

DCP 437 Working Group Meeting 01

13 May 2024 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Chris Ong [CO]	UKPN
David Wornell [DW]	National Grid
Edda Dirks [ED]	SSE
Emma Clark [EC]	SSE
Kara Burke [KB]	NPg
Lauren Roy [LR]	SPEN
Rustam Ellis-Majainah [REM]	OVO
Victoria Burkett [VB]	SSE
Code Administrator	
Richard Colwill [RC]	Chair
Hannah Proffitt [HP]	Secretariat

1. Administration

Recording

- 1.1 The Chair asked members if they were comfortable for this Working Group to be recorded. No members objected to this request. The purpose of this recording is purely to aid the Technical Secretariat in producing an accurate report of the meeting. The recording will be deleted after 15 Working Days.

Apologies

- 1.2 No apologies were received ahead of the meeting.

Competition Law Guidance and Terms of Reference

- 1.3 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.

Action Log

- 1.4 The Chair advised that any actions taken will be recorded in the Action Log in the appendix.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting was for the Working Group to discuss DCP 437 and to consider the solution and next steps.

3. Overview of DCP 437

- 3.1 The Proposer provided the below overview of the change.

This Change Proposal aims to shorten the Distribution Use of System (DUoS) Pricing Notice Periods so there is a longer period between the publication of the Price Control Financial Model (PCFM) where Ofgem have the option to make changes to allowed revenue at short notice and the setting of the prices.

Final DUoS Charges are set with a deadline of 31st December for the prices for implementation in April fifteen months later. New license conditions introduced for ED2 mean that the DNO receives the PCFM which determines the allowed revenue and the rate of return for the EDCM and CDCM prices at the end of November. The DNO then has to check this PCFM and return to it to Ofgem who then have 14 days to decide if they would like to make further changes. If Ofgem do decide to make changes (which nearly happened for April 25 when they expressed a wish for the SOLR final decision to be reflected in final charges), DNOs will have very little time to apply the changes and the tariff assurance process could be compromised. Delaying the publishing of DUoS charges will allow DNOs more time to apply their assurance processes.

4. Review and Discussion of Change Proposal

- 4.1 One member asked if the change accounts for DNOs that operate out of area that currently have to provide 14 months’ notice. The Proposer confirmed that this is addressed, and that they have changed the legal text to 12 months, however that this is just an example.
- 4.2 Another member agreed with the aim of the change, and noted that having an extra month within the process would give adequate time for them to complete their checks.
- 4.3 One member questioned whether, when the licence changes were made by Ofgem, these concerns were raised at the time. The member noted that at the time, the 15 month notice period was not a trivial matter and was seen as important.
- 4.4 The Proposer, and other DNO members highlighted that they responded to the consultation at the time raising their concerns. KB agreed to contact Lee Wells to ask whether the consultation responses are available to be shared with the Working Group.

Action 01/01: KB to contact Lee Wells to ask whether the consultation responses are available to be shared with the Working Group.

- 4.5 One member highlighted that there is a consultation currently live on the PCFM annual iteration process proposing that the date to submit the final PCFM would be the 05 December. 14 days on from this would be 19 December. The member highlighted that if any changes were needed during the 14 day period, it would compromise internal sign off for 31 December. A link to this consultation is as follows.

[Statutory consultation to modify the Price Control Financial Instruments and licence conditions for gas distribution, gas transmission, electricity transmission and electricity distribution | Ofgem](#)

- 4.6 One member asked whether this change is related to DCP 434¹ and suggested that the two need to align. The Proposer confirmed that DCP 437 is not looking to change the PCFM process, but to delay price setting. The Proposer noted that this change is independent from DCP 434.
- 4.7 A Supplier representative noted that the current 15 month notice period allows risk certainty and the ability to fix prices for 12 months. The member noted that if it were amended to 12 months it would cause issues with 12 month fixed contracts, however that amending to 14 months might be more viable.
- 4.8 DW and REM agreed to provide the secretariat with a summary of the DNO and Supplier processes and timescales to ensure these are clearly depicted in the consultation document.

Action 01/02: DW and REM agreed to provide the secretariat with a summary of the DNO and Supplier processes and timescales.

- 4.9 The Working Group reviewed the legal text and agreed to amend the wording in section 2A 19.1.1 B to read 14 months, and in section 2A 19.1.2 B to read 13 months.
- 4.10 The Chair agreed to produce a first draft of the consultation following the meeting, and asked members if there is anything they feel needs to be included.
- 4.11 One member suggested a question is included regarding the impacts on Suppliers tariff setting and consequently the effects on customers. The member suggested including information on why the 15 months was instated in the first place.
- 4.12 The group agreed to include references to DCP 178², and CMP 286³.

¹ [DCP 434 - Credit Cover RAV in ED-2](#)

² [DCP 178 - Notification period for change to use of system charges](#)

³ [CMP 286 - Improving TNUoS Predictability Through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process.](#)

5. Review/Update Work Plan

- 5.1 The Chair agreed to issue the draft consultation document via email for members to review and provide feedback on.
- 5.2 The Working Group agreed to meet on Monday 03 June 2024 at 10am to finalise the consultation document and again after the consultation closes on Tuesday 09 July 2024 at 10am to review responses.

6. Any Other Business

- 6.1 No other business was raised.

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	KB to contact Lee Wells to ask whether the consultation responses are available to be shared with the Working Group.	KB	New Action.
01/02	DW and REM agreed to provide the secretariat with a summary of the DNO and Supplier processes and timescales.	DW and REM	New Action.

Closed Actions

Action Ref.			Update
	N/a		