





| DCUSA Consultation   |  | At what stage is this document in the process?  |
|--|--|---|
| <h2>DCP 439:</h2> <h2>Backdating Tariff Changes</h2> <p><b>Date Raised:</b> 14/03/24</p> <p><b>Proposer Name:</b> Peter Waymont</p> <p><b>Company Name:</b> Eastern Power Networks</p> <p><b>Party Category:</b> DNO</p> |  | <div>01 – Change Proposal</div> <div>02 – Consultation</div> <div>03 – Change Report</div> <div>04 – Change Declaration</div> |
| <p><b>Purpose of Change Proposal:</b></p> <p>The purpose of this change proposal seeks to add a sensible backstop to backdating.</p>   |  |   |
|    | <p>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 439</p> <p>Parties are invited to consider the questions set in section 10 and submit comments using the form attached as Attachment 1 to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <b>05 July 2024</b>.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP) to the Change Report phase.</p> |   |
|   | <p><b>Governance:</b></p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> <li>• Treated as a Part 1 Matter</li> <li>• Treated as a Standard Change</li> <li>• Progressed to the Working Group phase</li> </ul> <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>  |   |
|   | <p><b>Impacted Parties:</b></p> <p>Suppliers/ DNOs/ IDNOs/ CVA Registrants</p>   |   |
|   | <p><b>Impacted Clauses:</b> Schedule 16</p>  |   |

Contents

1

Summary

3

2

Governance

3

3

Why Change?

3

4

Working Group Initial Assessment and RFI

4

5

Conclusions to RFI and Consultation Questions

6

6

Code Specific Matters

8

7

Solution and Legal Text

9

8

Relevant Objectives

9

9

Impacts & Other Considerations

10

10

Implementation Date

11

11

Consultation Questions

12

12

Attachments

13

?

Any questions?

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Timetable

The timetable for the progression of the CP is as follows:

Change Proposal timetable

| Activity                                     | Date              |
|--|-------------------|
| Initial Assessment Report                    | 17 April 2024     |
| Consultation Issued to Industry Participants | 14 June 2024      |
| Change Report Approved by Panel              | 21 August 2024    |
| Change Report issued for Voting              | 22 August 2024    |
| Party Voting Closes                          | 12 September 2024 |
| Change Declaration Issued to Parties         | 16 September 2024 |
| [Change Declaration Issued to Authority]     | 16 September 2024 |
| Authority Decision                           | TBC               |
| Implementation                               |                   |

## 1 Summary

### What?

- 1.1 Currently where an MPAN is identified as having an incorrect LLFC due to the Distributor's oversight, the charging statements say it must be corrected up to six years back. This proposal seeks to change that to a more sensible time period.

### Why?

- 1.2 With MMHS migration, some DNOs will use a new billing system for migrated MPANs and will look to wind down their legacy systems post migration. The current six year period for backdating means that legacy systems could require supporting for six years on the chance that an LLFC/DUoS Tariff is found to have been incorrect. The ability to correct data in registration systems is already time limited and the existing six-year period already causes workarounds to be used. Moreover, under MHHS, the registration system is recognised as the master for this data and so we should at least reflect the backdating limitations already agreed for use there.

### How?

- 1.3 By amending Schedule 16 to introduce a backstop that is in line with RF and forward fixing for LLFC/DUoS Tariff ID changes.

## 2 Governance

### Justification for Part 1 and Part 2 Matter

- 2.1 This is a change to the methodology.

### Requested Next Steps

- 2.2 This Change Proposal should:
- Be treated as a Part 1 Matter;
  - Be treated as a Standard Change; and
  - Proceed to the Working Group phase.

## 3 Why Change?

- 3.1 As detailed above, this change has been raised to develop an appropriate timeframe to limit the backdating of tariff changes where there has been an identified error in the allocation of the incorrect LLFC/DUoS Tariff. The charging statements state that distributors will backdate tariff changes up to six years however it is proposed to amend this timeframe in keeping with adjustments made to other data such as consumption and energisation status.

- 3.2 The time limit proposed is 14 months prior to MHHS and will move to 4 months post MHHS as this is in line with the RF settlements run.

**Question 1: Do you understand the intent of the Change Proposal?**

**Question 2: Are you supportive of the principles of this Change Proposal?**

## 4 Working Group Initial Assessment and RFI

### DCP 439 Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess/develop DCP 439. This Working Group consists of representatives from DNOs, Suppliers, IDNOs and representatives of network users. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 4.2 The Working Group developed an RFI document to gather information and feedback from market participants on this DCP. This RFI and its responses can be found in Attachment 3 – DCP RFI and Responses.
- 4.3 There were 5 responses to the RFI, of which 2 were confidential and below is a summary of the responses received and the Working Groups conclusions.

**Question 1: Have you backdated tariff changes for any of the following reasons?**

- **the voltage of connection.**
  - **import/export details;**
  - **metering location;**
  - **Multi MPAN sites;**
  - **LV or HV Substation Tariff**
- 4.4 All five respondents noted that they'd backdated tariff changes for at least one of the reasons highlighted within question one.

**Question 2: Please complete the table below to highlight how many times backdated tariff changes have been made in the last 12-month period.**

- 4.5 Due to some of the respondents submitting their response as confidential, it was agreed to aggregate all responses to this question into one table.
- 4.6 Please note that these volumes are a best industry view at this time. It is worth noting that some DNOs included numbers for residual banding changes resulting from sites submitting 'non-final demand' certificates, but others did not.

| Period being back dated for | Overall volume s | Volume of the voltage of connection from LV to LV Sub | Volume of HV to LV sub | Volume HV to LV | Others |
|-----------------------------|------------------|---|------------------------|-----------------|--------|
| 12-24 months                | 95               | 2   |                        |                 | 93     |
| 24-36 months                | 18               | 3   |                        |                 | 15     |
| 36-48 months                | 6                | 2   | 1                      |                 | 3      |
| 48-60 months                | 14               | 10  |                        |                 | 4      |
| 60-72 months                | 19               | 14  |                        |                 | 5      |
| 72 and above                | 25               | 24  | 1                      |                 |        |

**Question 3: Where you have volume in the ‘Other’ column, please expand on these scenarios.**

4.7 All respondents added volumes in the ‘other’ column and the reasons for these were Correcting incorrectly billed Capacity charges or where an incorrect disconnection date had been used, customers sending in Non Final demand certificates, changes of measurement class (usually where a site changed from domestic to non-domestic and vice versa), the annual reallocation process, incorrect tariff assignments and rebanding updates.

**Question 4: What are the root causes of backdating tariffs beyond 14 months.**

4.8 There were several reasons as to the root causes of back dating tariffs beyond 14 months. These ranged from rebanding requests raised by energy brokers, greater than one year retrospective Change of Measurement Class, sites that have been erroneously allocated to a voltage level and non final demand certificates being processed.

**Question 5: What are the perceived system limitations you may have in backdating beyond 14 months? Does this change after MHHS.**

4.9 Several limitations were provided as part of the RFI responses.

- Can only backdate MPAS/CSS/EES 14 months, so MPRS registration system does not fully align with the DUoS billing system.
- Changing the LLFC beyond 14 months requires superuser changes in MPRS.
- Manual updating of LLFCs
- NHH changes will be impossible due to the 14-month settlement Calendar reduction.

- 4.10 One response noted that the limitations are as described in the DCUSA Derogation Application approved by the DCUSA panel in September 2023 <sup>1</sup>and relate to complications for settlements data after the RF run is complete.
- 4.11 It was noted that these system limitations will not disappear post MHHS and in the event of the NHH limitation, this will not change post MHHS either.

**Question 6: Do you have any other comments?**

- 4.12 One respondent highlighted that they only back date if it is in the customers interest to do so.
- 4.13 Another responder stated that as part of the introduction of MHHS, the settlements window is reducing to 4 months and restrictions will apply in the Registration system changes to standing data. We also understand that the design principle of MHHS is to fix forward. As a result, we believe that tariff corrections should align to these arrangements in order to ensure consistency across industry data.
- 4.14 This responder also drew attention to the low volumes of MPANs that are backdated greater than 14 months (0.01%).
- 4.15 It was also noted in the Working Group that several parties backdated as far as 6 years as this was in line with the limitations act.

## 5 Conclusions to RFI and Consultation Questions

- 5.1 After reviewing the responses from the RFI the Working Group were keen to understand what industry Parties experience of backdating DUoS tariffs were, what works well and what could be improved with the process etc.

**Question 3: What's your experience of backdating DUoS tariffs in practice (what works well, what doesn't work well etc)?**

- 5.2 It was noted by a supplier that there can be challenges in contacting some customers when back billing has occurred, especially where a Change Of Tenancy (COT) or Change Of Supply (COS) has taken place, as the supplier has limited options to pursue debt in these scenarios.
- 5.3 It was also highlighted that in cases of a COT, if there are no forwarding address details this can also create issues in returning credits to customers.
- 5.4 With this in mind the Working Group would like to gain a deeper understanding of what suppliers processes are for COS and COT customers when back billing and what the processes are for refunding credits and for debt collection.

**Question 4: For suppliers only- If you're no longer the supplier for an MPAN, what is your process for back billing customers and refunding/debt collection? Do you follow the same process for COT customers?**

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<sup>1</sup> [DNO-IDNO-Derogation-Application\\_Panel-Decision.pdf \(dcusa-cdn-1.s3.eu-west-2.amazonaws.com\)](https://dcusa-cdn-1.s3.eu-west-2.amazonaws.com/DNO-IDNO-Derogation-Application_Panel-Decision.pdf)

- 5.5 The Working Group went on to discuss if there were potentially any other industry codes that may require updating, or that might be impacted if this change was implemented. It was noted that the MHHS would have an impact on backdating tariffs, especially when the settlement window is reduced to from 14 months to 4.
- 5.6 The Working Group would like to seek industry Party views on whether they believe there are any other industry codes that could be impacted by this change.

**Question 5: Are there any other industry codes that may be impacted by this change? Please elaborate on what these codes are.**

- 5.7 The RFI had drawn out issues for Distributors that back dating was complex when it went beyond 14 months and some responses had noted that this will not improve post MHHS and in fact would become more challenging.
- 5.8 It was also raised that MHHS introduces new processes and data-flows for Site-Specific DUoS billing and so DNOs may use new systems for MHHS Migrated MPANs. In order to back bill for six years, the legacy systems may need to be maintained, which could be costly and create additional complexity for such a small volume of customers.
- 5.9 These limitations mentioned in the RFI were unique to Distributors so the Working Group would like a broader industry understanding of what the potential impacts to Parties could be if this change was not accepted.
- 5.10 It was also noted within the Working Group that there can be sizeable credits created on customers accounts when back billing is required to go as far back as 6 years to cater to the limitations act.
- 5.11 It was highlighted that this change could limit these credits so the Working Group would also like to understand what the potential impacts to customers could be if this change were to be accepted.
- 5.12 One Working Group member asked if there were any other potential solutions that could be considered that the Working Group hadn't discussed.
- 5.13 One Working Group member raised that the obligations upon distributors and suppliers to have accounts set up correctly on appropriate tariffs as a mechanism of mitigating any risks to consumers could strengthen this change. It was discussed but agreed that this fell outside the scope of this change proposal.
- 5.14 Due to the system limitation, no other alternatives were raised but the Working Group would like to gain views on whether there were potentially any other solutions that could be appropriate that hadn't been considered at this time.

**Question 6: If this change is not implemented what are the potential impacts ie system constraints, additional manual intervention etc**

**Question 7: Are there any solutions that have not been considered by the Working Group? Please elaborate on what these solutions are?**

**Question 8: Are there any other time periods that may be considered more appropriate. Please elaborate on which timescales, barriers to implementation and ways to overcome these?**

- 5.15 The Working Group went on to discuss the process of limiting backdating and if this was fair to customers given it was going to reduce the period over which a claim would be corrected.

**Question 9: What would be the impact to customers if this change were to be implemented.**

- 5.16 It was highlighted that a long period of backdating tariff changes is not consistent with a fixed forward approach adopted elsewhere.
- 5.17 It noted that significant industry programs have adopted the fix forward approach, which means any system developments will be progressed to ensure the programs are completed.
- 5.18 Programs such as the Ofgem Faster Switching Program, which was seeking to ensure that customer switches were completed in a more timely fashion, and the MHHS program had taken the approach of forward fixing and this change was following the same principles.

**Question 10: Is the RF period a suitable time for these errors to be identified and resolved? Who do you believe should be responsible for identifying any network charging errors within the RF period (14 months currently, 4 months post MHHS), i.e. customers, suppliers, distributors etc? Please provide rationale.**

- 5.19 In the DNOs' Charging Statements, the current provision for back-dating charging adjustments for up to six years is referenced to the Limitation Act. Therefore, the Working Group requested that further legal advice was sought on how the limitations act would be impacted by this change, in the event this change was accepted, and if back dating was limited to 14 months.
- 5.20 The Working Group went on to discuss the 6-year limitations act in England/Wales and 5 years in Scotland and it was noted that previous legal advice had been given that stated that the limitations act was a limit on where a claim can be brought up to and not a minimum requirement.
- 5.21 It was noted that it was the act within England/Wales that governs the DCUSA.
- 5.22 This legal advice can be found within Attachment 5 DCP 439 Back Dating Legal Advice.
- 5.23 The Working Group would like to understand industry Party views on the legal advice that was given to them and how this impacts this change.

**Question 11: Do you have any comments on the legal advice received on the limitations act?**

## 6 Code Specific Matters

### Reference Documents



6.1 N/A

## 7 Solution and Legal Text

7.1 Add new paragraph as 173A to Schedule 16, and as 30.12 to Schedules 17 and 18 as follows;

7.2 Where it has been agreed that a charge has been incorrectly allocated due to -

- the voltage of connection;
- import/export details;
- metering location;
- Multi MPAN sites (associated MPANs);
- LV or HV Substation Tariff

7.3 then any adjustment will not be backdated beyond the date of the next Final Reconciliation settlement run at the time of implementing the change or the most recent migration date (to or from MHHS); whichever is sooner.

### Text Commentary

7.4 This addition clarifies the time period beyond which backdated tariff changes will not be made. The intent is to not permit changes beyond the period that registration systems limit retrospective changes. However, to limit the number of changes that may need to be made in current and legacy systems, a backstop relating to MHHS migration is also added.

7.5 The reference to migration is intended to allow for both MHHS migration and reverse migration and the complexities these introduce in registration and billing systems such that the most recent migration date in either direction forms a backstop.

**Question 12: Do you have any comments on the drafted legal text?**

## 8 Relevant Objectives

### Assessment Against the DCUSA Objectives

8.1 The Working Group will seek industry views in relation to the DCUSA Objectives as part of this consultation.

|                          | <b>DCUSA Charging Objectives</b><br><i>(please tick the relevant boxes. <a href="#">[See Guidance Note 10]</a>)</i>  | <b>Identified impact</b> |
|--------------------------|--|--------------------------|
| <input type="checkbox"/> | 1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence | None                     |

|                                     |  |          |
|-------------------------------------|--|----------|
| <input type="checkbox"/>            | 2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences) | None     |
| <input type="checkbox"/>            | 3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business  | None     |
| <input type="checkbox"/>            | 4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business   | None     |
| <input type="checkbox"/>            | 5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and  | None     |
| <input checked="" type="checkbox"/> | 6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.   | Positive |

- 8.2 Allows for efficiency in the implementation of the methodology by incentivising parties to capture and correct errors in a timely manner.

**Question 13: Do you consider the solution better facilitates the DCUSA objectives? Please give supporting reasons.**

## 9 Impacts & Other Considerations

- 9.1 There will be a knock-on effect to Distributor's charging statements for 1 April 2025, which has wording that reflects the reference to a six year period which would need to be removed.

**Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?**

- 9.2 N/A

### Impacts on other Industry Codes

- 9.3 The Proposer and Working Group believe that there are no potential impacts to other industry codes as a consequence of this change.

BSC..... ☐ MRA..... ☐

CUSC..... ☐ SEC..... ☐

Grid Code..... ☐ REC..... ☐

Distribution Code.. ☐ None..... ☒

**Question 14: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?**

## 10 Implementation Date

10.1 1 April 2025, with a decision giving enough lead time for charging statements to be republished as required.

**Question 15: What date do you believe this change proposal should be implemented? Please provide rationale.**

**Question 16: Do you have any other comments?**

## 11 Consultation Questions

11.1 The Working Group is seeking industry views on the following consultation questions:

| No. | Questions  |
|-----|--|
| 1   | Do you understand the intent of the Change Proposal?   |
| 2   | Are you supportive of the principles that support this Change Proposal?  |
| 3   | What's your experience of backdating DUoS tariffs in practice (what works well, what doesn't work well etc)?   |
| 4   | For suppliers only- If you're no longer the supplier for an MPAN, what is your process for back billing customers and refunding/debt collection? Do you follow the same process for COT customers?   |
| 5   | Are there any other industry codes that may be impacted by this change? Please elaborate on what these codes are.  |
| 6   | If this change is not implemented what are the potential impacts ie system constraints, additional manual intervention etc   |
| 7   | Are there any solutions that have not been considered by the Working Group? Please elaborate on what these solutions are.  |
| 8   | Are there any other time periods that may be considered more appropriate. Please elaborate on which timescales, barriers to implementation and ways to overcome these?   |
| 9   | What would be the impact to customers if this change were to be implemented?   |
| 10  | Is the RF period a suitable time for these errors to be identified and resolved? Who do you believe should be responsible for identifying any network charging errors within the RF period (14 months currently, 4 months post MHHS), i.e. customers, suppliers, distributors etc? Please provide rationale. |
| 11  | Do you have any comments on the legal advice received on the limitations act?  |
| 12  | Do you have any comments on the drafted legal text?  |
| 13  | Do you consider the solution better facilitates the DCUSA objectives? Please give supporting reasons   |
| 14  | Are you aware of any wider industry developments that may impact upon or be impacted by this CP?   |
| 15  | What date do you believe this change proposal should be implemented? Please provide rationale.   |
| 16  | Do you have any other comments?  |

11.2 Responses should be submitted using Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than, close of play on 05 July 2024.

11.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## 12 Attachments

- Attachment 1 – DCP 439 Consultation Response Form
- Attachment 2 – DCP 439 Change Proposal Form
- Attachment 3 – DCP RFI and Responses
- Attachment 4 – DCP 439 Draft Legal Text
- Attachment 5 DCP 439 Back Dating Legal Advice