

Meeting Session	DCUSA Panel (Open Session)
Paper Reference	Panel_2025_0319_08_SIG Headline Report
Action	For Information

SIG Headline Report

1. Synopsis

- 1.1 This report sets out the key decisions made at a DCUSA Standing Issues Group (SIG) meeting on 28 February 2025. The minutes of the meeting are available [here](#) on the DCUSA website.

2. DIFs 76, 77 and 78

- 2.1 The SIG picked up discussing three DIFs that had been raised by Scottish Power Retail. The DIFs were 76 (MPAN and GSP group correction and charge) DIF 77 (Meter Bypass Notification Process) and DIF 78 (Credit Cover Clarifications).
- 2.2 It was noted that these three DIFs were related to DIFs 69, 70 and 71 which had also been raised by Scottish Power and that all three DIFs had previously had RFIs raised against them to explore if these issues were prevalent in the industry or not.
- 2.3 The issue raiser explained that the RFI responses confirmed that all three issues were prevalent and required further action and explained that the three exploratory DIFs were withdrawn as the intention was for the issue raiser to return with a solution to the three DIFs however, due to a number of personnel changes at their organisation, the issues hadn't been revisited until recently.
- 2.4 The SIG agreed that all three-issue required further investigation and that three separate subgroups would be created to progress the issues.
- 2.5 It was also agreed that DIFs 77 and 78 would potentially require some support from the RECCo as systems like SDEP had been mentioned as a communication mechanism for parties to notify each other where works had been carried out or requested.
- 2.6 It was queried if the three issues could be addressed via one subgroup, but it was agreed that as these three issues would require different resource to support a solution, due to how they differed in their nature, three separate subgroups would need to be created.
- 2.7 It was agreed that for DIF 76, invites and a doodle poll would be issued to create the sub-group but for DIFs 77 and 78, before subgroups are created, the issue raiser would process map the current processes (with the support of the DCUSA secretariat and RECCo) calling out where cross code interactions happened in order to help the subgroup understand the process and areas that needed to be addressed and which code would address these areas.
- 2.8 The above meeting was scheduled for Monday 17 March 2025 at 10am.

3. DIF 79 Credit Cover Clarifications

- 3.1 It was highlighted by the issue raiser that there were two areas within Schedule 1 'Cover' where they'd identified that some attention was required.
- 3.2 The first area the SIG group discussed was that there is no remedy for a Company that draws down on collateral following a Payment Default, where the resulting Indebtedness Ratio increases above the Indebtedness Ratio Limit and the User does not comply with paragraph 1.4, under which they are obliged to "provide additional Collateral to ensure that the Indebtedness Ratio is equal to or lower than the Indebtedness Ratio Limit".
- 3.3 If the User fails to make up the shortfall the remedy available at 3.2 is not available and the situation therefore does not fall under the definition of Cover Default at 3.3.
- 3.4 This is because 3.2 is limited to "(b) a decrease in the Credit Allowance Factor". This therefore precludes scenarios where the Indebtedness Ratio increases because Collateral (and therefore the Credit Limit) is reduced. This despite the heading of the section being "Increase in Cover Requirements Pursuant to a Change in the Value at Risk or Increase in the Indebtedness Ratio".
- 3.5 It was agreed by a DNO SIG member that this was an area that needed to be addressed.
- 3.6 The second area was explained as an Internal inconsistency in the test for Cover.
- 3.7 At paragraph 1.4 "the User shall provide additional Collateral to ensure that the Indebtedness Ratio is equal to or lower than the Indebtedness Ratio Limit"
- 3.8 However, at 3.2 the test for the User to take action is "Indebtedness Ratio equals or is greater than its Indebtedness Ratio Limit" so there seemed to an overlap as both 1.4 and 3.2 had an 'equals' in the calculation.
- 3.9 It was agreed that both points needed to be address and so the issue raiser agreed to raise a DCUSA change proposal to remedy both issues.

4. Next SIG Meeting – 28 February 2025

- 4.1 At present no new issues have been raised however, it is expected that ENWL would be raising a new issue to review an inconsistency within Schedule 1 'Cover', specifically within the RAV calculation as there is an uplift in the PCFM and an uplift in the DCUSA. The DCUSA uses the RPI index to uplift whereas the PCFM uses CPIH which is the inconsistency.
- 4.2 It was raised as an AOB at the February SIG, and it was agreed that this would require further discussion at the March SIG meeting.

5. Recommendations

- 5.1 The DCUSA Panel is invited to:
 - **NOTE** the contents of this paper.

Andy Green
Governance Senior Analyst