

DCP 345 Working Group Meeting 01

05 July 2019 at 11:00am

Face-to-Face Meeting

The Office Group, 2 Stephen Street, London

Attendee	Company
Working Group Members	
Alessandra De Zottis [ADZ]	UK Power Reserve
Chris Ong [CO]	UK Power Networks
Derek Weaving [DW]	British Gas
Donald Preston [DP] (Teleconference)	SSEN
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Hollie Nicholls [HN] (Technical Secretary)	ElectraLink

Apologies	Company
Kevin Woollard	British Gas
Peter Waymont	UK Power Networks

1. Administration

- 1.1 The Chair welcomed the members to the meeting.
- 1.2 The Working Group reviewed the “Competition Law Guidance”. All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.
- 1.3 The Secretariat highlighted that the Terms of Reference for the meeting had been changed slightly to represent DCP 345 and the Working Group agreed that these were a fair and accurate representation of the Working Group’s objectives and agreed to be bound by them for the duration of the Working Group. The finalised version of the Terms of Reference can be found as Attachment 1.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting is to review and analyse the Change Proposal (CP), review the proposed legal text and agree next steps for the CP.

3. Overview and Review of the DCP 345 Change Proposal

- 3.1 The Chair provided an overview of the content of DCP 345.

- 3.2 DCP 345 was raised on 14 March 2019 with the intention of facilitating a process for sandbox applications.
- 3.3 In 2016, Ofgem introduced an initiative (Innovation Link) to promote innovation through a regulatory sandbox, allowing innovators to trial new products, services and business models in a real-world environment without having to comply with all the industry obligations. If innovators are not licenced and are seeking derogation, they will need to work with a licenced business for the duration of the sandbox.
- 3.4 In order to widen the scope of the sandbox, Ofgem have worked closely with Code Administrators to develop Principle 14 of the Code Administrators Code of Practice which sets out how Code Administrators should support prospective energy innovators. Use the CP form to provide summary of what CP is trying to do and a bit of background.
- 3.5 The DCUSA derogation process is currently not flexible enough to cater for sandbox applications and may result in an application being rejected or accepted by the DCUSA Panel without the Authority position being known, which may cause unnecessary frustration and potential costs to the innovator.
- 3.6 DCP 345 is therefore proposing to amend clause 56 'Derogations' to cater for the processing of the sandbox application and introduces send back powers to both the DCUSA Panel and the Authority together with a positive accept or reject of the application by the Authority.
- 3.7 One Working Group member questioned how long each derogation will be in place for each applicant. It was noted that the Sandbox documentation state that a derogation is up to two years, however, the applicant will be able to request their own specific timescales (up to this period) during their submission and which will form part of the Authority decision to accept or reject their application.
- 3.8 A further Working Group member questioned whether there is an urgency in progressing this Change Proposal quickly. The Chair noted that there is a slight need for the change to progress quickly as there are a couple of Parties who may wish to request derogation soon.
- 3.9 It was also queried whether the Change Proposal should be circulated wider than DCUSA Parties. Following discussion, the Working Group agreed that they should not circulate the detail any wider as all sandbox applicants will need to become partners with a DCUSA Party to be able to request the derogation.

4. Review of DCP 345 Draft Legal Text

- 4.1 The Working Group reviewed the proposed legal text and an updated version can be found as Attachment 2.
- 4.2 The Working Group reviewed a clause that has been included in the Balancing & Settlements Code (BSC) which sets out the costs for the sandbox applications. It was agreed that a similar clause should be included with the proposed legal text for this Change Proposal.
- 4.3 The Working Group agreed that they were happy with the current drafting of the legal text and requested that the Secretariat clean up the document so that there are only one set of track changes included.

ACTION 01/01: The Secretariat to update the legal text to reflect the discussion held and ensure that only one set of track changes are included within the document.

5. DCP 345 Consultation Document

- 5.1 The Working Group reviewed the draft consultation document and an updated version can be found as Attachment 3.

- 5.2 One Working Group member questioned whether the Working Group had a view on if DCUSA Parties should be given the opportunity to consult on the derogation application so that they can provide any comments or recommendations in advance of being considered by the DCUSA Panel. It was also questioned as whether the applications will be available to view publicly or not i.e. visible on the DCUSA website which would look similar to that of the change pages. The Working Group agreed that these two points should be included within the consultation to obtain industry feedback in this area.
- 5.3 Within the legal text section of the document, the Working Group requested that it should be indicated that the send-back clauses included in the proposed legal text mirror those already included in clause 13 of DCUSA to aid guidance and understanding.

ACTION 01/02: The Secretariat to update the consultation document to reflect the discussions held.

6. DCUSA Sandbox Guidance Document

- 6.1 The Working Group reviewed the DCUSA Sandbox Guidance document and an updated version can be found as Attachment 4.
- 6.2 The intention of the guide is to provide potential energy innovators with a high-level process of what needs to be completed when submitting their application for their derogation. The document will be available to download on the DCUSA Website and will form part of the consultation document to ensure that it is fit for purpose.
- 6.3 One Working Group member questioned whether the document could be simplified further, and a diagram or graphic be produced to showcase the process. The Chair confirmed that this had been produced but it was felt that the diagram did not provide enough information and so the guidance document was produced instead.

ACTION 01/03: The Secretariat to update the DCUSA Sandbox Guidance Document to reflect the discussions held.

7. Work Plan and Next Steps

- 7.1 The Chair walked the Working Group through the draft Work Plan and an updated version can be found as Attachment 5. The following next steps for the Change Proposal were as follows:
- The Secretariat to update the legal text, consultation document and guidance document to reflect the discussions held within the meeting;
 - The Working Group to review and provide any feedback on the documents by close of play on 19 July 2019;
 - The Secretariat to publish and circulate the consultation and associated documents to DCUSA Parties for a period of four weeks week commencing 22 July 2019; and
 - The Secretariat to collate all consultation responses and draft a Change Report for circulation to Working Group members for review at their next meeting.

ACTION 01/04: Working Group members to provide feedback on the consultation, legal text and guidance document by close of play on 19 July 2019.

ACTION 01/05: The Secretariat to publish and circulate the consultation and associated documents to DCUSA Parties for a period of four weeks.

8. Agenda Items for the next meeting

- 8.1 The Working Group agreed that the next meeting will focus on reviewing the consultation responses. It was also requested that a draft Change Report be made available for review at the next meeting.

9. Any Other Business

- 9.1 There were no further items of AOB, and the Chair closed the meeting.

10. Date of Next Meeting – Wednesday 28 August 2019

- 10.1 The Working Group agreed that the next meeting will be held on 28 August 2019. This will be a face-to-face meeting and will be held at ElectraLink's Offices in London.

11. Attachments

- Attachment 1 – DCP 345 Finalised Terms of Reference
- Attachment 2 – DCP 345 Updated Legal Text
- Attachment 3 – DCP 345 Updated Consultation Document
- Attachment 4 – Updated DCUSA Sandbox Guidance Document
- Attachment 5 – DCP 345 Updated Work Plan

New and open actions

Action Ref.	Action	Owner	Update
01/01	The Secretariat to update the legal text to reflect the discussion held and ensure that only one set of track changes are included within the document.	ElectraLink	
01/02	The Secretariat to update the consultation document to reflect the discussions held.	ElectraLink	
01/03	The Secretariat to update the DCUSA Sandbox Guidance Document to reflect the discussions held.	ElectraLink	
01/04	Working Group members to provide feedback on the consultation, legal text and guidance document by close of play on 19 July 2019.	Working Group Members	
01/05	The Secretariat to publish and circulate the consultation and associated documents to DCUSA Parties for a period of four weeks.	ElectraLink	