



## DCP 251 and DCP 252 Working Group Minutes

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| Meeting Name   | DCP 251 and DCP 252 Working Group  |
| Meeting Number | 09   |
| Date           | 02 August 2016   |
| Time           | 10:00  |
| Venue          | Dial in Number: 020 8609 0222 or 0800 376 8253 (free toll)<br>Participant Pass Code: 140953# |

| Attendee                       | Company                    |
|--------------------------------|----------------------------|
| John Lawton [JL] (Chair)       | ElectraLink                |
| Anika Brandt [AB]              | SSE                        |
| Chris Allanson [CA]            | Northern Powergrid         |
| Chris Barker [CB]              | ENWL                       |
| Chris Ong [CO]                 | UK Power Networks          |
| Keith Burwell [KB]             | Ofgem                      |
| Mike Harding [MH]              | Brookfield Utilities       |
| Pat Wormald                    | Northern Powergrid         |
| Dan Fittock [DF] (Secretariat) | ElectraLink                |
| Apologies                      | Company                    |
| Simon Yeo                      | Western Power Distribution |

### 1 ADMINISTRATION

- 1.1 The "Competition Law Dos and Don'ts" were reviewed and all Working Group members agreed to be bound by the Competition Law for the duration of the meeting. It was agreed the discussion regarding specific Distributor prices and tariffs could not be discussed.
- 1.2 The Working Group agreed the minutes of the previous meeting, held on 15 July 2016, as an accurate record.
- 1.3 Please refer to Appendix A for an update on all of the actions.

### 2 MEANING AND IMPACTS OF THE TERM 'UNDUE DISCRIMINATION'

- 2.1 Mike Harding provided a preliminary overview of how to define and describe 'undue discrimination' by providing information from various Licences and codes. The group noted that existing OFCOM definitions indicated that 'undue discrimination' deemed undue or not undue based on whether the discrimination can be 'objectively justified'.

- 2.2 The key Distribution Licence condition being SLC19.2:

"Without prejudice to paragraph 19.1, and subject to standard condition 14 (Charges for Use of System and connection), the licensee must not make charges for providing Use of System to any person or class or classes of persons which differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision".

It was also confirmed that the IDNO tariffs are based upon the DNO's total avoided costs-cost savings to the DNO calculated from based upon the IDNO providing inged services.

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- 2.3 The Working Group agreed to use the Ofcom code when considering the Distribution Licence obligations covering Discrimination. "Discrimination will not be undue where it can be objectively justified".
- 2.4 To ascertain whether there is discrimination in not offering IDNO tariffs to PNO's the Working Group discussed various scenarios which may qualify PNOs for use of IDNO tariffs, including:
- Competition in metering at the boundary points;
  - The similar network setup between PNOs and IDNOs; and
  - The original intent of the IDNO Tariffs to reduce margin costs on IDNOs.
- 2.5 In order to decide whether the discrimination should be considered '*objectively justified*', the Working Group assessed the difference in services between PNOs and IDNOs. These differences could then be used to ascertain the scope of additional services IDNO's offer as part of their license obligations against PNOs who are not obligated to offer these services.

**Differences between PNOs and IDNOs**

| PNO  | IDNO  |
|--|---|
| Maintenance                                      | Maintenance   |
| Providing network assets                         | Providing network assets                                  |
| Settlement processes on 'bulk' users at boundary | Settlement processes on multiple users rather than 'bulk' |
|  | CoS processes   |
|  | Emergency services  |
|  | MPAN creation / provision                                 |

- 2.6 A member noted that they were not aware of any PNOs approaching DNOs, IDNOs or DCUSA requesting IDNO tariffs as these customers appear to have different network models and questioned whether the impact of this change warranted the work being undertaken as part of this Working Group. The Working Group agreed that until an analysis of the differences in additional services between PNOs and IDNOs was complete this question could not be answered. Please see Attachment 1 for further details.
- 2.7 Are PNOs unduly discriminated against?  
The Working Group agreed that three key issues required investigation:
- Whether there is discrimination;
  - If there is discrimination, whether the discrimination is '*undue*' or '*objectively justified*'; and
  - Whether the proposed solution addresses any '*undue discrimination*'.
- 2.8 The Working Group was provided with a set of scenarios detailing PNO interactions with DNOs and their network setups. It was agreed that the Working Group should review the most pertinent model and ascertain whether discrimination can be seen as '*undue*'. Slide 4 '*Private Network with No Competition in Supply*' was chosen for the initial review as it was considered by the Group to be the most common type of Private Network.

- 2.9 The structure of the network setup was broken down with the Working Group agreeing the services provided by the DNO against those provided by the PNO:

| Services provided by the PNO   | Services provided by the DNO  |
|--|---|
| Maintenance, operation and provision of physical assets                  | Provides maintenance, operation and provision of physical assets up to the boundary   |
| Billing (as appropriate) of end user customers                           | Bills the Supplier  |
| Receives a 'bulk' Supply tariff (the end user customers are bundled)     | Facilitates settlements (e.g. loss adjustment factors, line loss factor classes etc.) |
| Benefits from the diversity of its customers' use of the private network | Facilitates the CoS process   |
|  | Provides emergency services in respect of the MPAN at the boundary                    |
|  | Operates as the MPAN point of contacts  |
|  | Provides the MPAN at the boundary   |

- 2.10 Ofgem queried how PNOs are defined and whether they would be classified as PNOs even with just one customer on their network. The Working Group confirmed that they were not aware of any definitions regarding PNOs and could not give a clear answer to this question. The Working Group agreed that this change could present an opportunity to introduce a definition for PNOs rather than using 'PNO' as a boarder term.
- 2.11 The Working Group agreed that in order to make a determination as to whether PNOs are 'unduly' discriminated against or not a clear comparison between PNO and IDNO setups, obligations and additional services would be required; taking the information from the responsibility tables, contractual agreement bubble diagrams and PNO setup slides previously drafted by this Working Group. CA and PW agreed to take an action to compile the templates for the next Working Group. The Bubble Diagram and responsibility tables can be found in Attachments 2 and 3.

**ACTION: 09/01 – CA & PW**

### 3 WORK PLAN

- 3.1 The Working Group reviewed the Work Plan for DCP 251 and DCP 252 and proposed a number of amendments based upon the actions taken within the meeting. The updated Work Plan can be found within Attachment 4.

### 4 NEXT STEPS

- 4.1 The Working Group agreed to reconvene on 15 August 2015 to review and populate the templates provided by CA. These templates detail each of the three types of PNO structures, the contractual agreements in place and highlight the differences between PNOs and IDNOs.

Additionally, the next Working Group will draft the contents of the next consultation document.

## **5 ANY OTHER BUSINESS**

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- 5.1 There were no further items of business and the Chair closed the meeting.

## **6 NEXT MEETING**

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- 6.1 The next meeting is scheduled for Monday, 15 August 2016, at 10.00am via webinar.

## **7 ATTACHMENTS**

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- Attachment 1 - Private Networks Presentation with WG notes
- Attachment 2 - Bubble diagram
- Attachment 3 - Responsibility Tables
- Attachment 4 - DCP 251 & DCP 252 Work Plan

**APPENDIX A: SUMMARY OF ACTIONS****NEW AND OPEN ACTIONS**

| Action Ref. | Action   | Owner                             | Update |
|-------------|--|-----------------------------------|--------|
| 09/01       | To compile the templates for highlighting differences between PNO's and IDNO's, their provided services and contractual arrangements for the next Working Group. | Chris Allanson & Patricia Wormold |        |

**CLOSED ACTIONS AT THE MEETING**

| Action Ref. | Action  | Owner                               | Update  |
|-------------|---|-------------------------------------|---|
| 05/05       | Draft further text on emergency call handling to capture that where a DNOs MPAN is supplied then a single emergency number will display at the end of the bill. | Mike Harding                        | In progress – awaiting confirmation of completion. I was agreed at the meeting that this action can be closed.                                    |
| 01/08       | To identify the number and type of scenarios not identified on the bubble diagram   | Chris Allanson                      | Complete: Agenda item   |
| 02/08       | To consider whether the use of the DCP 263 distribution list is appropriate for this change.  | ElectraLink                         | Complete: This Distribution List contains numerous PNO's and would be appropriate for use with this Working Group.                                |
| 03/08       | To consider and feedback relevant organisational views of what 'undue discrimination' means.  | Mike Harding<br>(Initial draft) All | Complete: Agenda item   |
| 04/08       | Refer DCMF MIG Issue 89 - Building Network Operator (BNO) Networks back to the DCMF MIG with proposer and Working Group comments.                               | ElectraLink                         | Complete: This has been put onto the next DCMF MIG agenda following Working Group agreement that this does not fit into the scope of this change. |