




DCUSA Change Report 2		At what stage is this document in the process?
<h2>DCP 439:</h2> <h2>Backdating Tariff Changes</h2> <p>Date Raised: 14/03/24</p> <p>Proposer Name: Peter Waymont</p> <p>Company Name: Eastern Power Networks</p> <p>Party Category: DNO</p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<p>Purpose of Change Proposal:</p> <p>The purpose of this change proposal seeks to add a sensible backstop to backdating</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details on DCP 439 'Backdating Tariff Changes'.</p> <p>Parties are invited to consider the proposed amendment (Attachment 2) and submit their votes using the Voting form (Attachment 1) to dcusa@electralink.co.uk by 08 August 2025</p> <p>The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.</p> <p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 3011.</p>	
	 <p>Impacted Parties:</p> <p>Suppliers/ DNOs/ IDNOs/ CVA Registrants.</p>	
	 <p>Impacted Clauses:</p> <p>Schedules 16, 17, 18 and 32</p>	

Contents

1 Executive Summary	3
2 Governance	3
3 Why Change?	4
4 Working Group Assessment	4
5 Consultation	6
6 Working Group Conclusions & Final Solution	11
7 Relevant Objectives	18
8 Impacts & Other Considerations	19
9 Implementation	20
10 Legal Text	20
11 Code Specific Matters	20
12 Recommendations	21
13 Attachments	21

 **Any questions?**

Contact:
Code Administrator

 **DCUSA@electralink.co.uk**

 **0207 432 3011**

Proposer:
Peter Waymont

 **peter.waymont@ukp-ownernetworks.co.uk**

 **-**

Timetable

The timetable for the progression of the CP is as follows:

Change Proposal timetable

Activity	Date
Initial Assessment Report	17 April 2024
Consultation Issued to Industry Participants	14 June 2024
Change Report Approved by Panel	27 August 2024
Change Report issued for Voting	27 August 2024
Party Voting Closes	17 September 2024
Change Declaration Issued to Parties	18 September 2024
Change Declaration Issued to Authority	18 September 2024
RFI issued to Industry Participants	06 May 2025
Change Report Approved by Panel	16 July 2025
Change Report issued for Voting	17 July 2025
Party Voting Closes	08 August 2025
Change Declaration Issued to Parties	12 August 2025
Change Declaration Issued to Authority]	12 August 2025

Authority Decision	TBC

1 Executive Summary

Authority Send Back Letter

- 1.1 This is the second Change Report for DCP 439. The first was issued for voting on 27 August 2024 and submitted to Ofgem on 18 September 2024.
- 1.2 On 02 April 2025, Ofgem issued a send back letter outlining that they could not properly form an opinion on DCP 439 as submitted and were therefore sending the Proposal back for further work.
- 1.3 This letter can be found within Attachment 8 DCP 439 Authority Send Back Letter.
- 1.4 The letter directed that further detail should be provided within a revised Change Report detailing
 - consideration of the impact on consumers of using the 4-month post-MHHS RF window.
 - A clearer explanation of the benefits; and
 - A fuller impact assessment to better reflect the above two points.
- 1.5 The Working Group initially met on 06 May 2025 to discuss the send back letter and establish next steps. Further information on this additional work can be found in section 8.

What?

- 1.6 Currently where an MPAN is identified as having an incorrect LLFC due to the Distributor's oversight, the charging statements say it must be corrected up to six years back. This proposal seeks to change that to a more sensible time period.

Why?

- 1.7 With MMHS migration, some DNOs will use a new billing system for migrated MPANs and will look to wind down their legacy systems post migration. The current six year period for backdating means that legacy systems could require supporting for six years on the chance that an LLFC/DUoS Tariff is found to have been incorrect. The ability to correct data in registration systems is already time limited and the existing six-year period already causes workarounds to be used. Moreover, under MHHS, the registration system is recognised as the master for this data and so we should at least reflect the backdating limitations already agreed for use there.

How?

- 1.8 By amending Schedule 16 to introduce a backstop that is in line with RF and forward fixing for LLFC/DUoS Tariff ID changes.

2 Governance

Justification for Part 1 Matter

- 2.1 This is a change to the methodology.
- 2.2 This Change Proposal should:
 - Be treated as a Part 1 Matter;
 - Be treated as a Standard Change; and

Requested Next Steps

- 2.3 The Panel recommends that this CP should be issued to Parties for Voting.

3 Why Change?

Background of DCP 439

- 3.1 As detailed above, this change has been raised to develop an appropriate timeframe to limit the backdating of tariff changes where there has been an identified error in the allocation of the incorrect LLFC/DUoS Tariff. The charging statements state that distributors will backdate tariff changes up to six years however it is proposed to amend this timeframe in keeping with adjustments made to other data such as consumption and energisation status.
- 3.2 The time limit proposed is 14 months prior to MHHS and will move to 4 months post MHHS as this is in line with the RF settlements run.

4 Working Group Assessment

Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess/develop DCP 439. This Working Group consists of representatives from DNOs, Suppliers, IDNOs and representatives of network users. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 4.2 The Working Group developed an RFI document to gather information and feedback from market participants on this DCP. This RFI and its responses can be found in Attachment 3 – DCP 439 RFI and Responses.
- 4.3 There were 5 responses to the RFI, of which 2 were confidential and below is a summary of the responses received and the Working Groups conclusions.

Question 1: Have you backdated tariff changes for any of the following reasons?

- the voltage of connection.
- import/export details;
- metering location;
- Multi MPAN sites;

- LV or HV Substation Tariff

4.4 All five respondents noted that they'd backdated tariff changes for at least one of the reasons highlighted within question one.

Question 2: Please complete the table below to highlight how many times backdated tariff changes have been made in the last 12-month period.

4.5 Due to some of the respondents submitting their response as confidential, it was agreed to aggregate all responses to this question into one table.

4.6 Please note that these volumes are a best industry view at this time. It is worth noting that some DNOs included numbers for residual banding changes resulting from sites submitting 'non-final

Period being back dated for	Overall volumes	Volume of the voltage of connection from LV to LV Sub	Volume of HV to LV sub	Volume HV to LV	Others
12-24 months	95	2			93
24-36 months	18	3			15
36-48 months	6	2	1		3
48-60 months	14	10			4
60-72 months	19	14			5
72 and above	25	24	1		

demand' certificates, but others did not.

Question 4: What are the root causes of backdating tariffs beyond 14 months.

4.7 All respondents added volumes in the 'other' column and the reasons for these were Correcting incorrectly billed Capacity charges or where an incorrect disconnection date had been used, customers sending in Non Final demand certificates, changes of measurement class (usually where a site changed from domestic to non-domestic and vice versa), the annual reallocation process, incorrect tariff assignments and rebanding updates.

Question 5: What are the perceived system limitations you may have in backdating beyond 14 months? Does this change after MHHS.

4.8 Several limitations were provided as part of the RFI responses.

- Can only backdate MPAS/CSS/EES 14 months, so MPRS registration system does not fully align with the DUoS billing system.

- Changing the LLFC beyond 14 months requires superuser changes in MPRS.
 - Manual updating of LLFCs
 - NHH changes will be impossible due to the 14-month settlement Calendar reduction.
- 4.9 One response noted that the limitations are as described in the DCUSA Derogation Application approved by the DCUSA panel in September 2023 and relate to complications for settlements data after the RF run is complete.
- 4.10 It was noted that these system limitations will not disappear post MHHS and in the event of the NHH limitation, this will not change post MHHS either.

Question 6: Do you have any other comments?

- 4.11 One respondent highlighted that they only back date if it is in the customers interest to do so.
- 4.12 Another responder stated that as part of the introduction of MHHS, the settlements window is reducing to 4 months and restrictions will apply in the Registration system changes to standing data. We also understand that the design principle of MHHS is to fix forward. As a result, we believe that tariff corrections should align to these arrangements in order to ensure consistency across industry data.
- 4.13 This responder also drew attention to the low volumes of MPANs that are backdated greater than 14 months (0.01%).
- 4.14 It was also noted in the Working Group that several parties backdated as far as 6 years as this was in line with the limitations act.

5 Consultation

- 5.1 The Working Group undertook one consultation during the development of the change proposal.

Consultation

- 5.2 The consultation was issued to parties on 14 June 2024. There were thirteen responses received to the consultation. The Working Group's conclusions can be found in **Attachment 4 DCP 439 Consolidated Consultation Responses**, with a summary of each shown below.

Question 1: Do you understand the intent of the Change Proposal?

- 5.3 All thirteen respondents understood the intent of the change proposal.

Question 2: Are you supportive of the principles of this Change Proposal?

- 5.4 Five respondents stated that they supported the change, seven stated they did not support the change and one stated whilst they appreciated the intent of the change, reducing the window for backdating tariff changes, reducing the timescale from 6 years to RF (14 months reducing to 4 months post HMMS) was quite a leap.
- 5.5 Reasons for supporting the change included more efficient process, aligning to RF, consistent data alignment across billing systems and registration data and reduced DNO costs due to not having to maintain legacy systems.
- 5.6 The reasons given by those for not supporting the change ranged from reducing the window from 6 years to align to RF would have a detrimental impact on customers who had been placed on

incorrect tariffs due to no fault of their own, would lead to suppliers having to change their terms and conditions to accommodate the new window.

Question 3: What's your experience of backdating DUoS tariffs in practice (what works well, what doesn't work well etc)?

- 5.7 The majority of respondents believe that whilst the current process has some areas that could be improved, it generally works well. Some of the barriers raised were, customers not being able to locate the meter as they can be in substations so inaccessible, distributors requiring substantial evidence and suppliers not always proactively refunding customers.
- 5.8 It was noted that these incorrect tariffs are usually highlighted by the customer or their consultants/broker rather than being raised by industry parties.

Question 4: For suppliers only- If you're no longer the supplier for an MPAN, what is your process for back billing customers and refunding/debt collection? Do you follow the same process for COT customers?

- 5.9 It was established that suppliers use the same processes for change of tenancy and change of supplier customers.
- 5.10 The Distributors contact each supplier during any periods they held the MPAN to inform them of the credit and then suppliers refund each customer for the period they were the supplier or for the period a customer was responsible for the site.

Question 5: Are there any other industry codes that may be impacted by this change? Please elaborate on what these codes are.

- 5.11 Ten responders stated that they didn't believe any other industry codes would be impacted by this change.
- 5.12 One responder noted that the P402 report may be impacted.
- 5.13 A distributor responder highlighted that changes being brought by MHHS will impact this area of work due to the reduced settlement periods, however they were not aware of any specific other codes which would be impacted.
- 5.14 One responder stated that Ofgem did not ask DNOs to check all supplies connected directly to LV substations when this tariff was universally introduced based upon new criteria defining a substation supply and drew attention to the fact that due to this, customers were still being billed on incorrect tariffs.
- 5.15 They also stated that customers who continue to be incorrectly charged will no longer have the means to correct this error and will be disadvantaged through non cost reflective pricing of DUoS rates which could be considered to be in breach of EU Regulation 2019/943.
- 5.16 The same responder also drew attention to the fact that the legal advice received whilst stating that the limitations act didn't have any impact on whether the backdating of tariffs could have the window it goes back to shortening, the main area to consider was whether that was fair on customers, especially in light of the RF window being reduced from 14 months to 4 months in the future.

Question 6: If this change is not implemented what are the potential impacts ie system constraints, additional manual intervention etc.

- 5.17 Nine respondents stated that they believed there would be no impact if this CP was not implemented as they would use their existing processes.
- 5.18 One responder noted that billing data would not be aligned to MPRS which would result in the data across different systems being inconsistent.
- 5.19 The same responder also highlighted that if this CP was not implemented it could lead to inconsistencies in the backdating of supplier data and distributor data.
- 5.20 Another responder also noted that there would be misaligned data between MPRS and the data in the registration systems.
- 5.21 They also noted that post MHHS, the legacy systems would require to be maintained to process backdating tariffs where the backdating crossed over into the legacy system.
- 5.22 Another DNO responder stated that if the change wasn't implemented, there would be a significant period where rebills could be required across both new and legacy systems.

Question 7: Are there any solutions that have not been considered by the Working Group? Please elaborate on what these solutions are.

- 5.23 Two respondents stated that there should be more consideration given to the continuation to the maintenance of legacy systems.
- 5.24 Another responder queried if it would be possible that the data in the legacy system could be extracted for use in instances of tariff changes that required back dating that crossed over into the legacy system.
- 5.25 Another responder advised that they have a system for calculating DUoS charges from half hourly data which accurately predicts DUoS refund values which is used to validate refunds which they would be happy to share.
- 5.26 This responder also stated that the issue of backdating where periods cross over to legacy systems will become less of an issue in the passage of time within the current process of backdating 6 years.

Question 8: Are there any other time periods that may be considered more appropriate. Please elaborate on which timescales, barriers to implementation and ways to overcome these?

- 5.27 Six respondents believed that the current process of backdating as far back as six years should be retained.
- 5.28 Four responders stated that they believed there were no other time periods more appropriate other than what the CP was offering.
- 5.29 One responder stated that to reduce the time period to 4 months would be challenging but they understood the intent to align with settlements.
- 5.30 One responder believed that there hadn't been enough analysis to assess if the suggested timescale of 14 months for backdating is appropriate.
- 5.31 They went on to state that potential customer detriment had not been fully assessed nor has there been any assessment of the costs incurred by DNOs from backdating processes currently or of not reducing the current time period for backdating in future under MHHS.

- 5.32 Finally, this responder also stated that they didn't agree with aligning to reconciliation runs and highlighted that the RF window was subject to change in the future.

Question 9: What would be the impact to customers if this change were to be implemented?

- 5.33 It was highlighted by the majority of respondents that the main impact to customers would be that they would have the length of time that they could be refunded for being billed on incorrect tariffs reduced and that it also reduces the window that a customer has available to identify errors.

Question 10: Is the RF period a suitable time for these errors to be identified and resolved? Who do you believe should be responsible for identifying any network charging errors within the RF period (14 months currently, 4 months post MHHS), i.e. customers, suppliers, distributors etc? Please provide rationale.

- 5.34 The majority of respondents did not support aligning the backstop for backdating tariff changes to RF. Reasons given were it reduces the window that customers could be reimbursed and places a lot of emphasis on customers to find errors.
- 5.35 The majority of respondent believed that the responsibility for identifying these errors was shared across all parties.
- 5.36 A number of respondents stated that it would be unfair to place the responsibility of identifying and correcting error on the customer, although some respondents stated that these errors are usually identified by customers, usually by a customer's consultant or broker.
- 5.37 One respondent stated that they would prefer a set number of months to be the backstop rather than aligning to RF.

Question 11: Do you have any comments on the legal advice received on the limitations act?

- 5.38 Seven respondents replied by saying that they had no further comment on the legal advice provided by Gowlings (DCUSAs legal advisors).
- 5.39 The other six responders understood the legal advice and whilst acknowledging it was technically correct, they highlighted several areas for future consideration which were
- Is the suggested approach fair and does it place too much of the burden onto customers to identify errors in shorter time periods?
 - Impacts to suppliers contract terms and conditions.
 - Exposure to suppliers to unrecoverable costs due to the misalignment of the DCUSA and wider contractual law.
 - Risk of litigation.
 - The proposed change may not be in conformance with the statutory 'Unfair Contract Terms' requirements, as per the Consumer Rights Act 2015¹

¹ [Unfair contract terms explained \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/publications/unfair-contract-terms-explained)

- Knowing that errors and mistakes are known to exist, from changes made to DCUSA and from the CDCM, it would be more ethical to allow the period of refund as it exists. The customer is led to understand that their supply is under the correct LLFC and tariff and this has been confirmed by the supplier.
- Could lead to increased customer complaints and potential 'bad will' between customers and other industry parties.

Question 12: Do you have any comments on the drafted legal text?

- 5.40 Nine responders offered no additional comment to the legal text.
- 5.41 Two responders replied by stating they believed the change shouldn't be implemented.
- 5.42 One responder stated that they believed that a specific number of months should be used rather than aligning to RF due to the reasons they outlined in their response to question 10.
- 5.43 Another responder stated that the legal text was fine but that reference to Non Final Demand sites will need to be added.
- 5.44 This responder provided additional legal text in their response to cater for the above and provided two variants of the legal text in the event that [DCP 433](#) is approved/rejected. Please see the response in Attachment 4 – DCP 439 Collated consultation responses for these suggested legal text updates.

Question 13: Do you consider the solution better facilitates the DCUSA objectives? Please give supporting reasons.

- 5.45 Six respondents stated that charging objective 6 was better facilitated.
- 5.46 Two respondents stated that they believed that charging objective 2 was negatively impacted.
- 5.47 One responder believed charging objective 6 was negatively impacted and another believed objective 3 was negatively impacted.
- 5.48 Four responders said that no objectives were impacted in any way, and another was unable to answer.

Question 14: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

- 5.49 Five responders stated that they had no comment.
- 5.50 One responder stated that the previous change related to backdating tariffs, [DCP 173](#) would need to be considered.
- 5.51 Three responders noted that MHHS will have an impact on this change due to the legal text stating that the limit for backdating would be aligned to RF.
- 5.52 Another responder highlighted that [DCP 412](#) could be impacted by this change. It was noted that [DCP 412](#) is still in flight and the outcome/solution to this change is currently unknown but may require some consideration when the solution is known.

Question 15: What date do you believe this change proposal should be implemented? Please provide rationale.

- 5.53 Five respondents stated that they didn't believe the change should be implemented so offered no date.
- 5.54 Four respondents stated April 2025.
- 5.55 Two respondents initially stated April 2026. However, one responder changed their view in the Working Group when it was explained that any changes to charging statements can be made up to 40 calendar days prior to their effective date.
- 5.56 Two responders stated the implementation should be aligned to MHHS delivery.
- 5.57 Another responder said the change should be implemented ASAP.
- 5.58 The Working Group had a majority for an implementation date of April 2025.

Question 16: Do you have any other comments?

- 5.59 Seven responders had no additional comments.
- 5.60 One responder noted that [DCP 173](#) was very similar to this change and that it was not taken forward and withdrawn. They went on to say the reasons for this withdrawal need to be considered to see if they would also apply to this CP. It was agreed to include the withdrawal reasons within the change report.
- 5.61 Another responder noted that in 2005 with the cutover to BETTA, the legacy settlement systems were run for 14 months from the last legacy settlement date i.e. 31 March 2005, so there is precedence to maintain legacy systems.
- 5.62 Two responders noted that they are requirements to maintain records for 6 years for potential HMRC reasons.
- 5.63 Three respondents drew attention to the fact that they didn't support the change and raised concerns that had already been highlighted such as potential customer impacts if the window to backdating was reduced and the additional burdens it places on customers to identify errors sooner.

6 Working Group Conclusions & Final Solution

- 6.1 After reviewing the Consultation responses, the Working Group agreed that the below areas required further consideration:

Impacts to consumers

- 6.2 In response to the concerns raised that reducing the window for backdating tariff changes had on customers, and that it could place an unfair burden on consumers to identify errors sooner.
- 6.3 The Working Group concluded that whilst these risks exist, this DCP would introduce a clear process on backdating which was aligned to RF. It was also noted that the approach to align to RF was an approach adopted by other industry programmes and would lead to consistency across the industry.
- 6.4 It was also stated that if the DCP was not approved data may not be aligned to MPRS and this would result in the data across different systems being inconsistent for periods longer than RF. It was noted that for some DNOs, this inconsistency already exists.

- 6.5 Further to the above, without this change, it would lead to inconsistencies in the backdating of supplier data and distributor data.
- 6.6 It was also noted that only a handful of customers challenge their tariff and that they would need to do so in a timely manner, as the sooner it is identified then the sooner it can be reviewed and updated if appropriate.

Alternate approaches

- 6.7 The Working Group discussed if there were any other alternate solutions that could be considered.
- 6.8 In answer to the consultation response that said that they preferred a set number of months for backdating, rather than to use RF, the Working Group considered a fix number of months but agreed that aligning to RF future proofs this change and ensures it is consistent with the forward fixing principles mentioned previously that have been adopted by other industry changes/programmes.
- 6.9 One consultation respondent drew attention to a previous change, [DCP 173](#) and noted that this DCP was seeking to do something similar however, highlighted that the change was withdrawn.
- 6.10 The Working Group noted that this change was withdrawn after the second consultation due to many respondents having strong variants of views and no common ground could be reached.
- 6.11 This was noted but also acknowledged that the second consultation for [DCP 173](#) was issued in 2014 and that since then the forward fixing approach and aligning to RF was being taken by a number of new industry processes.

Indirect Wider implications

- 6.12 Upon reviewing the legal advice provided by Gowlings and the responses in the Working Group to the advice, the Working Group concluded that there were no comments in direct relation to the legal advice received but there are other legal call outs (in particular consumer protective law) that would need to be further considered.
- 6.13 In answer to the respondents who highlighted that an archive for the legacy system would need to be maintained for HMRC purposes, it was agreed that there would be a need for an archive of legacy records to be maintained as part of existing practices and HMRC requirements to maintain financial records for the last six years.
- 6.14 A number of respondents highlighted that this change could lead to future legal challenges from customers to suppliers that fell outside of the DCUSA, particularly in relation to consumer and EU law (these concerns are highlighted in paragraphs 5.15 and 5.39).
- 6.15 It was also noted that an exercise could be required by suppliers to update their terms and conditions to cater for the shorter window for backdating tariff changes.
- 6.16 Views on the mitigation for the issues raised in paragraphs 6.14 and 6.15 were split within the Working Group with a number of members stating that these could be mitigated by new terms and conditions being issued to customers, where required, but some supplier Working Group members stated that this would rely on customers agreeing to the new terms and conditions on offer.

Legal Text Review

- 6.17 The Working Group reviewed the suggestion that reference to Non-Final Demand sites will need to be added in schedule 32.
- 6.18 This responder had provided additional legal text in their response to cater for the above and provided two variants of the legal text in the event that [DCP 433](#) is approved/rejected.
- 6.19 The Working Group considered the suggested amendments and concluded that these new additions were needed.
- 6.20 In conclusion to the responder who advised that they believed that a specific number of months should be used rather than aligning to RF, this was considered and rejected due to the reasons stated in paragraph 6.8 of this change report.
- 6.21 It was also noted that the P402 report that is sent to the ESO does not reflect long periods of backdating.

7 Authority Send Back Letter and Further Working Group Assessment

- 7.1 As mentioned in Section 1, on 02 April 2025, Ofgem issued a send back letter outlining that they could not properly form an opinion on DCP 439 as submitted and were therefore sending the Proposal back for further work.
- 7.2 The letter directed that further detail should be provided on the articulation of specific impacts on users and articulation of benefits and requested submission of a revised Change Report.
- 7.3 The Working Group met on 06 May 2025 to discuss the send back letter and establish next steps.
- 7.4 One point the send back letter expressed was that *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.*
- 7.5 The letter went on to further state that *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 The Office of Gas and Electricity Markets 10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000 www.ofgem.gov.uk understand the enduring impact of the modification proposal and more work (or better articulation of existing work, if it exists) is required.*
- 7.6 The Working Group agreed that issuing an RFI, with the specific date parameters that Ofgem had set out (impacts of the 14-month RF window and subsequent 4 month window post MHHS implementation) would obtain the data required to fully assess the potential customer impacts and

also validate if the volumes of MPANs backdated greater than 14 months are low and to also understand the impact of the 4 month RF window.

- 7.7 The second point the send back letter highlighted was that *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.*
- 7.8 The Working Group agreed that the RFI could also ask impacted parties to offer their views on the benefits the change could bring.

RFI and Responses

- 7.9 The Working Group issued the RFI on 06 May 2025 and closed on 28 May 2025. There were nine responses to the RFI.
- 7.10 The responses to the RFI can be found within **Attachment 7 – DCP RFI 2 Collated Responses**
- 7.11 It is to be noted that there were a number of confidential responses to the RFI. These responses have been removed from attachment 7, however the Working Groups conclusions within this Change Report do factor in the confidential responses to each 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.

- 7.12 The below table captures the aggregated values of all responses to this question.

- 7.13 In total 13 licenced DNO areas provided a response.

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

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

- 7.14 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 or not.

Question 3: Do you always backdate tariff corrections, whether they are increases or decreases, regardless of how the error arises?

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

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

- 7.17 The responses highlighted 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?

- 7.18 It was noted by two responders there are examples of increases happening where the charge is not backdated, however quantifying these is difficult because where an action is not taken, it is not recorded in the system to look back on.
- 7.19 It was raised that in instances of no backdating where charges increased, this cost must still get picked up somewhere, potentially by spreading the costs across all customers.

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

- 7.20 The responses highlighted the following benefits to DNOs/IDNOs
- Less administrative burden leading to reduced costs,
 - A clear and consistent approach,
 - All customers being treated the same.
 - 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).
- 7.21 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.

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?

- 7.22 Two responses noted that if the change was not approved, the legacy system would need to remain in place six years after the final customer migrates to MHHS.

- 7.23 It was highlighted that HMRC request that records need to be maintained for six years however, it was agreed that this can be held in the form of an archive rather than a live system.
- 7.24 It was also noted that there are risks of systems going out of support as well as associated upgrade costs to mitigate this risk.
- 7.25 It was highlighted that so long as the half hourly data is archived, it is a simple method to do the calculation for the backdating of tariffs and would not require legacy systems.

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

- 7.26 The responses didn't highlight any formal obligation on how long HH data needed to be retained however all responders keep data for a minimum of 6 years to satisfy their HMRC obligations.

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

- 7.27 All responders noted that they intend on either keeping a legacy system or an archive post MHHS implementation.

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

- 7.28 One response provided an estimate of £400 per backdated correction.
- 7.29 Several responses indicated the process can take days for the appropriate work to be carried out to calculate the backdated charges and make changes in the system.
- 7.30 It was also highlighted that in most cases; rebilling is handled between a number of specialist teams which can also lengthen the process.

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

- 7.31 The responses to the question were mixed with some saying they can't raise charges off system and others saying that whilst they don't, they could if needed.

The Working Groups Final conclusions

Impact Assessment of moving the backdating window to RF (14 months currently and 4 months post MHHS).

- 7.32 It was noted that within the data, there were some regional differences, mainly within two of the responses.
- 7.33 It was highlighted by a Working Group member that they had a particularly high value figure of total funds however, they stated that this was due to them having a couple of outliers in terms of the value of the refunds.

- 7.34 One Working Group member speculated that due to MHHS, some DNO's may have carried out some data cleanse activities that whilst not directly related to backdating DUoS tariffs, could have indirectly led to some instances being identified where the backdating of a DUoS tariff was required.
- 7.35 It was highlighted that whilst some examples still exist where the backdating of tariffs have gone back 6 years in the data, these numbers are reducing and will reduce further as once an error is corrected, it is correct moving forwards.
- 7.36 It was also noted that the numbers captured within the new RFI data, whilst showing examples have been found in the last 12 months where backdating has gone beyond RF, are very low in volume in comparison to the volume of sites across the UK.
- 7.37 For example, one responder to the RFI noted that the scope of customers who can benefit from the current backdating arrangement in their regions was 80,000 out of 8,500,000, out of which 2 had their tariffs backdated beyond RF in the last 12 months.

Benefits of moving the window for the backdating of DUoS tariffs to align to RF

- 7.38 In response to the point raised by Ofgem that further assessment of the benefits this change could bring to the industry and consumers, the conclusions were that the process would become much easier to explain as it would be less complex, especially in the cases where backdating would currently be required where a site had changed supplier several times or where there had been many instances of changes of tenancy.
- 7.39 It was noted that the SoLR process can cause complexity and whilst there haven't been high volumes of these occurring in the last 12 months, there were many examples in 2022 when the energy crisis occurred, and many suppliers went out of business.
- 7.40 It was also noted that businesses that had gone into administration can also be difficult to handle as any credit/debit balances, as a result of back billing, would have to be dealt with by the administrators taking care of the administration process. The older the backdating goes, the more difficult this can become and the more likely it is to happen.
- 7.41 As mentioned previously within the change report, with the exception of the application/backdating of DUoS tariff IDs, every other industry process is designed to align to the RF window. If this change were to be approved, then it would ensure there is a consistent approach for this process.
- 7.42 It was highlighted that aligning to RF would support a more consistent approach as to how the backdating of DUoS tariffs are applied across parties. Based on the consultation and RFI responses, it has been identified that these queries can be handled differently dependant on the DNO/supplier picking up the query, whether the backdating of the tariff causes higher or lower costs to a consumer and who was at fault for the incorrect tariff being applied initially. Aligning to RF should mean that all cases are dealt with consistently moving forwards as parties would all be backdating to RF, regardless of other circumstances.
- 7.43 It was also highlighted within the consultation and RFI responses that all unbilled charges have to be picked up somewhere within the industry. In the examples where some DNOs and suppliers don't pass on additional charges to consumers, as a result of not backdating tariff corrections, these

charges must still currently get picked up elsewhere by consumers. It was noted that it is very likely that the additional unbilled costs would be spread across all consumers.

- 7.44 In the cases where the backdating is applied, even where it means additional charges for a consumer, aligning the period for backdating to RF would protect consumers from receiving a charge that went back 6 years.
- 7.45 Whilst no costs were able to be quantified, it was also noted that not having to maintain a legacy system would reduce costs for DNOs. It was highlighted that an archive would still be required for other obligations (HMRC etc) but this would be much cheaper to maintain than a legacy billing system.
- 7.46 There is a risk that support for legacy billing systems could cease or require additional costs to keep the maintenance of said billing system in situ was also highlighted.
- 7.47 Other benefits would include a reduction in the time and effort spent on investigating, assessing and processing errors, hopefully leading to a reduction in administrative costs for DNOs and potentially shorter lead times in resolving errors.

8 Relevant Objectives

Assessment Against the DCUSA Objectives

- 8.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the DCUSA.
- 8.2 For a DCUSA CP to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. DCP 439 will be measured against the DCUSA General Objectives, which are set out in the table below.

	DCUSA Charging Objectives	Identified impact
<input type="checkbox"/>	1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	None
<input type="checkbox"/>	2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
<input type="checkbox"/>	3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	None

<input type="checkbox"/>	4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	None
<input type="checkbox"/>	5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and	None
<input checked="" type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	Positive

- 8.1 This change allows for efficiency in the implementation of the methodology by incentivising parties to capture and correct errors in a timely manner.
- 8.2 The majority of the Working Group believed charging objective 6 was better facilitated.
- 8.3 There was some feedback within the consultation that charging objective 2 was negatively impacted, however the Working Group did not agree.
- 8.4 In response to the comments that charging objective 3 was negatively impacted, two Working Group members believed this was the case. One of these Working Group members also stated that charging objective 5 may be negatively impacted.

9 Impacts & Other Considerations

Impacts on other Industry Codes

- 9.1 No impacts.

BSC..... ☐ REC..... ☐ Distribution Code.. ☐

CUSC..... ☐ SEC..... ☐ Grid Code..... ☐

None..... ☒

Significant Code Review Impacts?

- 9.2 N/A.

Consideration of Wider Industry Impacts

- 9.3 There will be a knock-on effect to Distributor's charging statements for 1 April 2025, which has wording that reflects the reference to a six year period which would need to be removed.

Consumer Impacts

- 9.4 The Working Group concluded that the window for correcting any errors in the backdating of tariffs would be reduced from 6 years to the RF window (currently 14 months reducing to 4 months).

Environmental Impacts

- 9.5 In accordance with DCUSA Clause 11.20.6(D), the Working Group assessed whether there would be a material impact on greenhouse gas emissions if this CP were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

10 Implementation

- 10.1 1 April 2026, with a decision giving enough lead time for charging statements to be republished as required.

11 Legal Text

Legal Text

- 11.1 Please see **Attachment 5 – DCP 439 Draft Legal Text** for the full legal text
- 11.2 The main change is to add a new paragraph as 173A to Schedule 16, and as 30.12 to Schedules 17 and 18 as follows;

Where it has been agreed that a charge has been incorrectly allocated due to –

- *the voltage of connection;*
- *import/export details;*
- *metering location;*
- *Multi MPAN sites (associated MPANs);*
- *LV or HV Substation Tariff*

then any adjustment will not be backdated beyond the date of the next Final Reconciliation settlement run at the time of implementing the change or the most recent migration date (to or from MHHS); whichever is sooner.

- 11.3 Reference to Non-Final Demand sites has also been added within schedule 32 to reflect the same backdating period.

Text Commentary

- 11.4 This addition clarifies the time period beyond which backdated tariff changes will not be made. The intent is to not permit changes beyond the period that registration systems limit retrospective changes. However, to limit the number of changes that may need to be made in current and legacy systems, a backstop relating to MHHS migration is also added.
- 11.5 The reference to migration is intended to allow for both MHHS migration and reverse migration and the complexities these introduce in registration and billing systems such that the most recent migration date in either direction forms a backstop.

12 Code Specific Matters

Reference Documents

- 12.1 NA.

13 Recommendations

Panel's Recommendation

13.1 The Panel approved this Change Report on 16 July 2025. The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 439.

13.2 The Panel have recommended that this report is issued for Voting for a period of 3 weeks and DCUSA Parties should consider whether they wish to submit views regarding this Change Proposal.

14 Attachments

- Attachment 1 – DCP 439 Voting Form 2
- Attachment 2 – DCP 439 Change Proposal Form
- Attachment 3 – DCP 439 RFI and Responses
- Attachment 4 – DCP 439 Collated consultation responses
- Attachment 5 – DCP 439 Draft Legal Text
- Attachment 6 - DCP 439 Back Dating Legal Advice
- Attachment 7 – DCP RFI 2 Collated Responses
- Attachment 8 - DCP 439 Authority Send Back Letter