

DCP 412 Working Group 23 Draft Minutes

28 September 2023 at 14:00

Location: Teleconference

Attendees		Company
Georgia Preece (GP)		NPg
Edda Dirks (ED)		SSE Generation
Sally Musaka (SM)		SSE
Simon Vicary (SV)		EDF
Diandra Orodan (DO)		BU UK
Lee Stone (LS)		E.ON
Matt Cullen (MC)		E.ON
Kyran Hanks (KH)		WatersWye
David Fewings (DF)		Inenco
Karl Maryon (KM)		Drax
Observers		
Andrew Malley (AM)		Ofgem
Code Administrators		
Craig Booth (CB) (Chair)		ElectraLink
Apologies		
Ryan Farrell		NPg

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. Draft Minutes and Action Review

Minutes

- 3.1 A Working Group member asked for clarity on the conversation referenced in section 4 of the minutes.
- 3.2 Ofgem clarified that it recognises that DCP 412 has recognised a problem that Ofgem has also become aware of after being contacted by some businesses regarding disproportionate charges applied to them due to their peaky profile.
- 3.3 Ofgem stated that whilst its approval of DCP 412 wasn't a given, it was keen that the Working Group considers customers who may not meet the requirements of the formula but who meet the spirit of the proposal, and how these customers will be treated, and whether there is space in the Change Proposal for DNO discretion or some flexibility.
- 3.4 Ofgem referenced its TCR decision document and CMP-343 decision and stated that it had recognised there might be customers that are outside of the norm, edge cases such as those identified under DCP 412, and that it was open to considering changes where there is evidence of a problem.

Action: Chair to update the minutes of meeting 22 to add a reference to the aforementioned documents.

- 3.5 Ofgem also stated that there was a balance between having a homogenous charging regime that treats most customers fairly and having a charging regime that is so homogenous that it forces customers off the network.
- 3.6 A Working Group member expressed some concern around differential treatment between DNO areas if there was flexibility and discretion. The member cited an experience with a national customer that received different for its sites in different DNO areas, despite the same rules applying.
- 3.7 Ofgem advised it would be keen to understand more about this so that it could consider if any action was necessary.

Actions

- 3.8 **21/01** – The Chair advised that the respondent had requested its broker to respond as well, as it had the technical expertise. The Working Group agreed that there should be one response per respondent and that Brownlow Utilities should be contacted to consider whether it wanted to

withdraw its response or resubmit this in its own right, rather than behalf of another respondent of the same consultation. This action remains open.

- 3.9 **21/04** – The Chair advised that the action to split the formula into 2 separate criteria over the analysis was a lark undertaking and was therefore not yet completed. This action remains open.
- 3.10 **22/01** – The Chair advised that Brownlow Utilities was open to having its response published as non-confidential, so long as its client’s details were removed. This action was closed but noted as relating to 21/04 above.
- 3.11 **21A/01** – This action remains open and will be completed after the consultation review is completed, prior to the first following Working Group meeting.

4. Review of Consultation 1 Responses

- 4.1 The Working Group reviewed the consultation 1 responses.

Question 14 – SSE Generation

- 4.2 The Working Group discussed whether the paragraphs around better facilitating DCUSA Charging Objective 1 was correct. It was agreed that this would be revisited and reviewed for consultation 2.
- 4.3 The Working Group discussed the Ofgem intent and that in reading the intent as black and white, there was a risk of driving businesses to close down, rather than ensuring it is fair. It was also noted that in changing the rules for some customers, this results in a cross-subsidy.

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- 4.4 The Working Group discussed the need to understand the TCR decision and understand how to correctly interpret the intent of the TCR. CMP-343, pages 53 to 54 and 72 to 73 were identified as relevant to this and should feed into the action the Chair has taken to produce a summary/statement of facts relating to this.

5. Next Steps

- 5.1 The Working Group agreed to meet again on 4 October 2023 at 15:00 to review the consultation 1 responses.

6. Next Meeting

- 6.1 The next meeting will be Monday 4 October 2023 at 15:00.

Appendix 1 – Action 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 respondent to seek clarification on the two responses received.	Chair	Ongoing
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	Ongoing
21A/01	Chair to locate or create a 'statement of facts' document that concisely summarises the principles and decisions implemented under the TCR.	Chair	Ongoing
21A/02	Working Group to add clarification/justification for how customers become eligible for HCULU status and for spreading the remaining residual charges over other customers.	Working Group	New action (on hold)
22/02	Chair to facilitate the expansion of the impact assessment to cover customers who exceed their MIC by 5% and 10% respectively.	Chair	Ongoing
23/01	Chair to update the minutes of meeting 22 to add a reference to the aforementioned documents.	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	Closed
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
21/05	Chair to share the council responses with the Chair of DCP 420.	Chair	Closed
22/01	Chair to contact respondent and clarify if they would be happy to have their response published in an anonymised form.	Chair	Closed