

## DCP 412 Working Group 19 Draft Minutes

30 August 2023 at 09:30

Location/ Web-Conference/Teleconference

| Attendees                | Company        |
|--------------------------|----------------|
| Matt Cullen (MC)         | E.ON UK PLC    |
| Diandra Orodan (DO)      | BU-UK          |
| Edda Dirks (ED)          | SSE Generation |
| Ryan Farrell( RF)        | NPg            |
| David Fewings (DF)       | Inenco         |
| James Jones (JJ)         | SSE            |
| Chris Ong (CO)           | UKPN           |
| Mark Jones (MJ)          | SSE            |
| Babatunde Olukotun (BO)  | National Grid  |
| Observers                |                |
| Marlon Macdonald (MM)    | Ofgem          |
| Code Administrators      |                |
| Craig Booth (CB) (Chair) | ElectraLink    |
| Andy Green (AG)          | ElectraLink    |
| Apologies                |                |
| Lee Stone (LS)           | E.ON UK PLC    |
| Simon Vicary (SV)        | EDF            |

## 1. Administration

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- 1.1 The Working Group reviewed the “Competition Law Guidance”. 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

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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 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 **19/01** – The Chair advised MC had provided the text and this would be reviewed later in the meeting. This action was closed.
- 3.2 **19/02** – MC advised had reached out to colleagues for assistance but had not heard back, and LS not yet back from leave. This action remains open.
- 3.3 **19/03** – RF was not available at the start of the meeting, so no update was available. This action remains open.

## 4. Early AOB

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### Interim Declaration

- 4.1 The Chair explained that ED had submitted a proposal to send Ofgem an ‘interim declaration’ following consultation 1, to determine if Ofgem agreed with the principle of a peaky customer existing.
- 4.2 The Working Group discussed that there could be delays introduced if work is stopped whilst waiting for an answer from Ofgem, which MC (as the Proposer’s alternate, and herein referred to as the Proposer) stated was not the desire.
- 4.3 MM explained that he would be taking the results of consultation 1 and the Working Group review (and decisions) to his legal team and his manager, for discussion. The Working Group agreed with MM to provide any questions it would like to be considered by Ofgem to that meeting, however it also noted that it was unlikely any decisions would be made, as that would be outside the DCUSA process.

**Action: Working Group to consider questions it would like Ofgem to consider (this action will remain on hold until after the review of consultation 1 responses has been completed.)**

### Feedback re Chairing

- 4.4 The Chair explained that he had received feedback from a Working Group member on the progress over the previous 19 Working Group meetings and that it had been suggested a more assertive approach to chairing the meetings was necessary to ensure progress was maintained.

- 4.5 The Working Group fed back that the decision log was not, in isolation, a sufficient solution to prevent the issue of decisions being revisited, and noted that in some instances revisiting decisions was valid.
- 4.6 The Chair proposed that the decision log should be used to capture decisions, not to terminate conversations, but that in order to avoid getting stuck on decisions already made, it should be down to the Working Group to agree if a decision should be opened back up for discussion. The Chair suggested a simple vote in such cases, along the lines of ‘please raise your hands if you agree decision X should be reopened for discussion’, and that the vote results in either reopening the decision or moving on. This received support from the Working Group.
- 4.7 The Chair noted that in previous Working Group meetings, there had been an effort to come to a consensus on each topic of discussion. The Chair explained that this may not always be possible, but that this is fine and what’s important is to capture the views and summarise these accurately and concisely in the documentation.
- 4.8 A Working Group member suggested that where such a consensus could not be reached, the Proser’s view should be sought and used as a baseline in the consultation document, with any differing Working Group views articulated against this. This was agreed by the Working Group as an approach.

#### Suggestion re Process Mapping

- 4.9 A Working Group member suggested that process maps could be used to show the reader, and decision makers at ofgem, what the proposed solution means in terms of the steps the process will follow. They also suggested that process maps may be useful in showing the potential gaps in the processes that may need further consideration.

**Action: The Chair to map the processes as they currently stand for presentation at a future Working Group meeting.**

## 5. Review of Consultation 2 document

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- 5.1 The Working Group reviewed the consultation 2 document (up to transitional period).
- 5.2 The Working Group discussed that in the interests of simplicity, it could be better to avoid there being a situation where there is both an enduring retrospective re-banding process and a separate transitional retrospective re-banding process – it should be one, the other, or none at all. The consultation document was updated accordingly.
- 5.3 A Working Group member noted that the enduring and transitional processes were confusing, which may be contributing to the recent circular discussions around these topics. The Working Group updated the consultation document to more clearly define what is meant by ‘enduring’ and ‘transitional’.
- 5.4 A working Group member believed there were potentially up to four scenarios for the enduring retrospective re-banding process and took an action to map these out.

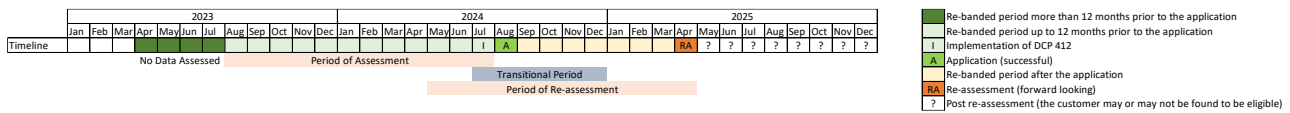
**Action: BO to map the scenarios he has identified for the enduring retrospective re-banding.**

## 6. Review of the alternative transitional window section

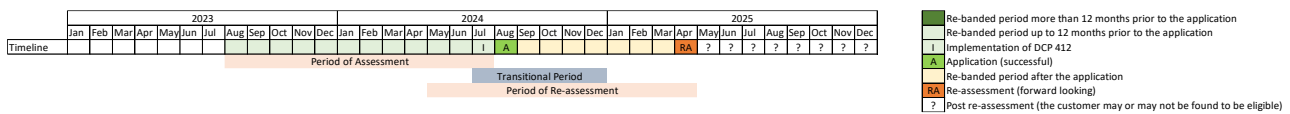
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- 6.1 The Chair switched to the attachment previously shared with the Working Group, in which an attempt had been made to simplify the section and make it easier for the reader to understand.

- 6.2 The Working Group amended three sections to reflect the preference to have either an enduring retrospective re-banding process or a transitional retrospective re-banding process, not both.
- 6.3 The Working Group noted the Proposer’s preferences regarding the proposed solution, split by pre-1 April 2024 implementation and post-1 April 2024 implementation.
- 6.4 A Working Group member suggested that the preferences should include an explanation for why they are the Proposer’s preferences. The document was updated.
- 6.5 A Working Group member expressed concerns over one of the scenarios where a customer would be assessed using 12 months of historical data but would potentially receive in excess of 12 months benefit.
- 6.6 The Chair updated the example to make it clear that no data was used to assess the period in question (see figure 1 below).



- 6.7 The Proposer stated his preference was to only go back 12 months, and no further (see figure 2 below).



- 6.8 The Working Group discussed the re-assessment of a transitional customer and debated whether a reassessment a fixed period after a successful application, for example on the anniversary of the application, or a fixed date for a reassessment, for example aligned with each charging year, would be more beneficial.
- 6.9 The Proposer suggested a preference towards a reassessment a fixed period after a successful application and that this could be 12 months but was not strongly opinionated on this. Another Working Group member suggested that aligning to charging years is based on existing precedents and less impacts on the need for addendums, but was also not strongly opinionated on this. One Working Group member noted the potential admin benefit, particularly for a DNO covering multiple areas.
- 6.10 The Working Group updated the consultation document with the Proposer’s preference as the baseline.
- 6.11 A Working Group member queried how likely it would be for a customer to move in and out of HCULU eligibility and whether this would have any impact on the reassessment approach. The Chair took an action to review the data and see, based on calendar years, whether the customers eligible were the same or had changed.

**Action: Chair to review the data and determine the number of customers that changed from year 1 to year 2.**

## 7. Next Steps

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- 7.1 The Working Group agreed to meet again on 14 September 2023 at 14:00 to review the consultation responses.
- 7.2 The Working Group noted that a further meeting would be required to further refine and, potentially, sign off consultation 2.

## 8. Next Meeting

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- 8.1 The next meeting will be Monday 14 September 2023 at 14:00.

## Appendix 1 – Actions Log

### New and Open Actions

| Action Ref. | Action   | Owner         | Update               |
|-------------|--|---------------|----------------------|
| 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           |
| 20/01       | Working Group to consider questions it would like Ofgem to consider (this action will remain on hold until after the review of consultation 1 responses has been completed.)   | Working Group | New action (on hold) |
| 20/02       | The Chair to map the processes as they currently stand for presentation at a future Working Group meeting.   | Chair         | New action           |
| 20/03       | BO to map the scenarios he has identified for the enduring retrospective re-banding.   | BO            | New action           |
| 20/04       | Chair to review the data and determine the number of customers that changed from year 1 to year 2.   | 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 | <p><b>Closed.</b></p> <p><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></p> |

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|--------------|---|-----------|--|
| <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><br><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><br><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><br><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><br><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><br><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><br><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>   |

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|--------------|---|---------------|---|
|              |   |               | <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><br><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><br><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  |

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| 19/01 | MC to review and update the paragraph that deals with shared capacity and the forward-looking access SCRs | Matt Cullen | New action |
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