

# DCP 251 and DCP 252 Working Group Minutes

<b>Meeting Name</b>	DCP 251 and DCP 252 Working Group
<b>Meeting Number</b>	12
<b>Date</b>	11 October 2016
<b>Time</b>	10:00
<b>Venue</b>	Teleconference

Attendee	Company
John Lawton [JL] (Chair)	ElectraLink
Anika Brandt [AB]	SSE
Chris Ong [CO]	UK Power Networks
Dave Wornell [DW]	Western Power Distribution
Keith Burwell [KB]	Ofgem
Mike Harding [MH]	Brookfield Utilities
Pat Wormald [PW]	Northern Powergrid
Dan Fittock [DF] (Secretariat)	ElectraLink
<b>Apologies</b>	<b>Company</b>
Franck Latremoliere	Reckon

## 1 ADMINISTRATION

- 1.1 It was confirmed that attendees had read the “Competition Law Dos and Don’ts” and all attendees agreed to be bound by the Competition Law for the duration of the meeting.
- 1.2 The Working Group agreed the minutes of the previous meeting as an accurate record.
- 1.3 Please refer to Appendix A for an update on all of the actions.

## 2 REVIEW OF PREVIOUS WORKING GROUP 08 & 09 MINUTES

- 2.1 The Working Group reviewed the minutes of Working Groups 08 and 09 as per the action from the last meeting.
- 2.2 The Working Group agreed that clause 2.9 from the Working Group Meeting 08, Clause 2.9 is an accurate and true statement of the discussions and that that it is natural for there to be discrimination between participants based on their roles within the industry.
- 2.3 The Working Group went on to review clause 2.2 of the Working Group Meeting 09 and agreed that although the statement was correct with regard to what was discussed, the IDNO Tariffs are based on the DNO’s total avoided costs rather than the cost savings to the DNO. The Working Group agreed to amend the wording of the minutes to this effect. The amended wording for these minutes have been included as Attachment 1.

## 3 DISCUSSION ON WHETHER THERE IS ‘UNDUE DISCRIMINATION’

- 3.1 A number of Working Group members submitted their views on whether ‘undue discrimination’ is taking place where Private Network Operators (PNOs) are not currently able to utilise the Independent Distribution Network Operator (IDNO) Tariffs.

- 3.2 Members of the Working Group had differing opinions as to whether '*undue discrimination*' is taking place in relation to PNOs being unable to use IDNO DUoS Tariffs. The Working Group discussed the matter at length with a number of key points being made:

Points Discussed Against '*Undue Discrimination*' Taking Place

- Based on Ofgem's 2009 Consultation on the IDNO DUoS Tariffs it appears that the IDNO DUoS Tariffs were designed to have a sound basis for offering a discount;
- PNOs do not offer the same provision of services compared to IDNOs. In instances where a PNO contracts with other parties to offer these services and are not offered IDNO tariffs, this may be considered '*undue discrimination*'. However, if the PNO does not contract to offer these services, '*undue discrimination*' would not be occurring; and
- All network operators have the option to become a Licensee. If a PNO chooses not to partake in the requirements stated in the Electricity Act then some members of the Working Group postulated that they should not be entitled to IDNO DUoS Tariffs where they are in breach of the Act.

Points Discussed For '*Undue Discrimination*' Taking Place

- PNOs have similar network structures to IDNOs and thus should be entitled to the IDNO Tariffs;
- DNOs' use of system charging methodologies are licence obligations, not DCUSA contractual obligations; they apply equally to use of system services that are provided under DCUSA and to use of system services that are provided outside DCUSA. However other Working Group members disagreed, stating that that where DNO use of system charging methodologies do not fall under DCUSA, DCUSA forms the vehicle for these obligations; and
- Use of System arrangements should not be bundled with the provision of other services. For example, BSC services are not Use of System charges and are chargeable to the Supplier and not the network operator. If these services were not bundled, then PNOs and IDNOs would be comparable in function and should be entitled to the same IDNO DUoS Tariffs.

- 3.3 The Working Group agreed that the general principle of the IDNO DUoS Tariffs was to offer the IDNOs a discount based on the total avoided costs of the services that it would offer which the IDNO delivers instead. However, without a method to prove that PNOs offer these services via contractual arrangements with other organisations to offer these services, there may be instances where PNOs are being unduly discriminated against.

## **4 REVIEW OF THE PROPOSED DEFINITION FOR 'QUALIFIED NETWORK OPERATOR'**

- 4.1 The Working Group agreed that '*undue discrimination*' and whether it is taking place will be based on the opinion of the various Parties in question as there is a possibility that unlicensed Network Operators may be being charged twice; once for the bundled Use of System charges and services and again if they are offering these services via contracts with other providers. On this basis the Working Group agreed to review the proposed definition for 'Qualified Network Operator' and refine this to aid the industry in deciding if '*undue discrimination*' is taking place or not.
- 4.2 When questioned why an unlicensed Network Operator wouldn't become an IDNO, a member noted that these parties may have specific reasons not to have a license, for example some networks can self-supply to take full advantage of generation instead of transporting energy to transmission system then back down to the network which is not permitted under Licence.

- 4.3 The Working Group reviewed the responses to the original consultation issued in May 2016 relating to the definition of 'Qualified Network Operator'. The majority of Parties supported the new definition with a few comments being included regarding the drafting of the definition.
- 4.4 The Working Group reviewed these comments and made some amendments to the definition in light of the recent discussions regarding '*undue discrimination*'. The refined definition has been included as Attachment 2.
- 4.5 It was questioned whether in light of recent developments in DCP 251 & 252 a definition of Private Network Operator should be drafted for inclusion on the legal text. Working Group Members were unsure if this term had been used previously in the legal drafting of the text. ElectraLink agreed to take an action to review whether Private Network Operator had been used in the legal text or previous consultation so that the Working Group could decide at a later date if a definition was required.

**ACTION: 12/01 - ELECTRALINK**

- 4.6 ElectraLink also took an action to include the refined Qualified Network Operator definition in the consultation document.

**ACTION: 12/02 - ELECTRALINK**

## **5 REVIEW OF ISSUES LOG**

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- 5.1 The Working Group reviewed the Issues Log and agreed that no further additions were required.
- 5.2 The Issues Log has been included as Attachment 3.

## **6 NEXT STEPS**

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- 6.1 The Working Group agreed to the following next steps:
- ElectraLink to update the draft consultation document to reflect the discussions of the Working Group.
  - The Working Group to reconvene on 25 October 2016 to review the draft consultation document before issuing it to industry.

## **7 ANY OTHER BUSINESS**

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- 7.1 There was no AOB and the Chair closed the meeting.

## **8 NEXT MEETING**

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- 8.1 The next DCP 251 & 252 Working Group will be held on 25 October 2015 via Webinar.

## **9 ATTACHMENTS**

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- [Attachment 1 – Working Group Meeting 09 v2.0](#)
- [Attachment 2 – Refined Qualified Network Operator Definition](#)
- [Attachment 3 – Issues Log](#)

**APPENDIX A: SUMMARY OF ACTIONS**

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**NEW AND OPEN ACTIONS**

Action Ref.	Action	Owner	Update
10/03	Determine if undue discrimination is taking place so that this view can be captured in the consultation document.	All	Ongoing
12/01	To review whether Private Network Operator had been used in the legal text or previous consultation so that the Working Group could decide at a later date if a definition was required.	ElectraLink	Completed post-meeting. The term 'Private Network Operator' is not included in the Change Proposal legal text and was used once in the first consultation as an example of an unlicensed distribution system.
13/01	To include the refined Qualified Network Operator definition in the consultation document.	ElectraLink	Completed post-meeting.

**CLOSED ACTIONS AT THE MEETING**

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 Wormald	Closed
10/01	<p>Update the bubble diagrams as follows:</p> <ul style="list-style-type: none"> <li>include two scenarios for PNOs, namely one where the PNO choses to charge DUoS and one where it chooses not to.</li> <li>"PNO MPAN" should say "PNO Boundary MPAN"</li> <li>"INDO" should be "IDNO" on slide 2</li> </ul> <p>Also, the bubble diagrams and information in template 1a should be combined into a signal spreadsheet for ease of use.</p>	Chris Allanson	Completed
10/02	Update the 1st slide of the bubble diagram to be clear that for PNO networks the DNO is provider of the MPANs, whilst for the IDNO networks the MPAN is provided by the IDNO.	Chris Allanson	Completed
10/04	Capture within the diagrams that if the DNO is charging a boundary tariff to a PNO, then the capacity charges are a diversified tariff. If you are charging end customers on the PNO then it is not a diversified tariff in terms of Maximum Demand. The IDNO portfolio tariffs are based on the demand of each customer, and thus, are not diversified.	Chris Allanson	Completed
11/01	To investigate website issues and take action to resolve the issues as and when necessary.	ElectraLink	Completed post meeting.

11/02	To review Working Group 08 Minutes, clause 2.9 and Working Group 09 Minutes, clause 2.2, decide whether the assumptions made by the Working Group are true and whether the minutes accurately recorded the discussions.	All	Complete – Working Group 08 Minutes agreed correct and Working Group 09 Minutes updated to reflect Working Group comments.
11/03	To submit views in writing on whether ' <i>undue discrimination</i> ' is taking place so that this can then be reviewed at the next Working Group meeting.	All	Complete – Discussed at Working Group 12.