

DCP 439 Working Group Meeting 09

02 June 2025 at 13:00 - Web-Conference

Attendee	Company
Working Group Members	
Chris Ong [CO]	UKPN
Edda Dirks [ED]	SSE
David Fewings [DF]	Inenco
Donna Jamieson [DJ]	IDCSL
Jo Brown [JB]	NGED
Joe Boyle [JB]	SPEN
Karl Maryon [KM]	Drax
Kavya Kavya [KK]	Brook Green Supply
Michael Hewitson [MH]	Trident Utilities
Monique Pereira [MP]	Indigo Networks
Nik Wills [NW]	Stark
Peter Waymont [PW]	UKPN
Ryan Farrell [RF]	NPg
Simon Vicary [SV]	EDF
Emma Clark [EC]	SSE
Code Administrator	
Andy Green [AG]	Chair
Hannah Proffitt [HP]	Secretariat

1. Administration

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 No apologies were received

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.
- 1.4 Regarding the Terms of Reference, the Chair reminded members that they are acting independently from their organisations.

Minutes of the Previous Meeting & Actions

- 1.5 No comments were raised.

2. Purpose of the Meeting

- 2.1 The Chair advised that the purpose of the meeting was to review the RFI responses and determine the next steps.
- 2.2 The Chair reminded members that the focus of the meeting is to address the specific points raised by Ofgem and not to re-open previous discussions that have already been addressed in the Change Report.

3. Review RFI Responses

- 3.1 The Chair ran through each RFI question and presented the responses received. A summary of the discussions for each question are below. The non-confidential responses are included as **Attachment 1**.

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.

- 3.2 Members noted the responses and agreed that the data should be aggregated into one table to be included in the Change Report.
- 3.3 The Chair advised that one party had only provided data for one of their licenses. The Chair noted that they will follow up with this party and request the rest of their data.
- 3.4 ED highlighted that there are some regional differences in the data. ED suggested that this should be flagged in the Change Report, with possible underlying causes being considered.
- 3.5 One party advised their numbers were high, and that this was likely due to several outliers.

- 3.6 MP asked what was included in the total value of additional charges. The Chair clarified it is purely billed charges, no administrative costs.
- 3.7 PW questioned whether there will be a data cleanse completed, associated with the Market Wide Half Hourly (MHHS) migration which will reduce the numbers post MHHS. PW noted that several other data cleanses are being completed so it is possible.

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

- 3.8 Members summarised that five out of the eight responders stated their approach differs depending on the scenario, one stated they do not backdate at all, and two stated they correct all errors in full regardless of whether it is in the customer's favour.

Question 3 – Do you treat tariff corrections where there is an increase differently to where there is a decrease? If yes, how?

- 3.9 Three responses noted they would only fix forward unless it was specifically requested to backdate.
- 3.10 DF noted that an objection had previously been raised regarding Suppliers having issues recovering the money on fixed price contracts years down the line. SV agreed that there is a risk with fixed price contracts and that they are not necessarily able to recover additional charges.
- 3.11 MH noted that the charges are passed on to the Supplier and then it is up to them if they recover those or not. PW noted that it also occurs when a Supplier goes out of business, the charges would be passed back to the receiver.
- 3.12 The Chair summarised that the majority of responders stated there is no difference in the way they treat tariff corrections for increases and decreases and some responders stated they judge on a case by case basis.

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

- 3.13 Members noted the responses. The Chair summarised that there is no deviation in the treatment of increases and decreases.

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

- 3.14 The Chair suggested that responses indicate there are examples of this happening, however quantifying these is difficult because where an action is not taken it is not recorded in the system to look back on.
- 3.15 DF noted that from a consultant's point of view, if there is an increase in charges, they would not look at this as it is not going to benefit the customer. DF suggested that the vast majority of requests made to check, will be the ones that save rather than increase the costs.
- 3.16 PW raised that in instances of no backdating where charges increased, this cost must still get picked up somewhere.

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

- 3.17 Members acknowledged that the intention behind this question was to focus on possible positive outcomes, as the negative impacts had already been covered in the Change Report.
- 3.18 The Chair summarised that the responses had highlighted benefits to DNOs/IDNOs such as less administrative burden leading to reduced costs, a clear and consistent approach, and all customers being treated the same.
- 3.19 RF highlighted there are no benefits to customers. PW noted that there is a benefit to customers when data across the industry is correct and aligned.

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?

- 3.20 One response noted that if the change were not applied, the legacy system would need to remain in place six years after the final customer migrates to MHHS.
- 3.21 MH highlighted that HMRC request that records are maintained for six years. PW noted that this can be in the form of an archive rather than a live system. DF noted that so long as the half hourly data is archived, it is a simple method to do the calculation and would not require legacy systems. The Chair advised that this was included in the Change Report.
- 3.22 Members discussed the response from UKPN which outlined that in Q1, they only made 2 changes beyond RF over the past 12 months and the change only impacts a small percentage of all customers.
- 3.23 DF noted that UKPN are one of the DNOs that prior to the CDCM, already had an LV and LVS tariff arrangement. DF noted that most DNOs did not and therefore there are significantly less errors within the UKPN portfolio. DF suggested that the other DNOs are where the issue is and where the volumes are a lot higher.
- 3.24 CO clarified that historically UKPN only had it in one of their three regions, but did do a data cleanse to try and address the historical errors.
- 3.25 The Chair noted that it has been addressed in the Change Report that when the CDCM was introduced in 2010, there was not a mandated data cleanse but that some organisations did one anyway.
- 3.26 PW raised that based on the numbers within Question 1, they estimate it is around £600,000 out of 7 billion total Distribution Use of System (DUoS) across the country and therefore it is a small percentage.
- 3.27 The Chair summarised that the responses suggest maintaining the legacy systems or archive is not particularly a challenge, but that some of the existing processes would be challenging if left in.
- 3.28 PW suggested that there are risks of systems going out of support and any associated upgrade costs to mitigate risk.

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

- 3.29 Members noted the responses and did not raise any comments.

- 3.30 The Chair summarised that responses differed but that six years was the minimum amount of time and that some responses stated they have data from as far back as 2010.

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

- 3.31 The Chair summarised that most responders indicated they will be retaining some sort of legacy system.
- 3.32 Members acknowledged that different parties would likely have different data retentions policies and that GDPR is a consideration.

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

- 3.33 One response provided an estimate of £400 per backdated correction. DF highlighted that most of that cost is related to checking whether the supply is LVN or LVS, which would be required regardless of whether there was any backdating involved. DF summarised that only some of that figure relates to the actual backdating.
- 3.34 The Chair noted that several responses had indicated the process can take days and asked if this is due to the time taken for updates to pull through, or whether it takes days of work. One member clarified that it does not take days worth of work, but that it can take days when it is passed between teams.

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

- 3.35 UKPN's response outlined that they cannot do this whilst Clause 21.2B exists. The Chair asked for PW to clarify what this means. PW advised that if they raise invoices using the D2021, then all invoices for that Supplier have to be using the D2021 including any revised accounts and credit notes.
- 3.36 The Chair concluded that the responses to this question were mixed.

4. Determine Next Steps

- 4.1 The Chair highlighted the following next steps.

- Once all data for Question 1 has been received, the Chair to aggregate the responses and include in the Change Report along with information regarding regional differences.
- The Chair to add qualitative summaries of the RFI responses and Working Group conclusions to the Change Report.
- The Working Group will meet again on 20 June at 1pm to review the updated Change Report. The Chair will circulate a copy to members ahead of the meeting.

Action 09/01 – Once all data for Question 1 has been received, the Chair to aggregate the responses and include in the Change Report along with information regarding regional differences.

Action 09/02 - The Chair to add qualitative summaries of the RFI responses and Working Group conclusions to the Change Report.

5. Any Other Business

5.1 No other business was raised.

Attachments

- Attachment 1 - DCP 439 RFI 2 Responses - Non Confidential

New and Open Actions

Action Ref.	Action	Owner	Update
09/01	Once all data for Question 1 has been received, the Chair to aggregate the responses and include in the Change Report along with information regarding regional differences.	The Chair	New Action.
09/02	The Chair to add qualitative summaries of the RFI responses and Working Group conclusions to the Change Report.	The Chair	New Action.

Closed Actions

Action Ref.			Update