

DCP 437 Working Group Meeting 06

14 April 2025 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Andrew Harris [AH]	UKPN
David Wornell [DW]	National Grid
Ed Grimsey [EG]	BUUK
Edda Dirks [ED]	SSE
Emma Clark [EC]	SSE
James Harvey [JH]	Ofgem
Kara Burke [KB]	NPg
Lauren Roy [LR]	SPEN
Monique Pereira [MP]	Indigo Networks
Victoria Burkett [VB]	SSE
Code Administrator	
Richard Colwill [RC]	Chair
Hannah Proffitt [HP]	Secretariat
Apologies	
Chris Ong [CO]	UKPN

1. Administration

Recording

- 1.1 The Chair asked members if they were comfortable for this meeting 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.

Apologies

- 1.2 Apologies are noted in the table above.

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.

Minutes of the Previous Meeting

- 1.4 The Working Group approved the minutes.

2. Purpose of the Meeting

- 2.1 The Chair advised that the purpose of the meeting was for the Working Group to review the responses to the RFI.

3. Review RFI Responses

- 3.1 The Chair presented the RFI responses to the group noting that one response was confidential and therefore cannot be shared beyond the Working Group.
- 3.2 ED noted that the deadline had been extended and asked if any further responses had been received. The Chair confirmed there had not been.

Question 1 - Do you agree that the analysis undertaken from the DCP 437 Working Group is reflective of the likely increase in risk premia for affected customers if this CP is approved? Please provide your rationale either way and if you disagree, please provide your analysis on the likely increase in risk premia on affected customers.

- 3.3 The Chair summarised that one responder agreed with the principle that the less notice there is, the higher the risk premium built into the forecast rates. The responder felt unable to comment on the reflectiveness of the model as risk premium is subject to the inputs to the model at the time of calculation.
- 3.4 The Chair advised that another response advised that the numbers calculated look reasonable.
- 3.5 The Chair advised that the third responder raised no concerns with the analysis completed by the Working Group, however stated that they believe there needs to be emphasis on the volatility of the market. The responder raised concern that the concentration on risk premia will overshadow the concern of the cumulative impact of reduced notice periods for customers and the impact of being able to price customers fairly and accurately where a reduced period is implemented.
- 3.6 Regarding the concerns raised relating to volatility, AH advised that the shorter the notice they give, the more ability for the prices they quote to be accurate which would reduce volatility. AH noted that in part, volatility is due to setting prices so far in advance.

- 3.7 DW agreed and noted they had looked at what the percentage change in allowed revenue would have been year on year without 15 month notice and the price shock related to inflation in 2024 would have been 4% as opposed to 40%.
- 3.8 DW advised there would be more stability without the 15 months' notice. DW summarised that moving the notice period from 15 to 14 months, will not change anything for Suppliers regarding their risk premiums.

Question 2 - How many customers do you have on a contract greater than 14-months? Please split between domestic and non-domestic and for the non-domestic customers, please indicate how many have pass-through arrangements in place for DUoS charges.

- 3.9 The Chair advised that one responder had provided ratios, another had provided figures and the third had not provided the information as they felt it was commercially confidential.
- 3.10 Based on the responses, the Working Group summarised that it is a small number of customers.

Question 3 - Any other comments?

- 3.11 The Chair highlighted that two responders had not provided any additional comments.
- 3.12 The third had advised they felt there was a risk they will not be able to price their customers accurately or fairly if there is a reduced notice period. The response included a table showing the difference between the notice periods and highlighted that it shows a level of volatility Suppliers will need to consider. The responder raised concerns that reducing the notice period will set a precedent for further reduction in future.
- 3.13 DW questioned the benefit of the table and noted all it shows is that they are delaying what volatility there is by a month. VB clarified that the table shows how volatile the prices are and highlighted that Suppliers need as much notice as possible to price correctly.
- 3.14 EC noted that when they publish the November cost information tables they do not have the locked down PCFM and there may well be a shift. EC added that 2026/2027 is a key year in which a few DNOs had a significant negative residual which will contribute to the variance.
- 3.15 AH advised that this variance would exist even with the 14 months' notice.
- 3.16 Regarding the comment around setting a precedent for further reduction in the notice period, DW highlighted that they are only proposing a one month change to allow DNOs to function properly when setting their charges.
- 3.17 DW highlighted that only three Suppliers had responded to the RFI, and suggested that this shows the impact is small.
- 3.18 The Chair took an action to draft a Change Report including this information and to circulate it to the group for review.

Action 06/01 – The Chair to produce a draft Change Report and issue to the Working Group for review.

- 3.19 The Chair highlighted that the Change Report would be presented at the May Panel and would be issued to vote on 22 May. The Chair advised that the Change will be issued to Ofgem on 17 June and asked if this would allow sufficient time for the benefits to be seen this year if approved. The Ofgem representative, JH, agreed that they would provide a decision as soon as possible.
- 3.20 Members asked JH for a view on whether this additional information addresses the points in Ofgem’s send back letter. JH agreed that the additional information is beneficial and should help Ofgem come to a conclusion.
- 3.21 VB asked if the implementation date of ‘1 day after authority approval’ will remain the same. The Chair agreed it would.

4. Next Steps and Work Plan

4.1 The next steps were agreed:

- The Chair to draft a Change Report and circulate to members for review.
- If needed, a further meeting to be held on Wednesday 30 April 2025 at 10am for members to review the Change Report.

5. Any Other Business

5.1 No other business was raised.

New and Open Actions

Action Ref.	Action	Owner	Update
06/01	The Chair to produce a draft Change Report and issue to the Working Group for review.	The Chair	New Action.

Closed Actions

Action Ref.			Update