being taken forward as well as the alternative solution offered by the sub group.

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.

The conclusion to this was that the distributor would use actual data to calculate the MIC if no agreement hadn't been made with protections in place within the National Terms of Connection.

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

- 5.2 It was noted that this would be no longer relevant as the distributor would use actual data to calculate a MIC as per the conclusion to question 2.

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

- 5.3 The conclusion to this was yes, these customers should be offered the same protection.

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

- 5.4 The Working Group concluded that the protection should be subjected to a sunset clause and that a period of 18 months following migration was appropriate. 12 months to obtain the data and an additional 6 months to agree a MIC with the customer.

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

- 5.5 The Chair suggest that having this process initially supplier led would be sensible and then when the customer entered the final 6 months, after 12 months of data had been received, it should then change to distributor led with the supplier setting out the journey to the customer initially.

- 5.6 It was also agreed that suppliers and distributors should work together to share contact information for customers and this should be a formal obligation.

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

- 5.7 The Working Group concluded that this data should be obligated and will be included in the legal text drafting and that the final 6 months will be distributor led.

- 5.8 SA again raised how a website could be beneficial to customers to educate customers on what to expect from the change and how industry would communicate with them.

5.9 DWO agreed to take away an action to see if anything can be created to help the consistent messaging across industry.

5.10 It was agreed that Ofgem's website would be the best place to host this.

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.?

5.11 The Working Group concluded that the protection should be offered.

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

5.12 It was agreed that the National Terms of Connection would need to be updated.

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

5.13 The Working Group agreed that this question would be asked again due to an alternative solution being offered.

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

5.14 It was highlighted that this question should be asked again due to the alternative solution on offer.

5.15 The Chair asked what the implementation date should now be as it was unlikely that the change would be ready for June 2023 due to the potential new LLFCs that may be required.

5.16 DWO noted that November 2023 would likely be a more achievable implementation date which the Working Group agreed with, especially if the alternative solution was taken forwards.

5.17 The Working Group agreed that if the default option was taken forwards then June 2023 was an achievable date to implement the change.

Do you have any comments on the draft legal text?

5.18 As the alternative solution had been offered the secretariat agreed to take away the legal text and amend accordingly.

Do you have any further comments on this change proposal?

5.19 It was noted that the national terms of connection would require updating to include new protections. Specifically the end of clause 12 where the variations to MIC and MEC are mentioned.

5.20 PW believed the protection offered should state something like 'where an agreement has failed to reach a suitable capacity, the distributor will set the capacity based on your maximum demand +10% (to allow some headroom) and shall have no liability if that isn't a suitable value'.

5.21 LS also suggested that including something around safety limits based on NPG's response to the consultation as they stated setting it data might not be prudent if setting the MIC if this breaches the limits on what the supply can take.

Next Steps

5.22 The Working Group agreed to meet again to review the third consultation paper.

5.23 The Working Group agreed to meet again on 13 March 2023 between 10:00am and 13:00pm.

6. Attachments

- **Attachment 1 _DCP414_Collated_Consultation2_responses.**
- **Attachment 2 _DCP414_Solution_A_Default**
- **Attachment 3 _DCP414_Solution_B**

7. Next Meeting – 13 March 2023

5.1 The next Working Group to be held on 13 March 2023 between 10:00am and 13:00pm.

Appendix 1 – Actions Log

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

Ref.	Action	Owner	Update
5.1	Secretariat to confirm with ENWL what they meant with their data sharing comment in their response to Q3	Andy Green	
6.1	Secretariat to update legal text for both solutions	secretariat	
6.2	Danielle to explore if hosting information on Ofgem's website for customers to educate them on what communications they could expect from suppliers and distributors.	secretariat	
6.3	Secretariat to create and share draft consultation document prior to the next meeting.	secretariat	

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
5.2	Lee Stone to raise with Elexon the prospect of introducing new measurement classes.	Lee Stone	Closed
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