

## DCP 439 Working Group Meeting 08

06 May 2025 at 13:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Chris Ong [CO]	UKPN
David Fewings [DF]	Inenco
Donna Jamieson [DJ]	IDCSL
Edda Dirks [ED]	SSE
Emma Clark [EC]	SSE
James Harvey [JH]	Ofgem
Jo Boyle [JB]	SPEN
Jo Brown [JBr]	NGED
Michael Hewitson [MH]	Trident Utilities
Peter Waymont [PW]	UKPN
Robert Mottershead [RM]	Sedulity Energy
Ryan Farrell [RF]	NPg
Victoria Burkett [VB]	SSE
<b>Code Administrator</b>	
Andy Green [AG]	Chair
Hannah Proffitt [HP]	Secretariat
<b>Apologies</b>	
Jenny Harvey [JH]	NGED

## 1. Administration

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### **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.

### **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.

## 2. Purpose of the Meeting

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- 2.1 The Chair advised that the purpose of the meeting was to review the Authority send back letter and determine the next steps.

## 3. Discuss Authority Send Back Letter

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- 3.1 The Chair presented the send back letter to members. Members agreed that discussions would focus on the highlighted aspects of the Change Report and that other areas of the change would not be discussed.

- 3.2 The Chair highlighted the following sections of the letter.

‘It is noted throughout the Change Report that the existing window for the RF settlement run will reduce from the existing arrangements to 14 months, and then to 4 months post MHHS implementation. There is either not sufficient articulation of the impact assessment of the proposal that was carried out, or the impact assessment itself is insufficient for an understanding of the potential consumer impacts to be considered, particularly for a 4-month RF window.

The design of the RFI does not seem to have allowed for relevant information on those backdating requests inside or outside the initial 14-month window, but rather looks at 12-month windows. Post-MHHS, it is noted that the RF window will be 4 months, and no attempt is made to understand how many backdating changes (or requests to backdate) would have fallen within that window, despite concerns articulated by workgroup members and consultation respondents. It is noted by a workgroup member that the volumes of MPANs backdated greater than 14 months is very low, but no supporting analysis is provided, and no assessment of the volumes greater than 4 months. Given the importance in the future of the 4 month window, this impact assessment is not sufficiently detailed to understand the enduring impact of the modification proposal and more work (or better articulation of existing work, if it exists) is required.

It is noted that the proposal could bring many benefits, such as more efficient process and reduced DNO costs due to not having to maintain legacy systems. These are not quantified, and so cannot be

weighed against the potential consumer impacts, or weighed against the impact on relevant objectives.’

- 3.3 JH summarised that Ofgem were looking to gain a better understanding of the specific impacts on users and the benefits. JH added that Ofgem also needed more detail regarding the issues with the current arrangement.
- 3.4 PW highlighted the following statement in the letter ‘One DNO noted that all of the changes they identified with a limited search, which they considered “business as usual” changes rather than errors, were for periods greater than 12 months in the past. DNOs broadly agreed that 14 months was the practical limit on backdating across a number of industry systems, but also agreed MHHS would later reduce the effective window of available data to 4 months.’.
- 3.5 PW noted that this was raised by him and clarified that he had considered all changes of line loss factor class and where they were not errors, considered those ‘business as usual’. PW noted that in particular, these were where a backdated change of measurement class had been applied and so the line loss factor was changing from a non-half hourly settled line loss factor to half hourly settled line loss factor. PW noted that they could have ignored those as being business as usual but wanted to be open and honest about volume.
- 3.6 JH asked if this information could be included in the Change Report. The Chair agreed it would.
- 3.7 RF highlighted that in addition to the number of customers affected, including the refund value would be important in assessing the impact of the change. RF noted that most of the customers were assigned to an LV tariff instead of an LV sub through no fault of their own, and most of these refunds are 72 months plus. RF noted that it is important to assess the impacts to these customers.
- 3.8 PW highlighted that it is also important to consider what benefits other customers are seeing because DNOs do not apply the backdating when it is to the disbenefit of the customer. PW noted that this is a benefit that cannot be quantified because we do not have that information, as there is no change to detect.
- 3.9 CO advised that they are seeing less requirements to backdate tariffs in the past year or two than six or seven years ago and going forward they would expect numbers to be even less as a lot of data issues have been resolved.
- 3.10 RF highlighted that their approach relates to where the fault lies. For example, if a DNO error led to a customer paying a lower charge through no fault of their own, they would not backdate and rebill. RF noted that if an error led to the customer paying more than they should, they would correct going forward and go back to the statute of limitations and refund them. RF added that assume others do the same but that a question should be included in the RFI.
- 3.11 PW highlighted that part of the current problem is inconsistency, in volume, customer type and in the way that backdating is applied in some circumstances and not others. PW added that no other standing data changes apply beyond RF in the industry and in MHHS most standing data changes will be fixed forward.
- 3.12 The Chair acknowledged that a benefit of the change is ensuring consistency in how customers are treated.

- 3.13 The members agreed that a Request for Information (RFI) should be issued to help address Ofgem's points and considered questions to include.
- 3.14 The group reviewed the table under paragraph 4.6 of the Change Report and agreed to amend this to the below and include the following question.

*Question 1: Please complete the table below to highlight how many times backdated tariff corrections have been made in the last 12-month period Between 01 May 2024 to 30 April 2025.*

<i>Period being backdated for</i>	<i>Overall volume of customers whose charges reduce</i>	<i>Total refund value</i>	<i>Overall volume of customers whose charges are increased</i>	<i>Total value of additional charges</i>
<i>0-4 months</i>				
<i>Over 4 months to 14 months</i>				
<i>Over 14 months</i>				

- 3.15 PW highlighted that if they backdated a customer for six years and they work out the benefit to the customer, part of that benefit is the 0 to 4 and 4 to 14 month period. PW noted that the group need to consider this when they interpret the data. The Chair agreed to make this clear in the Change Report.
- 3.16 ED asked how Ofgem will assess the data obtained through the RFI and asked if there is a threshold. LH advised that they do not have a specific number at the moment, but that the data will help in understanding the effect on customers and help them to balance the impacts and benefits.
- 3.17 PW noted that they feel there are qualitative benefits as well as quantitative benefits but that at this stage it is hard to quantify the benefits of billing systems not being taken forward.
- 3.18 Members agreed on the following questions.

*Question 2: Do you always backdate tariff corrections, whether they are increases or decreases, regardless of how the error arises?*

*Question 3: Do you treat tariff corrections where there is an increase differently to where there is a decrease and how?*

*Question 4: In what scenarios would you treat an increase differently to a decrease?*

- 3.19 JH noted that it would be useful to find out, where an increase is not applied, the value of unbilled charges that have not been applied.

*Question 5: Where an increase is not applied, if possible, could you provide the value of unbilled charges that have not been applied?*

- 3.20 Regarding Question 1 and the table, RF advised that the way billing and refunds work, a lot of the changes in the 0-4 and 4-14 are not tracked as a refund. RF noted they would go through credit and rebill and be picked up in the billing system. RF noted that it is only when it is over 14 months that a manual refund is calculated. Therefore, it might be difficult to obtain refund data.
- 3.21 PW suggested there are ways to identify these refunds, for example running a report to see where there were changes of line loss factor class in the half hourly system. PW noted you can drill down to see why these had been changed.
- 3.22 JH asked what other positive impacts there are to customers beyond potential refunds. The group agreed to ask this question in the RFI.

*Question 6: What are the positives impacts to aligning the backdating of tariff corrections to RF for consumers and market participants?*

- 3.23 Members considered the other potential benefits of the change.
- 3.24 PW noted that when they read the DCP 433 consultation regarding backdating banding changes 14 months, they reviewed the MHHS papers and concluded that the registration system would not allow changes to the LLF back further than RF and the migration date of a customer. PW noted that this led to them raising this change as it made the six year period more problematic.
- 3.25 PW advised that in the future they will want to move away from their legacy systems on to market wide systems for billing and will not want to bring seven years of data. PW noted that maintaining billing systems for a small number of customers out of millions felt like an unjustifiable cost compared to the benefit. PW added that the cost of maintaining two systems is not likely to be known yet.
- 3.26 RF noted that this historical data is useful and felt it should be held in an archive, if not in a live system. RF noted that DCP 433 was raised as Schedule 32 did not align with non-half hourly backdating.
- 3.27 ED suggested that a question is asked regarding whether the older data will be retained for other reasons. ED noted that if so, this change will not save DNOs money as the data will need to be maintained anyway.
- 3.28 PW raised that it is not just about maintaining the data, but also the billing mechanism. PW questioned whether DNOs would want to continue to be able to raise legacy style half hourly bills.
- 3.29 The below questions were agreed.

*Question 7: What would be the barriers in terms of the backdating of tariff corrections past RF if this change was not applied? i.e. cost of running legacy systems, complex and lengthy processes etc. If possible, can you quantify these barriers in customer numbers and costs.*

*Question 8: How long does HH consumption data need to be retained for and why?*

*Question 9: Are you intending on maintaining a legacy system that holds pre MHHS data post MHHS system implementation?*

*Question 10: What are the resources and process costs of manually calculating a 6-year backdated tariff correction when done off system?*

*Question 11: Can you raise an invoice when calculating backdated tariff corrections off system?*

- 3.30 RM raised that in a previous meeting, DF had shared some figures surrounding the number of customers affected and this indicated the numbers that we were seeing was potentially lower than what was actually going on. DF shared this with members.

#### 4. Determine Next Steps

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- 4.1 The group agreed that the RFI was mainly aimed at DNOs and IDNOs, however that Suppliers may be interested in responding to Question 6. The Chair agreed to send the RFI to all Contract Managers and to highlight this in the email.
- 4.2 The Chair agreed to send the RFI out following this meeting with a closing date of 28 May 2025.
- 4.3 The group agreed to meet again on Monday 2 June at 1pm to review responses.

#### 5. Any Other Business

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- 5.1 No other business was raised.

## New and Open Actions

Action Ref.	Action	Owner	Update

## Closed Actions

Action Ref.			Update