

DCP 412 Working Group 24 Draft Minutes

4 October 2023 at 15:00

Location: Teleconference

Attendees	Company
Babatunde Olukotun (BO)	NGED
Edda Dirks (ED)	SSE Generation
Diandra Orodan (DO)	BU UK
Lee Stone (LS)	E.ON
Matt Cullen (MC)	E.ON
David Fewings (DF)	Inenco
James Jones (JJ)	SSE
Sally Musaka (SM)	SSE
Ryan Farrell (RF)	NPg
Tom Jenkins (TJ)	ESPUG
Observers	
Iain McKie (IM)	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 **21/01** – The Chair confirmed that Brownlow Utilities had agreed to resubmit its response in its own right, not on behalf of another respondent. This action is closed.

4. Ofgem Input

- 4.1 A Working Group member asked if further Ofgem input was being requested on the approach to DCP 412.
- 4.2 The Chair confirmed there was an action, which is currently on hold, to feed questions into Ofgem following consultation 1.
- 4.3 The Chair confirmed that, in the meantime, there had been a conversation with Ofgem about having a segment of a Working Group meeting to have an open discussion about the approach to DCP 412, between Ofgem and the Working Group members. The Chair asked for feedback on whether this would be a useful exercise, which the Working Group agreed it would be.
- 4.4 The Chair advised that, at the end of the meeting, he would contact Ofgem to check its availability for future Working Group meetings and would then issue a poll for the next meeting date. This was agreed by the Working Group.

5. Sample Invoice

- 5.1 The Chair shared a sample of part of an invoice from a customer. (This cannot be included in these minutes as this was provided to the Working Group in confidence.)
- 5.2 The Working Group discussed that whilst the other charges were a lot larger than the energy charges, it was not cleared what those charges specifically related to, as not all of it may be related to residual charges.
- 5.3 The Working Group debated whether a comparison of an invoice from before the TCR TNUoS element was implemented would be useful, but there were concerns that this would not be a good comparison as energy costs had changed significantly in that time.
- 5.4 One Working Group member stated he had performed some analysis independently of the TCR charges across DNO areas and that he had found these had increased significantly since the

implementation, and that in this respect business such as those in scope of DCP 412 would simply be unable to avoid the charges.

- 5.5 No actions were taken as a result of this, however the Working Group acknowledged that it provided a real-world example of what customers currently face.

6. Review of Consultation 1 Responses

- 6.1 The Working Group reviewed the consultation 1 responses.

Question 17 – SSE Generation

- 6.2 The Working Group discussed whether the approach of splitting DCP 412 into two consultations was the correct one.
- 6.3 It was suggested that where there is a recognition that a change proposal is complex, it could be worthwhile engaging with Ofgem early to get its view on the approach being taken, and that this steer could help progress the change proposal more efficiently.
- 6.4 It was also discussed that splitting the change proposal into two consultations had resulted in progress being made, as the consultation was being held up by other conversations that were slow to progress.
- 6.5 The Chair advised that he would take away all views for consideration internally.

Question 17 – Eyemouth

- 6.6 The Working Group discussed that re-banding was not banned, as the respondent had asserted, but that re-banding does require certain criteria to be met.
- 6.7 It was noted that in some cases, which may be the case for this customer, that those using more than 50% of their MIC may have been banded higher than if they had a lower MIC, and that because they could not change their MIC by more than 50%, they would be unable to be re-banded. It was noted that this was not unintentional, as the data used for determining the bands was averaged over 24 months to prevent last minute MIC changes being made to avoid residual charges.

7. Next Steps

- 7.1 The Working Group agreed to meet again, once Ofgem had advised of its availability and a Doodle Poll had been issued.

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)
21/02	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

21/01	Chair to contact respondent to seek clarification on the two responses received.	Chair	Closed
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