

DCP 412 Working Group Meeting 30

10 June 2024 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Matthew Cullen	E.ON
David Wornell	NGED
Kyran Hanks	WatersWye
Edda Dirks	SSE Generation
Lee Stone	E.ON
Ryan Farrell	NPg
Alex Walmsley	Smartest Energy
Chris Ong	UKPN
James Jones	SSE
Simon Vicary	EDF
Observers	
Iain McKie	Ofgem
Code Administrator	
Craig Booth	Secretariat
Richard Colwill	Chair
Apologies	
Donald Preston	SSE

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.

Competition Law Guidance and Terms of Reference

- 1.2 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.

2. Purpose of the Meeting

- 2.1 The Chair advised that the purpose of the meeting was to review the draft consultation and draft legal text.

3. Previous Meeting Minutes

- 3.1 The Chair explained that the last meeting was some time ago, so reviewed the previous minutes and walked the Working Group through the position that had been arrived at, at that time. (See Working Group meeting 28 paragraphs 3.1 to 3.16 inclusive.)
- 3.2 The Chair reviewed the outstanding actions.
- 3.3 Action 20/01 – The Chair explained that Ofgem had stated where a CP proposed improvements to an issue with the TCR, it was open to reviewing this. This action was closed.
- 3.4 Action 21/02 – The Chair explained that as part of reviewing the consultation, it would be considered whether additional analysis is required. It was also discussed that E.ON had done some additional analysis and it had not changed the Proposer’s position. This action was closed.
- 3.5 Action 21/03 – The Chair explained the current position is to go to one lower band. This action was closed.
- 3.6 Action 21/04 – The Chair explained that the analysis had been split and that the results were not that different. This action was closed.
- 3.7 Action 21A/01 – The Working Group discussed that this action was a result of the discussions on whether the CP went against the principles of the TCR. The Working Group discussed that while this action may be closed, it would need to be covered in the consultation and change report, i.e. ‘Some Working Group members considered the CP to not be in line with the principles of the TCR, however Ofgem had encouraged the Working Group to examine the issue and to continue on the basis that it is open to reviewing any CP that potentially addresses a deficiency of the TCR’. This action was closed. The Chair added this into section 1 of the draft consultation.
- 3.8 Action 21A/02 – The Chair explained that the clarification and justification for the eligibility criteria would be captured in the draft consultation. This action was closed.

- 3.9 Action 22/02 – The Chair explained that the Working Group had discussed whether a customer exceeding their MIC was an issue for this CP to consider and that, at the last meeting, it was agreed it would not be considered for HCULU status, and that the DNO would still have to have separate discussions on excessive capacity usage. The Proposer noted that if exceeding the capacity, it could impact the threshold calculation. A Working Group member stated that the consultation document needs to expand on what happens where customers exceed their MIC, and that this is out of scope of this CP as there are existing processes to deal with customers exceeding their MIC. This action was closed.
- 3.10 Action 26/01 – This action was closed as a duplicate of 22/02.
- 3.11 Action 26/02 – The Chair explained that it was agreed that there would be no DNO discretion. This action was closed.
- 3.12 Action 28/01 – The Chair explained that the draft legal text had been produced. This action was closed.
- 3.13 Action 28/02 – The Chair explained that the draft consultation had been produced. This action was closed.

4. Draft Consultation Review

- 4.1 The Working Group reviewed the draft consultation.
- 4.2 The Chair explained that the title and intent of the CP may need to be updated as it currently specifies that a discount would be given and that the Panel would require a justification for an amendment to the intent.
- 4.3 The Working Group considered whether it was good practice to retain the original wording so that the reader could understand that the intent had changed and whether Proposer’s should be encouraged to make the intent of their CPs broader. The Secretariat explained that, in the case of the scope of the intent, the Panel had previously suggested that intents should be broader, so that Proposers are not put in the position of bringing CPs back to the Panel for amendment. The Chair agreed to include a statement in the body of the document to explain the reasons for the change of intent. The Proposer suggested “Reducing TCR charges for ‘Peaky’ Final Demand customers”. The Proposer stated he was happy to take Panel guidance on whether the intent needed to be changed.
- 4.4 The Working Group noted that discounts were referenced in the governance section. This section was reworded.

Action 30/01	Chair to take change of intent to Panel and ask Panel to consider whether the change of intent is necessary.
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- 4.5 The Chair pointed out that the current proposed implementation date was 10 working days after Authority decision. The Working Group discussed whether this was appropriate and that the amount of work needed by DNOs would depend on whether it is a bulk analysis or whether customers must apply. It was agreed that the proposed implementation date was fine on the basis that customers have to apply.

- 4.6 The Working Group discussed whether the new solution was sufficiently explained in section four or section five of the draft consultation. The Chair agreed to update the consultation to state, in section 4, what had been agreed by the Working Group in relation to the consultation 1 review, and to add into the draft consultation a new section 5 containing additional text which articulates the final position the Working Group arrived at for key points coming out of the previous consultation and additional consultation questions where the approach had changed in a significant manner.
- 4.7 The Working Group agreed to remove the paragraph around the Working Group's consideration that there is no obligation in the DCUSA for Suppliers to pass on the reduction in charges and/or rebates. The Working Group agreed that this applies to existing band changes and is not in scope of this CP to resolve.
- 4.8 The Working Group discussed that retrospective rebanding of HCULU customers may be impacted by DCP 439, which would, if approved, limit how far back rebates and/or charges could be applied. Additional consideration of the impacts to DCP 412 may be required if that CP is approved.
- 4.9 The Working Group discussed that customers would need to re-apply for HCULU status for each price control period unless there was some sort of register of all eligible customers. The Working Group also noted that maintaining and using any sort of register would introduce an administrative burden.
- 4.10 The Working Group discussed which band they would be returned to at the price control period. The Working Group discussed that customers would be allocated based on their MIC, as per Paragraph 4 of Schedule 32 of the DCUSA.
- 4.11 The Working Group discussed what would happen if review was more frequent than at the price control period, and that the initial proposal was that the customer would go back to their previous band. It was discussed that such a customer would not have been assessed outside of the price control period and their previous band would have endured for the entire price control period. If such customers were eligible for rebanding under exceptional circumstances, they would be able to apply for this using existing processes.
- 4.12 The Working Group discussed whether the DNO should have the ability to review a site outside of a set frequency based on a site's behaviours changing in a significant way (e.g., the MIC changing by 50% or the site changing its usage behaviours) which results in the site falling out of the qualifying criteria. The Working Group discussed that this could be optional, allowing the DNO to perform the review but without being obligated to do so. It was noted that the draft legal text already contains this provision, which needs to be consulted on.
- 4.13 The Working Group agreed to add this to the consultation as an additional question: Do you agree that the DNOs should have the ability to review sites where their behaviours have changed in a significant way?

5. Next Steps

- 5.1 The Secretariat will make the agreed amendments to the draft consultation and circulate this for review, prior to the next meeting.
- 5.2 The next meeting will be on 24 June 2024 at 10:00am.

6. Any Other Business

6.1 No other business was raised.

New and Open Actions

Action Ref.	Action	Owner	Update
30/01	Take change of intent to Panel and ask Panel to consider whether the change of intent is necessary.	Chair	New action

Closed Actions

Action Ref.			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
23/01	Chair to update the minutes of meeting 22 to add a reference to the aforementioned documents.	Chair	Closed
26/02	MC to undertake additional analysis to understand the cost impact on other customers if the threshold is lowered (i.e 90%, 85%, 80%).	MC	Closed
27/01	Proposer to provide their current thinking on preferred approach.	MC/ LS	Closed
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	Closed
21/02	Working Group to consider what additional analysis is required after the consultation 1 responses review is completed.	Working Group	Closed
21/03	Working Group to discuss additional re-banding considerations after the consultation 1 responses review is completed.	Working Group	Closed
21/04	Chair to add the split criteria to the analysis as variables.	Chair	Closed
21A/01	Chair to locate or create a 'statement of facts' document that concisely summarises the principles and decisions implemented under the TCR.	Chair	Closed

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	Closed
22/02	Chair to facilitate the expansion of the impact assessment to cover customers who exceed their MIC by 5% and 10% respectively.	Chair	Closed
26/01	Working Group to conclude on how customers who have exceeded their MIC will be treated.	All	Closed
26/02	MC to draft a process for how this second step (DNO discretion) could work.	MC	Closed
28/01	Produce legal text based on proposer's preferred approach.	LS	Closed
28/02	Update consultation document in relation to discussions to date.	Secretariat	Closed