

DCP 439 'Backdating Tariff Changes'

COLLATED RFI 2 RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	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.	Working Group Comments																				
		<div>This tables shows the aggrgated total for all responders</div> <table><tr><th>Period being back dated for</th><th>Overall volume of customers whose charges reduce</th><th>Total refund value (excl. VAT)</th><th>Overall volume of customers whose charges are increased</th><th>Total value of additional charges</th></tr><tr><td>0-4 months</td><td>21</td><td>£34,197.85</td><td>11</td><td>£8,000</td></tr><tr><td>Over 4 months to 14 months</td><td>33</td><td>£129,200</td><td>54</td><td>£383,525.81</td></tr><tr><td>Over 14 months</td><td>36</td><td>£902,619.87</td><td>19</td><td>£236,452.46</td></tr></table>	Period being back dated for	Overall volume of customers whose charges reduce	Total refund value (excl. VAT)	Overall volume of customers whose charges are increased	Total value of additional charges	0-4 months	21	£34,197.85	11	£8,000	Over 4 months to 14 months	33	£129,200	54	£383,525.81	Over 14 months	36	£902,619.87	19	£236,452.46	
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Working Group Conclusions:																							

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Company	Confidential/ Anonymous	2. Do you always backdate tariff corrections, whether they are increases or decreases, regardless of how the error arises?	Working Group Comments
Northern Powergrid	Non-confidential	<p>This is situational, for example if the DCUSA states we must then we will backdate a tariff as per the legal text. Such as in the annual allocation review for residual charging bands (schedule 32).</p> <p>In general though, if the tariff correction would result in a negative impact (additional charges) for the customer and NPg was responsible for the error then we would not backdate the charge and we would implement it going forward.</p> <p>If the tariff correction would result in a positive impact on the customer (a refund) and NPg was responsible for the error then we would backdate the charge up to a maximum of 6 years in line with the statute of limitations.</p> <p>In the rare case that the responsibility for the error lay with the customer, we would NOT backdate if the correction would result in an additional charge for the customer. If the correction would result in a refund these would be dealt with on a case-by-case basis.</p>	Noted
UK Power Networks	Non-confidential	<p>We will backdate a change whether it's an increase or decrease where it's deemed to be appropriate. In our LC14 Charging Statement we state <i>'It is our responsibility to apply the correct charges to each MPAN/MSID. The allocation of charges is based on the voltage of connection, import/export details including multiple MPANs, metering information and, for some tariffs, the metering location.'</i> As a result, we will always aim to ensure that the correct tariff is applied at all times to all connections, however we will apply any changes from an appropriate date</p>	Noted
Electricity North West Limited	Non-confidential	<p>Our treatment of tariff corrections is not affected by if they are increases or decreases, and regardless of how the error arose. Our approach is to correct the error in full.</p>	Noted
National Grid Electricity	Non-confidential	<p>No – not always. It's circumstantial and mainly depends if it is our oversight and if so if it's in the end customers favour or not.</p>	Noted

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Distribution			
<p>Working Group Conclusions: Five out of the eight responders stated their approach differs depending on the scenario, one stated they do not backdate at all, and three stated they correct all errors in full regardless of whether it is in the customer's favour.</p> <p>There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.</p>			

Company	Confidential/ Anonymous	3. Do you treat tariff corrections where there is an increase differently to where there is a decrease? If yes, how?	Working Group Comments
Northern Powergrid	Non-confidential	See above	Noted
UK Power Networks	Non-confidential	Where a customer or their agent has identified a change is required and a decrease is likely, they will often request that the change is backdated. We never seem to get requests to backdate increases.	Noted
Electricity North West Limited	Non-confidential	Strictly speaking, no. However, in the cases of errors which due to our fault, the correction might only be applied go forward basis could be interpreted as a de facto restriction of backdating.	Noted
National Grid Electricity Distribution	Non-confidential	No - unless it is our error in which case an increase is fixed forward rather than amended back, unless a customer were to specifically request it that is	Noted

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Working Group Conclusions: Six responders stated there is no difference in the way they treat tariff corrections for increases and decreases. Three responders stated they judge each query on a case by case basis.

There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.

Company	Confidential/ Anonymous	4. In what scenarios would you treat an increase differently to a decrease?	Working Group Comments
Northern Powergrid	Non-confidential	See above.	
UK Power Networks	Non-confidential	Where we have identified a change is required because of internal processes, we would take a pragmatic approach.	
Electricity North West Limited	Non-confidential	None	
National Grid Electricity Distribution	Non-confidential	If it were detrimental to the end customer	

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Working Group Conclusions: It was concluded that there is no deviation in the treatment of increases and decreases.

There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.

Company	Confidential/ Anonymous	5. Where an increase is not applied, if possible, could you provide the value of unbilled charges that have not been applied?	Working Group Comments
Northern Powergrid	Non-confidential	We do not fully understand the question. However there have been no increases we are aware of in the last 12-month, Previously when LLF changes have been made, in some circumstances there has been an increase in charges, this charge has not been passed on to the customer (regardless of the materiality)	
UK Power Networks	Non-confidential	We can't identify the absence of an action, the data we have analysed is based on where changes HAVE been made. We don't explicitly record requests that are not actioned.	
Electricity North West Limited	Non-confidential	N/A	
National Grid Electricity Distribution	Non-confidential	Difficult to quantify but could possibly run into thousands if we were to backdate over many years	National Grid Electricity Distribution

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Working Group Conclusions: It was concluded that there are examples of increases happening where the charge is not backed, however quantifying these is difficult because where an action is not take, it is not recorded in the system to look back on.

It was raised that in instances of no backdating where charges increased, this cost must still get picked up somewhere.

There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.

Company	Confidential/ Anonymous	6. What are the positives impacts to aligning the backdating of tariff corrections to RF for consumers and market participants?	Working Group Comments
Northern Powergrid	Non-confidential	We can think of no benefits to the consumer. For market participants (i.e., DNOs and IDNOs) it likely means lower/less refunds, less admin burden and potentially less costs in maintaining a legacy billing system/database.	
UK Power Networks	Non-confidential	With the sole exception of DUoS Tariff, the industry works to the settlement reconciliation periods for any data corrections. Standing data in the registration system that impacts billing, such as energisation status, can only be changed within this timeframe (and indeed only by the current supplier). Where meter readings have been queried, in our experience, Data Collectors are unable to send corrected meter data back beyond this period (they don't seem to retain it). Indeed, MHHS will largely move to a fix-forward approach for correcting errors.	

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		<p>We believe it is vital that data across industry systems is kept aligned to maintain integrity, which would not be the case if tariffs are backdated beyond RF. We also believe that as a result of this change all parties would be treated on the same basis (for increases and decreases where approaches may differ), using RF as the back stop for any changes to be made.</p> <p>Due to the NHH billing process being integrated with settlement, no NHH/WC customers can have a backdated tariff change beyond RF. The scope of customers who can benefit from the current backdating arrangement in our regions is therefore 80,000 out of 8,500,000, out of which 2 did so in the last 12 months.</p>	
Electricity North West Limited	Non-confidential	Clarity in approach, faster processing, maintenance of historic data consistent with billing.	
National Grid Electricity Distribution	Non-confidential	All markets will be in alignment. All customers treated the same. Consistency. Less workload/admin/financial impact.	
<p>Working Group Conclusions: The responses highlighted the following benefits to DNOs/IDNOs</p> <ul style="list-style-type: none">• Less administrative burden leading to reduced costs,• A clear and consistent approach,• All customers being treated the same.			

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- Instances where a backdated tariff correction results in extra charges for a customer, the window for these backdated corrections will be reduced from 6 years to RF (14 months currently and 4 months post MHHS).

It was also highlighted that there is an indirect benefit to all customers when data across the industry is correct and aligned as all charges are correctly and adequately applied to each customer

There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.

Company	Confidential/ Anonymous	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?	Working Group Comments
Northern Powergrid	Non-confidential	We do not think it would be that difficult to calculate backdating the tariff working on the assumption we will continue to hold historic billing data from the legacy billing system. We already carry out an initial refund calculation in this manner, albeit utilising a connection in the live billing system.	
UK Power Networks	Non-confidential	As can be seen in the data submitted for Q1, we have only made 2 changes beyond RF over the past 12 months, and this change only impacts a small percentage of all Customers (NHH/WC are already excluded from changes beyond RF).	

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		<p>In order to rebill 6 years using legacy systems, we would have to hold consumption data for all HH settled customers until at least 2033 to allow for all sites to have their tariff backdated after they have migrated under MHHS.</p> <p>The volume of customers this would likely impact, would be 0.000024% based upon the response to Q1.</p> <p>It is hard to quantify the costs of retaining this data as these will include hardware costs, data storage costs, system costs, support costs. There are also risks of systems going out of support and any associated upgrade costs to mitigate risk.</p>	
Electricity North West Limited	Non-confidential	Beyond RF backdating requires manual processing but is difficult to quantify as this is covered on an ad hoc basis by existing teams.	
National Grid Electricity Distribution	Non-confidential	Having spoken with our IT team there wouldn't be a barrier back end with maintaining the legacy system.	
<p>Working Group Conclusions: two responses 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.</p> <p>It was highlighted that HMRC request that records need to be maintained for six years however, this can be in the form of an archive rather than a live system. It was also noted that so long as the half hourly data is archived, it is a simple method to do the calculation from the backdating of tariffs and would not require legacy systems.</p>			

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It was also noted that there are risks of systems going out of support and any associated upgrade costs to mitigate risk

There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.

Company	Confidential/ Anonymous	8 How long does HH consumption data need to be retained for and why?	Working Group Comments
Northern Powergrid	Non-confidential	We are not aware of any legal obligation to hold HH data for any specific period of time. Our current live billing data goes back to 2010 and we are strongly in support of retaining all of it permanently.	
UK Power Networks	Non-confidential	We believe consumption data needs to be retained 6 years but could be archived and does not have to be stored in the billing system.	
Electricity North West Limited	Non-confidential	HH data to support billing needs to be maintained for a period of time to satisfy the potential requirements of rebilling back to the maximum period specified by the Limitation Act (1980) in England and Wales, which covers a six year period from the date of request. This is because we might need to recalculate bills for customers allocated by this far due to incorrect allocation to a charging category (e.g. an LVS customer allocated to LV).	
National Grid Electricity Distribution	Non-confidential	Not sure of any legal obligations but currently we have all data available in the system (dating back to 2012)	

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Working Group Conclusions: The responses didn't offer any formal obligation on how long HH data needed to be retained however all keep data for a minimum of 6 years to satisfy their HMRC obligations.

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Company	Confidential/ Anonymous	9 Are you intending on maintaining a legacy system that holds pre MHHS data post MHHS system implementation?	Working Group Comments
Northern Powergrid	Non-confidential	Yes	
UK Power Networks	Non-confidential	Our desire would be to move forward using the new systems as soon as practicable after migration is completed.	
Electricity North West Limited	Non-confidential	Pre MHHS data willing be maintained in billing systems.	
National Grid Electricity Distribution	Non-confidential	Yes.	
Working Group Conclusions: All responders noted that they intend on either keeping a legacy system or an archive post MHHS implementation.			

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Company	Confidential/ Anonymous	10. What are the resources and process costs of manually calculating a 6-year backdated tariff correction when done off system.	Working Group Comments
Northern Powergrid	Non-confidential	Minimal once the process has been established, which should be able to be performed in a fairly simple Excel workbook.	
UK Power Networks	Non-confidential	We currently do not calculate tariff corrections outside of the billing system, as this increases the risk of errors being made especially when going back over multiple charging years. We would need to create a controlled process for this if required.	
Electricity North West Limited	Non-confidential	Saff resource required, depending on the complexity of the case. Often such cases require further engagement around the correction such as legal involvement to confirm what is required.	
National Grid Electricity Distribution	Non-confidential	Unsure as we never do it off-system. It would be a lengthy process probably over days not hours potentially involving different teams (local teams, billing teams and Accounts teams)	

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Working Group Conclusions: One response provided an estimate of £400 per backdated correction. Several responses indicated the process can take days for the appropriate work to be carried out to calculate the backdated charges and make the changes in the system. It was also concluded that in some cases rebilling has to be handed over between a number of specialist teams which can also lengthen the process

There were several confidential responses to this question. These responses have been removed however the conclusions to the responses to this question does factor in those confidential responses within the change report.

Company	Confidential/ Anonymous	11. Can you raise an invoice when calculating backdated tariff corrections off system?	Working Group Comments
Northern Powergrid	Non-confidential	Yes, if nescesary.	
UK Power Networks	Non-confidential	Not while Clause 21.2B exists.	
Electricity North West Limited	Non-confidential	Invoices can be produced outside of normal billing processes.	
National Grid Electricity Distribution	Non-confidential	Unsure having never done it outside of the normal billing process. We should be able to do it though not easily as there is no process.	

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Working Group Conclusions: The responses to the question were mixed with some saying they cant raise charges off system and others saying that whilst they don't, they could if needed.

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