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# MP263 'Improving transparency of DCC indicative costs'

# Annex C

# Refinement Consultation responses

## About this document

This document contains the full collated responses received to the MP263 Refinement Consultation.

## Question 1: Do you agree that the solution put forward will effectively resolve the identified issue?

| Question 1 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | Yes | As the proposing party for the mod, yes, we believe the solution will effectively resolve the identified issue.<br>It will give us the key missing information from DCC charging statements and budgets to feed into our dynamic forecasting models. |
| **E.ON** | Large Supplier | Yes | - |
| **Octopus Energy** | Large Supplier | Yes | We believe that the proposed solution will provide valuable context to the Indicative Charging Statements that will help SEC Parties understand the costs underlying the DCC's Charging Statements and Budgets, and how the DCC have come to those projections. Frankly we are surprised this context was not already part of the DCC's Charging Statements and agree with the Proposer's view. |
| **Utilita Energy** | Large Supplier | Yes | We welcome any additional transparency when it comes to costs from the DCC and believe that the items being requested would assist in reducing any confusion on how these costs are calculated.<br>We specifically believe that the addition of changes from previous indicative charges and inclusion of new projects to be particularly useful in keeping track of costs and changes to costs over the charging period. |
| **Scottish and Southern Electricity Networks** | Networks Party | Yes | We agree that the proposed solution will resolve the identified issues as there would be greater transparency of charges. |

| Question 1 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **Electricity North West** | Networks Party | Yes | We agree that the breakdown of costs and Charges provided by DCC needs to be improved. As a paying DCC user we have previously raised concerns with the lack of detail or errors preventing our ability to accurately and effectively forecast our charges (which are material) due to the size of the eligible DCC charges which need to be recovered from eligible SEC parties. We have also written to the DCC regarding errors (which have been acknowledged) in the notification letters to Ofgem (which we also understand have not been reissued or corrected). A recent example or error was in the notice to the Authority dated 24 October 2023 – 'Notice of proposed reduction to Service Charges for Regulatory Year ending 31 March 2024'. The letter incorrectly implied the new charges would start in December 2023 whereas they actually came into effect in January 2024. Due to the scale of the DCC charges for one month this does represent an issue in accurate forecasting of invoices. The DCC agreed the letter was in error, but no replacement was ever issued. In absence of any notice letter summarising the changes in detail we are reliant on the notice letters to the Authority. Please refer below to a proposed change to address this below under Q2. |

## Question 2: Do you agree that the legal text will deliver MP263?

| Question 2 | | | | |
|---|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** | **SECAS Response** |
| **British Gas** | Large Supplier | Yes | - | - |
| **E.ON** | Large Supplier | Yes | - | - |
| **Octopus Energy** | Large Supplier | Yes | We believe the legal text is clear on what the DCC would be expected to provide as part of the Charging Statements and aligns with the solution put forward by the Proposer. | - |
| **Utilita Energy** | Large Supplier | Yes | No further comments | - |
| **Scottish and Southern Electricity Networks** | Networks Party | Yes | We agree the legal text will deliver MP263 as it highlights the conditions required for the DCC to provide more detail and transparency around costs and charges. | - |
| **Electricity North West** | Networks Party | Yes | But we ask for additional text to be included and amended as follows:<br><br>J4.2:<br>*…..the DCC shall ~~give notice~~ issue a Service Charge notice to the Authority to any proposed change to Parties pursuant to Condition 19.9 of the DCC licence. This notice will include a summary of the charging statement changes and split by Party category and resultant changes to the fixed charge for each Party category.*<br>*….* | The amendments to the legal text provided will be discussed as part of the Working Group discussion in July 2024. |

| Question 2 | | | | |
|---|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** | **SECAS Response** |
| | | | This will ensure the notices are transparent and enable paying DCC users to understand if any over or under recovery charges will be returned to all paying DCC users or only certain party categories dependent on the rationale. Sometimes the DCC provide this detail in the Ofgem notice but other times they do not.<br><br>In addition, to the example above under Q1, there was also an example in 2023 whereby the DCC incorrectly stated in a notice to the Authority/charging statement that all parting DCC users would receive a reduction in their charges. This was only true for Suppliers and not Network Operators. The DCC conceded and removed incorrect text from the Charging Statement.<br><br>We also recommend the following text updates to reflect errors not only in budgets but notices to the Authority and Charging Statements:<br><br>*J4.9 Where any costs or Charges have changed from any pervious notice, charging statement or budget published on the DCC Website pursuant to Section J4.2 and J4.4, the DCC shall:*<br>*…(b) where there are no discrepancies in costs of Charges, the DCC shall specific that there are no changes between the current and previous notices, charging statements and budgets.*<br><br>*J4.10 where an error is identified in a notice, charging statement and budget.* | |

## Question 3: Do you agree with the proposed implementation approach?

| Question 3 | | | | |
|---|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** | **SECAS Response** |
| **British Gas** | Large Supplier | Yes | It would be good to confirm when that would translate into seeing updated charging statements and budgets from DCC. We would be very keen to see it in place for January 2025 reporting – this may need it to be an October 2024 ad hoc release rather than waiting for the November 2024 scheduled release. | The DCC has taken steps to update the April 2024 QFF with the information detailed in the modification's Business Requirements. Therefore, including the modification in the November 2024 SEC Release should not hinder the DCC's ability to provide this information in January 2025 reporting. |
| **E.ON** | Large Supplier | Yes | - | - |
| **Octopus Energy** | Large Supplier | Yes | We believe that the implementation is sensible given the minimal changes expected and that it would be important to have this in place before the 25/26 Indicative Charging Statement is produced. | - |
| **Utilita Energy** | Large Supplier | Yes | We agree with the timescales presented in the modification report. | - |
| **Scottish and Southern Electricity Networks** | Networks Party | Yes | The proposed implementation approach looks to benefit SEC Parties to be able to estimate their charges. | - |
| **Electricity North West** | Networks Party | Yes | We would welcome this being implemented as soon as possible and before the next RY starts. | - |

## Question 4: Will there be any impact on your organisation to implement MP263?

| Question 4 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | No | No negative impact, but it will make our budgeting process simpler and easier, without needing to follow up on individual extra questions with the DCC. We believe it should also make it simpler for the DCC if they provide the additional information up front, in the same format, to all parties.<br>Currently we also have to wait at least 3 weeks to see if the missing information detail is in the QFF presentation slides. This change would allow us to have the data straight away, and also prevent us needing to remind DCC it is required. |
| **E.ON** | Large Supplier | Yes | Improved visibility and explanation of DCC Charges. Better accountability for the costs included in the DCC Charges. |
| **Octopus Energy** | Large Supplier | No | There would be no impact on our organization by implementing MP263. |
| **Utilita Energy** | Large Supplier | No | As this change is only introducing new clarificatory information to the charging statement, there would be no impact on us to implement. |
| **Scottish and Southern Electricity Networks** | Networks Party | No | NA |
| **Electricity North West** | Networks Party | Yes | It will positively impact and improve our ability to accurately forecast DCC charges based on DCC publication of more accurate and detailed notices, charging statements and budgets. |

## Question 5: Will your organisation incur any costs in implementing MP263?

| Question 5 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | No | - |
| **E.ON** | Large Supplier | No | - |
| **Octopus Energy** | Large Supplier | No | The only costs that would be incurred by us could be from the reviewing of this information, which is minimal. |
| **Utilita Energy** | Large Supplier | No costs | No further comments |
| **Scottish and Southern Electricity Networks** | Networks Party | No costs | NA |
| **Electricity North West** | Networks Party | No costs | n/a |

## Question 6: Will your organisation benefit from any cost-savings as a result of implementing MP263?

| Question 6 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | Yes | Simpler processes – see answer to Qn 4 above. |
| **E.ON** | Large Supplier | - | - |
| **Octopus Energy** | Large Supplier | Unclear | We believe there could be cost-saving benefits by having clearer visibility and context on indicative costs but it's unclear as to what that would be as a figure. |
| **Utilita Energy** | Large Supplier | No | We do not foresee any direct cost savings from this, however as it will enable us to better predict DCC charges, there is the possibility this would enable us to make more accurate budgetary decisions. |
| **Scottish and Southern Electricity Networks** | Networks Party | No | NA |
| **Electricity North West** | Networks Party | Yes | It will remove the unnecessary time spent/resource seeking granular detail on their business rationale which is currently absent from their notices, charging statements and budget publications. |

## Question 7: How long from the point of approval would your organisation need to implement MP263?

| Question 7 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | No time required | We would like it to be in place for January 2025 report at the latest. |
| **E.ON** | Large Supplier | - | - |
| **Octopus Energy** | Large Supplier | None | As noted above, there is no expectation that immediate changes would be required from the implementation of MP263. |
| **Utilita Energy** | Large Supplier | None | No further comments. |
| **Scottish and Southern Electricity Networks** | Networks Party | NA | NA |
| **Electricity North West** | Networks Party | n/a | n/a |

## Question 8: Do you believe that MP263 would better facilitate the General SEC Objectives?

| Question 8 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | Yes | We agree this will better facilitate SEC objective (g) as it will provide further transparency as to how the DCC estimate their charges. |
| **E.ON** | Large Supplier | - | Better facilitates SEC Objective (g) |
| **Octopus Energy** | Large Supplier | Yes | We believe this modification would better facilitate General SEC Objective b):<br>*"To enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence."* |
| **Utilita Energy** | Large Supplier | Yes | We believe this will better facilitate General SEC Objective (g), as it increases the transparency of cost calculation methodology. |
| **Scottish and Southern Electricity Networks** | Networks Party | Yes | We believe MP263 would better facilitate General SEC Objective J 'Charges' as there would be more transparency of charges and better understanding of charges made. |
| **Electricity North West** | Networks Party | Yes | It will better facilitate SEC objective (g) as it will provide improved transparency on how the DCC estimate and report on their charges to SEC parties. |

## Question 9: Do you believe there will be any impacts on or benefits to consumers if MP263 is implemented?

| Question 9 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | - | - |
| **E.ON** | Large Supplier | - | - |
| **Octopus Energy** | Large Supplier | Unsure | There could be an opportunity that Industry has better visibility to challenge the indicative costs which could have a benefit to consumers by a reduction in costs across the industry. |
| **Utilita Energy** | Large Supplier | No | As this change is only providing additional data points and not materially affecting the actual cost being charged, we do not foresee that consumers will be directly impacted by this modification. |
| **Scottish and Southern Electricity Networks** | Networks Party | No | This modification should not have any impacts on consumers. |
| **Electricity North West** | Networks Party | Yes | A positive impact as per response to Q4 and Q6. |

## Question 10: Noting the costs and benefits of this modification, do you believe MP263 should be approved?

| Question 10 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Response** | **Rationale** |
| **British Gas** | Large Supplier | Yes | - |
| **E.ON** | Large Supplier | Yes | Improved visibility and explanation of DCC Charges. Better accountability for the costs included in the DCC Charges. |
| **Octopus Energy** | Large Supplier | Yes | We believe this modification would provide valuable information and context on the DCC's indicative costs. We would note that we believe this is something that should be provided as standard and should not have required a modification to implement, however we support the intent and solution proposed of this modification. |
| **Utilita Energy** | Large Supplier | Yes | DCC charging is a critical charge levied upon DCC users that fall within one of the five charging groups, therefore any additional clarity and transparency is extremely welcome and can only benefit budgeting and decision making. The additional insight into DCCs project costs and plans will also help to increase the confidence in DCC as well as give their customers data that has been frequently requested in Quarterly Finance Forums and Operations Group. |
| **Scottish and Southern Electricity Networks** | Networks Party | Yes | There are no major costs associated with this modification, only benefits for SEC Parties. |
| **Electricity North West** | Networks Party | Yes | With the additional text proposed. |

## Question 11: Please provide any further comments you may have.

| Question 11 | | | |
|---|---|---|---|
| **Respondent** | **Category** | **Comments** | **SECAS Response** |
| **British Gas** | Large Supplier | - | - |
| **E.ON** | Large Supplier | Hopefully inclusion in the November 2024 SEC Release is achievable | |
| **Octopus Energy** | Large Supplier | No further comments. | - |
| **Utilita Energy** | Large Supplier | No further comments. | - |
| **Scottish and Southern Electricity Networks** | Networks Party | NA | - |
| **Electricity North West** | Networks Party | This modification should be complementary to any SECP218 review findings. Has the linkage been made by SECAS? | This modification may provide beneficial support, however DP218 is not directly linked. The information required of the DCC will provide greater transparency, which may help with the current DP218 findings. |