

DCP 412 Working Group 18 Draft Minutes

15 August 2023 at 14:00

Location/ Web-Conference/Teleconference

Attendees	Company
Lee Stone (LS)	E.ON UK PLC
Matt Cullen (MC)	E.ON UK PLC
Diandra Orodan (DO)	BU-UK
Edda Dirks (ED)	SSE Generation
Ryan Farrell(RF)	NPg
Louise Wardle (LW)	NPg
James Jones (JJ)	SSE
Marlon Mcdonald (MM)	Ofgem
Mark Jones (MJ)	SSE
Code Administrator	
Craig Booth (CB) (Chair)	ElectraLink
Andy Green (AG)	ElectraLink
Apologies	
Chris Ong (CO)	UKPN

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

2. Purpose of the Meeting / Timeline for Delivery

- 2.1 The Chair explained that the purpose of this meeting is to review the draft consultation 2 document.
- 2.2 The Chair advised that the minutes for the last meeting were not ready yet but did update the working group on actions.
- 2.3 The Chair asked the Working Group members if they’d completed the action to take away the illustrations within the retrospective treatment section of the consultation document and check they made sense to people within their organisation who hadn’t been involved in DCP 412.
- 2.4 LS advised he had and that the feedback received was mainly to clarify various points on the illustrations. This action was kept open to allow more Working Group member to sense check with colleagues if the illustrations made sense. It as agreed to review the feedback to LS in the wider consultation review.
- 2.5 The Chair advised he’d created a decisions log to capture what decisions within the Working Group had made and how, i.e., majority voting within the Working Group. This decision log can be located within **Attachment 1 DCP 412 Decision Log WG 19**
- 2.6 The actions from this Working Group have been captured in an action log. The action log can be found at [appendix 1](#).

3. Review of Consultation 2 document

- 3.1 The Chair advised the consultation review starts from paragraph 5.26 and asked if the illustrations made sense.
- 3.2 The feedback from one member was why is there a second U in HCULU. It was also noted that from sections 5.23 to 5.25 were confusing as it wasn’t clear the retrospective rebanding would be carried out on historic data.
- 3.3 The Chair suggested that HCULU is likely defined in the first consultation, but not the second one. The Chair agreed to add the definition at the start of the consultation.
- 3.4 It was agreed to amend these paragraphs to make the process clearer to the reader, specifically the period of 12 months. The illustrations were also updated to make it clearer what the assessment period window was.
- 3.5 ED noted that the consultation needed be clear on the windows used. It was agreed to articulate that whilst the rebanding couldn’t be backdated beyond April 2023, due to the TCR, the assessment period could go back beyond April 2023.
- 3.6 It was confirmed that the Working Group did hold a vote and the majority was to not backdate any charges to customers if on their reassessment they’d exceeded their agreed capacity. It was also noted that the consultation was going to ask if this was the correct approach or if charges should be backdated.
- 3.7 A concern was raised on what happens to the backdated period if a decision isn’t reached on this this MOD by the authority quickly resulting in the 12-month window not going as far back as April 2023.

- 3.8 A voted was taken within the Working Group on whether customers who qualify for HCULU status be backed to April 2023, regardless of whether this is more than 12 months.
- 3.9 3 out of the 8 Working Group members voted in favour of retrospective rebanding always going back as far as April 2023.
- 3.10 5 of the 8 Working Group members abstained on this vote meaning there was no outright Working Group majority in favour of going back to April 2023 or to limit the date of retrospective rebanding to no more than 12 months.
- 3.11 Question 14 was updated to state 'In the event this change proposal is implemented after April 2024, should retrospective rebanding during the transition period go back to April 2023 or be limited to 12 months?' to gain parties views on how far back retrospective rebanding should go.
- 3.12 Sub headings were added into the retrospective treatments section of the consultation document to split out which part of the document related to transitional period and length of transitional period and another for retrospective rebanding for applications during the transition period.
- 3.13 This was done to help split out to the reader the differences between the approaches if the authority decision was reached pre or post April 2024.
- 3.14 It was highlighted that there was currently nothing in the DCUSA that obligates suppliers to pass any charges/rebates back to customers.
- 3.15 It was also raised that it can be difficult for suppliers to pass any difference in charges to customers, especially customers had been acquired through a SoLR, customers who had moved to another supplier or left the property or customers in fixed contracts as these prices are usually hard coded.
- 3.16 It was suggested that this issue could be tackled if there was no reassessment period and to align to pricing control periods.
- 3.17 It was agreed to continue with the approach to consult on retrospective rebanding and when the assessment period should kick in and review the parties' responses before taking a solution to the authority.
- 3.18 The Chair agreed to take an action away to try and simplify how the retrospective treatment process and reassessment process could work as this section was beginning to get very complex and share with the Working Group for comment over email.
- 3.19 It was noted that the approach could be to take alternatives to the authority including one version with retrospective treatments and another without retrospective treatments, and potentially including the different thresholds.
- 3.20 The Chair explained that with the potential nuances of DCP 412, this could result in more than two alternatives, requiring a more complicated presentation of the options for voting and decision making (i.e., as seen in DCP 406, where two change proposals (DCP 406 and 406A), two change reports and two change declarations were needed.)

4. Next Steps

- 4.1 The Working Group agreed to meet again on Wednesday 30 August 2023 at 9.30am.

5. Next Meeting

- 5.1 The next meeting will be Wednesday 30 August 2023 at 9.30am.

6. Attachments

- DCP 412 Decision Log

Appendix 1 – Actions Log

New and Open Actions

Action Ref.	Action	Owner	Update
17/01	Working Group members to share the illustrations with colleagues who hadn't had visibility of DCP 412 to check the made sense	All	Ongoing
18/01	Add definition of HCULU customer in consultation 2.	Chair	New action
18/02	Simplify how the retrospective treatment process and reassessment process is explained with the consultation document	Chair	New action

Closed Actions

Action Ref.	Action	Owner	Update
11/02	The Secretariat to reach out to DNOs to see if they have experienced any cases where there may be a potential blocker to net zero (in relation to DCP 420)	Chair	Closed. <i>No update as of yet. Working Group agreed that this can be picked up as part of the Action list for DCP 420 as opposed to DCP 412.</i>
11/03	The Chair to respond to Ofgem to state that due to confidentiality risks of DNOs, the Working Group would prefer to state the impacts of this CP on TNUoS Customers only (not DUoS)	Chair	Closed. <i>Ofgem agreed that the analysis should be completed.</i>
12/01	LS to provide a proposers view of the impacted DUCSA objectives	Lee Stone	Closed. <i>The Consultation document has been updated accordingly.</i>
12/02	The Chair to share the panels steer on when to assess CPs against charging objectives, general objectives, or both	Chair	Closed.

			<i>This was circulated to the Working Group.</i>
12/03	The Chair to share updated versions of the legal text and consultation document prior to the next meeting	Chair	Closed. <i>This was circulated to the Working Group.</i>
14/04	The Chair to seek clarification on Ofgem's decision criteria based on the urgency status of the change.	Chair	Closed
10/01	Request half hourly data for the 95% threshold customers from DNOs to allow an assessment of how the bands change based on average daily or monthly maximum demand	Chair	Closed. <i>Complete data set has now been received by all DNOs. Analysis has started, and the number of Customers within the 95% threshold for 2022 has increased.</i>
10/02	Perform the same analysis on the customer data provided in action 10/01 above.	MC	Closed. <i>Complete data set has now been received by all DNOs. Analysis has started, and the number of Customers within the 95% threshold for 2022 has increased.</i>
10/03	Show the reduction in DNO income.	MC	Closed. <i>Complete data set has now been received by all DNOs. Analysis has started, and the number of Customers within the 95% threshold for 2022 has increased.</i>
11/06	LS to seek further information around the Distribution Licence in relation to DCUSA Objective 1.	Lee Stone	Closed. <i>No update as of yet.</i>

11/07	The Chair to seek further understanding of where consumer fairness fits in, in relation to the DCUSA Objective	Chair	Closed. <i>Internal view is that this is not a DCUSA issue to fix and is a licence issue. The Chair will discuss with Ofgem that they may want to look at this in the future.</i>
14/01	The Chair to transfer the current Action 11/02 in DCP 412 action log over to the DCP 420 action log.	Chair	Closed
14/02	The Working Group to review paragraphs 6.4H (option 1 and option 2) and make a decision as to whether this should be removed from the draft legal text during the next meeting on 25 July 2023.	Working Group	Closed
14/03	The Chair to make a visual of the examples for the better understanding for the reader – once added within the Consultation document, the original written examples can be deleted.	Chair	Closed