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## Distribution Connection and Use of System Agreement (DCUSA) –DCP440: Consuming “de-energised” sites (DCP440)

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<b>Decision:</b>	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>
<b>Target audience:</b>	DCUSA Panel, Parties to the DCUSA and other interested parties
<b>Date of publication:</b>	22 August 2025
<b>Implementation date:</b>	1 April 2027

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### Background

Currently, electricity meter points can be incorrectly recorded as de-energised in industry systems, despite actual consumption being detected through meter readings. This misclassification leads to a situation where these sites avoid Distribution Use of System<sup>3</sup> (DUoS) charges, even though they are actively using the network. While settlement processes do account for this consumption, the associated DUoS charges (particularly for site-specific billing) are not applied unless the energisation status is corrected.

This discrepancy creates an inconsistency in how charges are applied across the market, undermining fairness and potentially leading to revenue shortfalls for network operators. It also places a burden on suppliers to identify and rectify incorrect energisation statuses. The issue is further complicated by scenarios such as theft, change of tenancy, or operational errors, which can result in sites being energised without proper notification to industry systems.

On 13 March 2025, we published a decision<sup>4</sup> to send-back DCP440 based on the initial Change Report, citing insufficient clarity on the impact to consumers, and the absence of a defined recovery period for backdated charges.

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<sup>1</sup> References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> Use of System charges as defined [Section 2A, the meaning given to that term in Clause 19.1C](#), and, in respect of [Section 2B, the meaning given to that term in Clause 43.2.1](#)

<sup>4</sup> Authority [decision](#) to send back DCP440: Consuming “de-energised” sites

## **The modification proposal**

This modification proposal was raised by Eastern Power Networks on 15 April 2024. It seeks to address a gap in the current charging arrangements under the DCUSA. Specifically, it targets situations where electricity is being consumed at sites marked as de-energised, but which are in fact consuming energy.

The modification aims to ensure that all Market-wide Half Hourly Settlement<sup>5</sup> (MHHS) migrated sites that are consuming electricity, even if incorrectly marked as de-energised, are appropriately charged for use of the distribution network (via DUoS charges). This change would align billing with actual usage and improve fairness and cost recovery across the network.

This would be achieved by amending Schedule 16<sup>6</sup> of the DCUSA to clarify that DUoS charges should apply from the point at which actual non-zero consumption is detected, regardless of the energisation status recorded in the registration system.

Key elements of the proposal:

- This applies only to MHHS migrated Meter Point Administration Numbers (MPANs) to avoid costly changes to legacy systems.
- DUoS charges would begin immediately upon detection of consumption, even if the energisation status has not yet been corrected.
- Each MPAN would be treated individually, even on multi-MPAN sites.

In response to the Authority decision to send back DCP440 for further development the implementation date was changed to 1 April 2027. This should allow suitable time for all affected sites to migrate to MHHS. It also allows Suppliers time to identify affected sites and notify consumers in advance of the change.

## **DCUSA Parties' recommendation**

In each party category where votes were cast (no votes were cast in the Central Volume Allocation (CVA) Registrant party category),<sup>7</sup> there was majority (>50%) support for the

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<sup>5</sup> [Market-wide Half-Hourly Settlement Programme](#)

<sup>6</sup> [Distribution and Charging Use of System Agreement Schedule 16](#)

<sup>7</sup> There are currently no gas supplier parties.

proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP440 is accepted. The outcome of the weighted vote is set out in the table below:

#### **DCP440 Weighted Voting (%)**

	DNO Accept	DNO Reject	IDNO/OTSO Accept	IDNO/OTSO Reject	Supplier Accept	Supplier Reject
CHANGE SOLUTION	84.6%	15.4%	100%	0%	66.7%	33.3%
IMPLEMENTATION DATE	84.6%	15.4%	100%	0%	66.7%	33.3%

<sup>[1]</sup> Distribution Network Operator

<sup>[2]</sup> Independent Distribution Network Operator/Offshore Transmission System Operator

<sup>[3]</sup> Central Volume Allocation

### **Our decision**

We have considered the issues raised by the proposal, as well as the Change Declaration and Change Report sent to us on 16 June 2025. We have considered and taken account of the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration. We have concluded that:

- Implementation of the modification proposal will better facilitate the achievement of the Applicable DCUSA objectives.<sup>8</sup>
- Directing that the modification is approved is consistent with our principal objective and statutory duties, as it promotes fairness in charging, supports cost recovery for network operators, and encourages timely correction of data inaccuracies that could otherwise lead to unbilled consumption.<sup>9</sup>

<sup>8</sup> The Applicable DCUSA Objectives are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence.

<sup>9</sup> The Authority's statutory duties are wider than matters that the Parties must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

## Reasons for our decision

We consider this modification proposal will better facilitate DCUSA Charging Objectives Two and Three with a neutral impact on the other applicable Objectives.

In reaching our decision, we have carefully considered the concerns raised in our send back letter dated 13 March 2025, and how these have been addressed in the revised Change Report sent to us on 16 June 2025.

Our previous decision to send back DCP440 for further development highlighted several key areas requiring further clarification and development:

- Consumer impact: The risk that the sudden application of DUoS charges to incorrectly flagged de-energised sites could result in unexpected financial consequences for consumers, particularly without prior notification or investigation.
- Backdating of charges: We requested clarity on whether DUoS charges would be applied retrospectively and, if so, how the recovery period would be defined.
- Risk of incorrect application: There was concern that DUoS charges might be applied prematurely or incorrectly, especially if energisation statuses were not properly updated.
- Interaction with MHHS settlement timelines: We noted that the transition from a 14-month to a 4-month settlement window under MHHS could create inconsistencies in how DUoS charges are recovered across the market.

How these concerns have been addressed:

- Consumer impact: The implementation date has been moved from 1 April 2026 to 1 April 2027, allowing suppliers more time to communicate with affected customers and prepare for the change. This extended lead time also supports smoother integration with MHHS migration timelines.
- Backdating of charges: The revised proposal confirms that DUoS charges will only apply from the point at which actual consumption is detected on a de-energised MPAN. Suppliers may choose to investigate further, but the default approach is forward-looking, avoiding the need for backdated billing.

- Proactive charging approach: The Working Group concluded that applying charges as soon as consumption is detected is a more effective and equitable approach than waiting for energisation status corrections, which can be delayed. This aligns with settlement practices and ensures that consumers are billed for actual usage.
- Consistency with MHHS: The proposal is limited to MHHS migrated MPANs, ensuring that changes are applied within the new operating model and avoiding costly updates to legacy systems. The Working Group also noted that all customers will eventually be subject to the same settlement timelines, ensuring long-term consistency.
- Clarification of multi-MPAN sites: The revised report confirms that each MPAN will be treated individually, and consumption on one MPAN will not trigger charges on another unless it also shows usage.

Overall, we are satisfied that the revised proposal addresses our concerns in a proportionate and practical manner, while supporting the integrity of DUoS charging and ensuring that consumers are treated fairly.

**Applicable DCUSA Charging Objective Two – 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)**

Several respondents to the consultation and at the party voting stage highlighted this modification will better facilitate relevant Charging Objective Two.

The respondents considered that the proposal enhances relevant Charging Objective Two by introducing a more consistent and transparent approach to billing for actual energy consumption, regardless of energisation status. They highlighted that current processes allow energy to be consumed without DUoS charges being applied, due to the site's incorrect energisation status. This undermines cost recovery and fairness, and by enabling charges based on actual consumption data even for sites incorrectly marked as de-energised, the change ensures that DNO's can recover costs more accurately. One respondent also noted that suppliers already have processes to identify non-zero consumption on de-energised MPANs, meaning the change would align with existing capabilities and improve billing accuracy without introducing unnecessary complexity.

We agree with the respondents to the consultation and during party voting that by ensuring all sites are treated fairly, and DUoS charges can be recovered fully, this will ensure that costs are recovered efficiently regardless of the DNO region or supplier of the meter point. For this reason, we consider that this modification will better facilitate this relevant objective.

**Applicable DCUSA Charging Objective Three - 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.**

The Proposer believes that this modification will better facilitate relevant Charging Objective Three by ensuring that charges more accurately reflect the costs incurred by DNOs in operating their networks. The Proposer believes this can be achieved by closing the loophole that allows energy to be consumed without DUoS charges being applied, due to the site's incorrect energisation status.

The majority of DNOs voted in favour of the modification. They agreed that the proposed change will better facilitate Charging Objective Three, by ensuring charges more accurately reflect actual usage and costs incurred. Some also highlighted improved alignment with settlement processes and consistency across charging arrangements.

However, two DNOs voted to reject the proposal. They believed that the inefficiencies lay within current supplier processes and the lack of enforcement of these. They also believe that by introducing DUoS charges for de-energised sites without firstly correcting the status would add complexity and undermine existing obligations. Another party believed that the proposal unfairly shifts the risk on to suppliers through bad debt where the DUoS charges cannot be recovered. The result of this could see these bad debt costs unfairly socialised across the supplier's customer base. They suggested that the issue could be more effectively addressed by tightening supplier obligations and improving compliance audits, rather than altering the billing framework. These parties also noted that most de-energised MPANs with advancing reads are resolved quickly, and that a small number of MPANs account for the majority of the volume, implying that targeted improvements could be more efficient.

We agree with the majority of the respondents and voting parties that this modification will better facilitate relevant Charging Objective Three. We acknowledge that there is a risk that this modification would result in a risk of increased bad debt related to some of these charges which suppliers may have to socialise. However, under the current arrangements the full costs to operate the network are not being recovered and it is likely that these additional costs are being borne by all customers. This modification is likely to drive suppliers to resolve the status of incorrectly de-energised sites to avoid the risk of bad debt in a timely manner.

We do not agree that this proposal will undermine the existing obligations to correct energisation status as the existing process will still be in place to update the information and these are not being amended. The modification is also likely to drive further change within other industry codes such as Schedule 14<sup>10</sup> within the Retail Energy Code.

For the reasons set out above, we believe that this modification will better facilitate this DCUSA Charging Objective Three.

### **Decision notice**

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP440: Consuming “de-energised” sites be made.

**Michael Walls**

**Head of Smart Metering and Retail Market Operations**

Signed on behalf of the Authority and authorised for that purpose

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<sup>10</sup> REC Schedule 14 [Metering Operations](#)