



Making a positive difference
for energy consumers

DCUSA Panel Chair, DCUSA Panel,
Electricity Distribution Network Operators,
Electricity Suppliers and other interested parties

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Date: 13 March 2025

Dear Panel Chair,

**Authority decision to 'send back' DCUSA modification proposal DCP440:
Consuming "de-energised" sites pursuant to Clause 13.11A of DCUSA**

On 17 January 2025, the Change Declaration and Change Report for Distribution and Charging Use of System Agreement (DCUSA) change proposal DCP440 was submitted to the Authority¹ for decision. We have decided that we cannot properly form an opinion on DCP440 based on the Change Report as submitted to us and are therefore sending the proposal back for further work.

Background

Distribution Network Operators² (DNOs) are entities that own and operator the network which distributes electricity to homes and businesses in GB. There are also a number of

¹ References to the "Authority", "Ofgem", "we", and "our" are used interchangeable in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² Distribution Network Owners hold a [licence](#) granted, or treated as granted, pursuant to Section 6(1)(c) of the Act.

smaller Independent Distribution Network Operators (IDNOs) which operate smaller networks connected to the distribution network. DNO's recover the costs of maintaining, building, repairing and investing in the distribution network through Distribution Use of System³ (DUoS) charges. In the case of de-energised sites, which are sites where the flow of electricity has been disrupted through physical means such as movement of a switch, removal of a fuse or meter or any other physical works. These de-energised sites are not subject to DUoS charges until such time as the flow of electricity has been reconnected and industry data updated to reflect this.

Currently is it possible for a site to be de-energised and still consume energy, there are a number of reasons why a de-energised site may be consuming energy this can include energy theft or incorrect industry data following reconnection of the supply. When a site is incorrectly registered as de-energised, and consumption occurs DUoS charges are only recovered once a sites status is correctly registered as energised. Only then can DUoS charges be recovered back to the corrected date of energisation. The responsibility to ensure this data remains accurate lies primarily with the site's supplier. However, there can be instances where suppliers are unaware of the end consumer or the site's status until they have been notified.

The modification proposal

DCP440 was raised by UK Power Networks (the Proposer) on 15 April 2024. This modification would seek to amend Schedule 16⁴ of the DCUSA to allow DUoS charging of sites which are registered as de-energised, but consumption is detected.

This change would impact,

- non Market-wide Half-Hourly Settlement⁵ (MHHS) and MHHS settled meter points not yet migrated to MHHS arrangements
- sites which have been migrated under MHHS arrangements.

In the case of non-MHHS and non-migrated MHHS sites following detection of consumption on a de-energised meter point the DNO parties shall contact the supplier to request a correction. Once the energisation status has been corrected only then will charges be back dated to the date of energisation.

³ Use of System charges as defined [Section 2A, the meaning given to that term in Clause 19.1C](#), and, in respect of [Section 2B, the meaning given to that term in Clause 43.2.1](#)

⁴ [DCUSA Schedule 16](#)

⁵ [Market-wide Half-Hourly Settlement Programme](#)

For MHHS-migrated sites DUoS charges will be applied from the point consumption is detected. DNO parties should inform suppliers and request the energisation status be updated. Following the change in energisation status any difference in charges will be back dated to cover the period in which the site was incorrectly de-energised with consumption being detected.

In cases of multi-MPAN sites each MPAN would be taken in isolation so any correctly de-energised MPAN at the site would not be affected by consumption on an energised MPAN.

Reasons for our decision

We have identified the following deficiencies in the Change Report.

The legal text sets out the proposed changes in treatment between,

- non-MHHS sites and MHHS sites not yet migrated under MHHS arrangements
- MHHS migrated sites.

This includes the requirement for suppliers to correct the energisation status of an incorrectly de-energised site and for DUoS charges to apply back to the date of energisation. Under current arrangements when a de-energised sites status is corrected, recovery of DUoS charges is backed dated to the correct date of energisation.

This modification seeks to create two categories of site:

- non-MHHS and MHHS sites not yet migrated,
- MHHS migrated sites.

The MHHS programme once implemented will bring with it changes to final settlement run timescales. These will move from 14 months to four months. With the introduction of this new shorter settlement timeframe and the introduction of two categories for recovering DUoS charges with this modification there is a risk that the recovery of DUoS charges could be applied differently to consumers across the market. Without further clarification and a clear definition of how far back charges should be recovered for each category there is a greater risk that some consumers could see detriment based on their supplier or DNO in how far back charges are recovered. For this reason, we do not believe it possible to make an informed decision of DCP440 without further clarification as to the recovery period or charges.

Under the current Schedule 16 arrangements DNOs can recover DUoS charges from incorrectly de-energised sites once they have notified a supplier and the supplier has

corrected the energisation status. However, this modification will for sites which have been migrated to MHHS allow DNOs to recover these costs immediately without the need for suppliers to correct the data first. We are concerned that this may lead to the incorrect energisation status not being corrected and only acting as a work around to possible inaction by suppliers or lengthy investigations before the status is updated. We have particular concern as comments from one DNO highlighted that in their data 3% of sites were responsible for 85% to 90% of their total volume of energy consumed on de-energised MPANs. Given the quantity of energy consumed which has been detailed in the data provided by DNOs there exists a possibility that the sudden application of DUoS charges for these MPANs could result in a significant financial impact for these consumers without prior notification. There is a risk that these consumers may not be aware of their incorrect de-energisation status prior to DUoS charges resuming. We do not believe the workgroup has sufficiently addressed the risk to consumers where charges resuming following migration to MHHS. There also exists a risk that DUoS charges may be applied incorrectly following the detection of consumption on a de-energised MPAN. Without further understanding the impact to this group of consumers we do not believe it possible to make an informed decision of this modification.

Direction

We therefore direct pursuant to Clause 13.11A of the DCUSA that consideration is given to both issues highlighted above by the DCUSA Panel/workgroup to address these deficiencies. A revised Change Report should include consideration to the specifics on the back dating of DUoS charges following the correction of the energisation status including where possible a definition of the recovery period. The revised Change Report should also include consideration of the impact to consumers following the resumption of DUoS charges immediately upon detection of consumption and if a notification or investigation period is required and the benefits this may bring.

After addressing the issues discussed above, and revising the Change Report accordingly, the DCUSA Panel should re-submit it to us for decision as soon as reasonably practicable.

Yours sincerely,

Michael Walls

Head of Retail Market Operations and Smart Metering

Signed on behalf of the Authority and authorised for that purpose