

## DCP 412 Working Group 19 Draft Minutes

30 August 2023 at 09:30

Location/ Web-Conference/Teleconference

Attendees	Company
Simon Vicary (SV)	EDF
Matt Cullen (MC)	E.ON UK PLC
Diandra Orodan (DO)	BU-UK
Edda Dirks (ED)	SSE Generation
Ryan Farrell( RF)	NPg
Karl Maryon (KM)	Drax
James Jones (JJ)	SSE
Chris Ong (CO)	UKPN
Mark Jones (MJ)	SSE
Alan Fradley (AF)	SSE
Babatunde Olukotun (BO)	National Grid
Code Administrator	
Craig Booth (CB) (Chair)	ElectraLink
Andy Green (AG)	ElectraLink
Apologies	
Lee Stone (LS)	E.ON UK PLC

## 1. Administration

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- 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 Chair advised the meeting would be recorded and asked the Working Group if there were any objections to this. It was explained that the recording would be deleted 15 working days after the Working Group meeting. There were no objections.

## 2. Purpose of the Meeting / Timeline for Delivery

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- 2.1 The Chair explained that the purpose of this meeting is to review the draft consultation 2 document.
- 2.2 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**
- 2.3 The actions from this Working Group have been captured in an action log. The action log can be found at [appendix 1](#).

## 3. Action review

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- 3.1 **17/01**- The Chair advised that some feedback had been given by Working Group members and offered other Working Group members to share any feedback. There was no further feedback, so this action was closed.
- 3.2 **18/01**- This action was closed as the definition for HCULU customers had been reinserted and the chair advised this was an oversight in the drafting of the consultation document.
- 3.3 **18/02**- This action was closed as this section of the consultation had been updated to simplify the explanation of retrospective treatment and that this would make up part of the review of consultation 1.
- 3.4 A further action was reviewed via an email from Sally Musaka requesting the paragraph requesting that the paragraph dealing with shared supplies and access and forward-looking charging SCRs is opened for discussion.
- 3.5 MC advised that as it was deemed that where capacity is shared, it was too complex to establish who on the shared supply was responsible for any excess in ASC, this approach was dropped by Ofgem some years ago.
- 3.6 MC agreed to take an action to expand this paragraph to cover the reasons why these MODs weren’t taken forwards.
- 3.7 This paragraph was 1.3 within consultation 1 but it was agreed to include this within consultation 2.

## 4. Review of Consultation 2 document

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- 4.1 It was noted that within section 1 of consultation 2, this section was very complex and possibly needs to be reduced in the number of scenarios it shared.
- 4.2 The Chair shared the example illustrations within the consultation document demonstrating how each of the scenarios worked in practice and queried if there was an easier way for the illustration to be captured or the number of examples reduced.

- 4.3 It was highlighted that it would make the process much easier to understand if the number of Illustrations was reduced.
- 4.4 MC advised he liked the format that the scenarios had been captured in.
- 4.5 The Chair opened this up to the Working Group to see if there were any other thoughts on the retrospective rebanding examples.
- 4.6 One Working Group member asked if some suppliers could take away the examples and look at what impact they could have to customers. It was noted that the intention of the MOD was to support businesses with their capacity charges and suppliers would be best placed to evidenced how the current solution would impact each example.
- 4.7 The same Working Group member also highlight the complexity having the transitional period has on the whole process and queried whether a transitional period would create to much confusion and a overly complex burden on Distributors.
- 4.8 It was also noted that a lot of these customers would be in fixed priced contracts and opening these up could be difficult. It was also queried how a supplier would pass on the benefits of any retrospective rebanding to customers and what the obligations suppliers had to pass any benefits back to customers were.
- 4.9 MC took an action to investigate what the obligations are in returning any reimbursements back to the customers and feedback to the Working Group. He did highlight that he did work for a supplier and whilst he wasn't sure on how any financial benefits would be returned to customers, he was confident that there are supplier licence conditions that obligate suppliers to return any financial benefits back to customers.
- 4.10 RF also stated that was a similar change he was part of that has similar queries around what the obligations are for returning money back to customers and how the money should be returned. RF agreed to feedback to the Working Group on the outcome of that change as it may inform the Working Groups thinking,
- 4.11 The same Working Group member queried if the process would be less complex if it was only forward looking and didn't look at any retrospective rebanding.
- 4.12 It was noted that whilst this process would be easier to implement and understood, not retrospectively rebanding or having a transitional period would have detrimental impacts to customers.
- 4.13 It was agreed that the second consultation does ask questions on whether there should be a transitional period, should there be retrospective rebanding and how those processes could work, and that this will draw out industry views for the Working Group to consider.
- 4.14 It was noted that a decision whether a transitional period should exist was made by the Working Group on a majority vote but that no consensus was made on how long the transitional period should be, but the second consultation does ask for industry party views on this.
- 4.15 The Chair asked for a show of hands for those in favour of those who wanted to open up the discussion on whether there should be a transitional period or continue with the consultation review.
- 4.16 4 of the 11 Working Group members raised their hands meaning that there was no majority to open up the discussion on a transitional period within the Working Group.

- 4.17 It was highlighted that whilst the transitional period creates some complexity, it is the best process for customers, and it would only be transitional until the next charging year. After that the enduring process would kick in and the transitional period would no longer be required.
- 4.18 It was agreed that the consultation should ask the right questions to gain the industries views on how a transitional period could work but a having a transitional period is the majority agreed view of the Working Group.
- 4.19 The Working Group now moved on to reviewing the rest of the consultation document to review the questions and make sure the ordering of each topic was correct.
- 4.20 The Working Group agreed to ask the below questions within consultation 2.
- Are you supportive of the principles of DCP 412? Please provide your rationale.
  - Do you understand the intent of DCP 412?
  - Do you agree with the proposal to re-allocate customers to different bands instead of applying some form of a discount? Please provide your rationale.
  - Do you agree that the best methodology for re-banding a HCULU customer should use the average daily maximum demand? Please provide your rationale.
  - Are there any other sensible options for achieving this? Please provide your rationale.
  - Should customers have their eligibility re-assessed at regular intervals and, if so, when and how often should this be completed? Please provide your rationale.
  - Do you agree that the reassessment should be performed on or after the anniversary date of the application and that this should be completed by the end of the next billing period? Please provide your rationale.
  - Do you agree that customers who are no longer eligible for HCULU status should be allocated to their previous charging band? Please provide your rationale.
  - Do you agree that customers who change their capacity whilst classed as a HCULU customer will remain on their current band until they are reassessed on the anniversary of their application? Please provide your rationale.
  - Should customers be limited in how many times they can apply for HCULU status over a given period, and if so, what should the limit and period be? Please provide your rationale.
  - Do you believe this change will lead to any unintended consequences? If so, can you think of ways to mitigate these? Please provide your rationale.
  - Should there be retrospective re-banding of HCULU customers on an enduring basis? Please provide your rationale.
  - If customers are to be eligible for retrospective re-banding on an enduring basis, should customers also be subject to retrospective re-banding back to their previous charging band if they are found to be no longer eligible at a re-assessment? Please provide your rationale.
  - Should there be a transitional period during which customers who apply for HCULU status would be eligible for retrospective re-banding? Please provide your rationale.
  - Post implementation, how long should the transitional window be open for? Please provide your rationale.

- In the event that this Change Proposal is implemented after 1 April 2024, should retrospective re-banding during the transitional period go back to 1 April 2023 or be limited to 12 months? Please provide your rationale.
- Should customers who are retrospectively re-banded, backdated to 1 April 2023, have their HCULU eligibility reassessed on 1 April 2024? Please provide your rationale.
- How should sites with insufficient data (e.g., less than 12 consecutive months of data) be assessed for HCULU eligibility? Please provide your rationale.
- Should sites lacking sufficient data be treated the same as sites with sufficient data, or should they be eligible for a backdated re-banding due to the need to wait for sufficient data before they can apply? Please provide your rationale.
- Can you think of any other interactions that the Working Group should consider? Please provide your rationale.
- Do you consider that the proposal better facilitates the DCUSA General Objectives? If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons.
- Do you consider that the proposal better facilitates the DCUSA Charging Objectives? If so, please detail which of the Charging Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons.
- Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
- Do you have any comments on the proposed legal text?
- Do you have any other comments on DCP 412?

## 5. Next Steps

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- 5.1 The Working Group agreed to meet again on 04 September 2023 at 10.00am to complete the consultation review.

## 6. Next Meeting

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- 6.1 The next meeting will be Monday 04 September 2023 at 10.00am.

## 7. Attachments

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- Attachment 1 DCP 412 Decision Log

## Appendix 1 – Actions Log

### New and Open Actions

Action Ref.	Action	Owner	Update
19/01	MC to review and update the paragraph that deals with shared capacity and the forward-looking access SCRs	Matt Cullen	New action
19/02	MC to check in with LS on what the obligations are on suppliers to return any financial benefits received from distributors back to customers.	Matt Cullen	New action
19/03	RF to report back to the Working Group on the outcome of a call taking place after this Working Group discussing how financial benefits are returned to customers and what obligations are in place to make sure customers receive the benefits.	Ryan Farrell	New action

### Closed Actions

Action Ref.	Action	Owner	Update
<b>11/02</b>	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	<b>Closed.</b> <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>
<b>11/03</b>	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	<b>Closed.</b> <i>Ofgem agreed that the analysis should be completed.</i>
<b>12/01</b>	LS to provide a proposers view of the impacted DUCSA objectives	Lee Stone	<b>Closed.</b> <i>The Consultation document has been updated accordingly.</i>

<b>12/02</b>	The Chair to share the panels steer on when to assess CPs against charging objectives, general objectives, or both	Chair	<b>Closed.</b> <i>This was circulated to the Working Group.</i>
<b>12/03</b>	The Chair to share updated versions of the legal text and consultation document prior to the next meeting	Chair	<b>Closed.</b> <i>This was circulated to the Working Group.</i>
<b>14/04</b>	The Chair to seek clarification on Ofgem's decision criteria based on the urgency status of the change.	Chair	<b>Closed</b>
<b>10/01</b>	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	<b>Closed.</b> <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>
<b>10/02</b>	Perform the same analysis on the customer data provided in action 10/01 above.	MC	<b>Closed.</b> <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>
<b>10/03</b>	Show the reduction in DNO income.	MC	<b>Closed.</b> <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>
<b>11/06</b>	LS to seek further information around the Distribution Licence in relation to DCUSA Objective 1.	Lee Stone	<b>Closed.</b>

			<i>No update as of yet.</i>
<b>11/07</b>	The Chair to seek further understanding of where consumer fairness fits in, in relation to the DCUSA Objective	Chair	<b>Closed.</b> <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>
<b>14/01</b>	The Chair to transfer the current Action 11/02 in DCP 412 action log over to the DCP 420 action log.	Chair	Closed
<b>14/02</b>	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
<b>14/03</b>	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
<b>17/01</b>	Working Group members to share the illustrations with colleagues who hadn't had visibility of DCP 412 to check the made sense	All	Closed
<b>18/01</b>	Add definition of HCULU customer in consultation 2.	Chair	Closed
<b>18/02</b>	Simplify how the retrospective treatment process and reassessment process is explained with the consultation document	Chair	Closed