

DCP 412 Working Group 21 Draft Minutes

14 September 2023 at 14:00

Location: 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

1. Administration

- 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

- 2.1 The Chair explained that the purpose of this meeting is to review the responses to consultation 1.
- 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

- 3.1 **19/02** – MC advised there was nothing in the license conditions requiring a supplier to return the benefit to the customer as a result of a re-banding. MC advised that E.ON, as a supplier, would do so, as per its terms and conditions. This action was closed.
- 3.2 **19/03** – RF explained the call was regarding annual reallocations to TCR customers and how far this can be backdated to. There is agreement that there is a 14 month backdating period for NHH customers (not directly related to 412), but can backdate 14 months to LLF as a manual refund to supplier. This action was closed.
- 3.3 **20/01** – this action remains open for after the consultation 1 responses review has been completed.
- 3.4 **20/02** – the Chair explained that the process mapping had been completed and the process maps circulated. These would be discussed after the consultation 1 responses review has been completed. This action was closed.
- 3.5 **20/03** – This action related to 20/02 and has been covered by that action. This action was closed.
- 3.6 **20/04** – The Chair explained that the analysis of customer movements into and out of eligibility on a 12-month basis had been completed and the data shared. The Working Group noted the numbers moved, with some members expressing surprise at the rate of churn of eligibility. This action was closed.

4. Review of Consultation 1 Responses

- 4.1 The Working Group reviewed the consultation 1 responses.
- 4.2 A Working Group member noted that there appeared to be two responses on behalf of one of the respondents – Brownlow Utilities Ltd. had responded on behalf of Pro Roll Ltd., however Pro Roll Ltd. had also responded.

Action: Chair to contact Pro Roll Ltd. and clarify whether Brownlow Utilities Ltd. was authorised to respond on its behalf and to which of the two responses should be taken as its response.

Question 2

- 4.3 A Working Group member suggested it would be useful to understand the impact of a customer being re-banded versus going out of business. They explained that in the case of a re-banding, the

customer still paid something towards their capacity, and that it was only the remainder of the residual charge that for their capacity that would be spread across other customers. This, they noted, was less of an impact than the customer going out of business, as all the residual charge for that capacity would then be spread across other customers.

- 4.4 A Working Group member suggested it may be useful to work out the percentage of customers who need to go out of business for it to outweigh the cost if implementation.

Action: Working Group to consider what additional analysis is required after the consultation 1 responses review is completed.

- 4.5 The Working Group discussed the commercial viability element of one of the responses. The Proposer advised that the first iteration of the Change Proposal was weighted more towards commercial viability, but that this had changed to a purely objective measure as a result of Working Group feedback. The member noted that the Change Proposal was now more about the fairness of the distribution of charges rather than viability.

- 4.6 The Working Group discussed the wider impacts of the TCR, with one member noting the risks it poses to businesses going bust and the Government's decarbonisation targets being put at risk. Another Working Group member highlighted that it was not in the remit of DCP 412 to address the wider impacts of the TCR decision, and that it was for other agencies, and Government, to address these issues.

- 4.7 The Working Group discussed the potential need to balance the benefit against the cost of the capacity. A member suggested that, in the case of a band 4 customer, it may not be prudent allow them to be re-banded all the way to band 1, as they are still reserving the large capacity and should therefore pay towards it.

Action: Working Group to discuss additional re-banding considerations after the consultation 1 responses review is completed.

- 4.8 The Working Group discussed whether these customers could change their usage patterns. One Working Group member noted one of the confidential responses and that it would not be possible, based on their response, for the customer to change their usage patterns to avoid the high TCR charges. Another Working Group member noted that the TCR was designed to disincentivise a behavioural response and that this Change Proposal could create such an incentive to do so.

Question 3

- 4.9 The Working Group discussed the potential to simplify the eligibility criteria by splitting it into two component parts:

- 4.9.1 the percentage of the MIC used; and
- 4.9.2 the load factor.

- 4.10 It was noted that in splitting these out, the percentage of the MIC used could be used as the first 'gate', meaning there is no need to work out the load factor for customers that don't pass this first criterion. This would have the effect of reducing the admin burden on the DNO and may reduce the number of applications from customers, as it's more likely to be in their gift to know how much of their MIC they are using.

- 4.11 The Working Group noted the need to understand the levels at which the % of MIC used and the load factor would need to be, in order to achieve the desired results.

4.12 The Chair suggested this could be added to the existing analysis and that both of the criteria could be input as variables, meaning they can be tweaked, and the impact seen.

Action: The Chair to add the split criteria to the analysis as variables.

4.13 The Working Group discussed the council responses to the DCP 412 consultation and were concerned that these responses would have been better made to DCP 420, which specifically aims to address the issues faced by EV Charging Stations, which the councils were concerned with. The Working Group agreed to keep them in the review in case anything of merit came from that, but that they should also be shared with the DCP 420 Working Group.

Action: The Chair to share the council responses with the Chair of DCP 420.

5. Next Steps

5.1 The Working Group agreed to meet again on 19 September 2023 at 10:00 to review the consultation 1 responses.

5.2 The Working Group noted that two further meetings are already scheduled, for 25 September 2023 and 28 September 2023.

6. Next Meeting

6.1 The next meeting will be Monday 19 September 2023 at 10:00.

Appendix 1 – Actions Log

New and Open Actions

Action Ref.	Action	Owner	Update
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)
21/01	Chair to contact Pro Roll Ltd. to seek clarification on the two responses received.	Chair	New action
21/02	Working Group to consider what additional analysis is required after the consultation 1 responses review is completed.	Working Group	New action (on hold)
21/03	Working Group to discuss additional re-banding considerations after the consultation 1 responses review is completed.	Working Group	New action (on hold)
21/04	Chair to add the split criteria to the analysis as variables.	Chair	New action
21/05	Chair to share the council responses with the Chair of DCP 420.	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. 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.

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. Ofgem agreed that the analysis should be completed.
12/01	LS to provide a proposers view of the impacted DUCSA objectives	Lee Stone	Closed. The Consultation document has been updated accordingly.
12/02	The Chair to share the panels steer on when to assess CPs against charging objectives, general objectives, or both	Chair	Closed. This was circulated to the Working Group.
12/03	The Chair to share updated versions of the legal text and consultation document prior to the next meeting	Chair	Closed. This was circulated to the Working Group.
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. 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.
10/02	Perform the same analysis on the customer data provided in action 10/01 above.	MC	Closed. 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.
10/03	Show the reduction in DNO income.	MC	Closed.

			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.
11/06	LS to seek further information around the Distribution Licence in relation to DCUSA Objective 1.	Lee Stone	Closed. No update as of yet.
11/07	The Chair to seek further understanding of where consumer fairness fits in, in relation to the DCUSA Objective	Chair	Closed. 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.
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
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	Closed
18/01	Add definition of HCULU customer in consultation 2.	Chair	Closed
18/02	Simplify how the retrospective treatment process and reassessment process is explained with the consultation document	Chair	Closed

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	Closed
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	Closed
20/02	The Chair to map the processes as they currently stand for presentation at a future Working Group meeting.	Chair	Closed
20/03	BO to map the scenarios he has identified for the enduring retrospective re-banding.	BO	Closed
20/04	Chair to review the data and determine the number of customers that changed from year 1 to year 2.	Chair	Closed