

DCP 314 Meeting 05

03 August 2018 at 10:00

ElectraLink, Third Floor, Northumberland House, 303-306 High Holborn, London, WC1V 7JZ / Teleconference

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Rob Johnson [RJ]	ESP
Neil Brinkley [NB]	BU UK
Observers	
Chris Parish [CP]	Ofgem
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Hollie Nicholls [HN] (Secretariat)	ElectraLink
Huw Neyroud [HN] (Secretariat)	ElectraLink

Apologies	Company
Dave Wornell	WPD
Lee Wells	Northern Powergrid

1. Administration

- 1.1 The Chair welcomed the members to the meeting.
- 1.2 The Working Group reviewed the “Competition Law Do’s and Don’ts”. All Working Group members agreed to be bound by the Competition Laws Do’s and Don’ts for the duration of the meeting.
- 1.3 The Working Group reviewed the minutes from the previous meeting and AE mentioned that within section 3.4 the change should be made to state the report is based on the structure of the D0314 flow. An updated version of the minutes can be found as Attachment 1.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting which was to review the proposed Consultation document and the draft legal text.

3. Review of DCP 314 Consultation Document

- 3.1 The Working Group reviewed the draft DCP 314 consultation document.
- 3.2 One Working Group member highlighted that the term LDNO should be updated to “Licensed Distribution Network Operator” for consistency throughout the document.
- 3.3 The Chair sought confirmation as to whether the Ofgem representative thought that the content within paragraph 5.5 was an accurate example of what was previously discussed. The Ofgem representative confirmed that it was, but requested that the following minor amendments was made:

*“DCP 314 would provide **only** a partial recovery method for IDNOs and would allow the recovery of the upstream DNO Use of System charges and not that of the downstream IDNO.”*

- 3.4 The Working Group agreed to include the suggested amendments to section 4 of the ofgem guidance note on credit cover, contained within paragraph 5.13, as an attachment to the Consultation. The Working Group also agreed to add a further question surrounding the attachment to allow industry to provide comments and suggestions to improve the document.
- 3.5 The Chair questioned whether the Working Group had any preferences regarding the timings and running of the report for the Supplier of Last Resort (SoLR) bad debts that are mentioned in paragraph 5.17. One Working Group member provided three scenarios regarding this process and these were as follows:

Option 1: IDNO submits its report to the DNO on completion of the settlement process (i.e. 14 months later) with the DNO then making payment to the IDNO;

Option 2: IDNO submits its report to the DNO on receipt of the initial settlement run (received circa 20 days after the settlement date) for days up to and including the date of failure based on the latest reconciliations available at that time with the DNO then making payment to the IDNO on this basis. Any variation between the settlement runs used and the final settlement run would be left as a known but likely reasonably small inaccuracy; and

Option 3: IDNO submits its report to the DNO on receipt of the initial settlement run for days up to and including the date of failure based on the latest reconciliations available at that time with the DNO then making payment to the IDNO on this basis. A reconciliation would then take place once the settlement process has concluded 14 months later, i.e. another IDNO to DNO report and then either DNO to IDNO payment or vice versa depending on whether the reconciliations were net positive or net negative.

- 3.6 One Working Group member explained that the current process runs as option 1 and would require potentially the least amount of work to implement. The Proposer

suggested that the Working Group leave the three options in the consultation for industry to provide comment on the which option they would prefer. The Chair concluded that this would require three different legal texts being drafted to avoid a further consultation at a later date.

- 3.7 The Chair questioned the Proposer on the progress of the TRAMS Report. The Proposer confirmed that the reports had been trimmed down to ensure that they were a more accurate example of what may be received through this process. The Working Group discussed the content and were happy with the templates if the grammar and spelling of the template was corrected. Two Working Group members took an action to compile three different TRAMS reports based on the options that had been discussed earlier in the meeting. The updated TRAMS reports will be attached as an appendix to the legal text within the consultation document.

Action 05/01: RJ and AE to create and compile three TRAMS reports based on the expected settlement timings provided by AE as the Options.

Action 05/02: ElectraLink to attach the TRAMS reports to the legal text as an appendix within the consultation document.

- 3.8 The Chair questioned whether the Working Group were happy with the basis of question 6. The Working Group had no concerns surrounding the basis of the question but wished for ElectraLink to investigate the Supply License for references to SoLR. If there are no references to SoLR, this will be referenced in the Legal text.

Action 05/03: ElectraLink to investigate the Supply License for references to SoLR events.

Action 05/04: ElectraLink to update the consultation document to reflect the discussions held.

4. Review of DCP 314 Legal Text

- 4.1 The Working Group reviewed the draft legal text.
- 4.2 The Chair questioned whether the Working Group feel that paragraph 8.1a needs to be included or if it needs to be amended. The Ofgem representative stated that the intention here is to update the guidelines to reflect the code and it would make sense to change the reference of the Best Practice Guidance Document to one that refers to Schedule 1 of DCUSA as this refers to DNOs unlike the Best Practice Guidance Document. There was a suggestion that the second reference in paragraph (clause 8.6 may still be valid and would

need to be verified once the legal text and the amended guidance document were finalised.

- 4.3 The Working Group discussed clause 8.5 in the Legal text (administration) and agreed to keep the text as it is currently written as it future proofs the solution.
- 4.4 The Chair took an action to update the legal text to reflect the discussions held and ensure that all three options were included.

Action 05/05: The Chair to update the legal text to reflect the discussions held.

5. Work Plan

- 5.1 The Working Group agreed the next steps as follows:
 - Update consultation document to reflect the actions from the meeting;
 - Update the TRAMs Report to represent the three scenarios as discussed above; and
 - Create three distinct Legal texts to match the three options.
- 5.2 The DCP 314 Work Plan has been updated to reflect these next steps and is provided as Attachment 2.

6. Agenda Items for the Next Meeting

- 6.1 The following agenda items will be discussed at the next meeting:
 - Review of the updated consultation document; and
 - Review of the updated draft legal text (including the TRAMs reports which will be referenced as Appendix X)

7. Any Other Business

- 7.1 There were no items of AOB and The Chair closed the meeting.

8. Date of Next Meeting: 20th August 2018

- 8.1 The Working Group agreed that the next meeting will be held on 20th of August at 2pm.

9. Attachments

- Attachment 1 – DCP 314 Meeting 07 Updated Minutes
- Attachment 2 – DCP 314 Updated Work Plan

Action Ref.	Action	Owner	Update
02/03	Ofgem to respond to the letter from The Chair.	Ofgem	03/08/2018 -CP is awaiting multiple responses from various streams of Ofgem. Aim for end of Month August.
03/01	The Ofgem representative to seek approval for a licence modification for IDNOs to be able to collect bad debt.	Ofgem	Ofgem are drafting an IDNO Licence modification. 03/08/2018 - It is to have an internal review by the networks team before being made available to the working group it is currently with Regulatory finance.
05/01	RJ and AE to create and compile three TRAMs reports based on the expected settlement timings provided by AE as the Options	Working Group	
05/02	ElectraLink to attach the TRAMs reports to the legal text as an appendix within the consultation document.	ElectraLink	
05/03	ElectraLink to investigate the Supply License for references to SoLR events.	ElectraLink	
05/04	ElectraLink to update the consultation document to reflect the discussions held.	ElectraLink	
05/05	The Chair to update the legal text to reflect the discussions held.	ElectraLink	

Closed Actions

Action Ref.	Action	Owner	Update
04/01	Update the legal text to read “Where an EDNO Party is seeking re-distribution of bad debt”	ElectraLink	03/08/2018 Completed text now reads as suggested in the Legal text.
04/02	Action the Ofgem Representative to circulate the feedback to the working group regarding the licence modification.	Ofgem	03/08/2018 Related to action 03/01 and is completed based on the other actions progress.
04/03	AE to review 2005 document to see if there is an ability to amend the wording in the Document.	Andrew Enzor	03/08/2018 Completed. AE completed the action and circulated the files prior to the meeting
04/04	ElectraLink to include a question within the consultation document on when the reports should be received and whether the existing processes should complete, and this be considered as a separate activity.	ElectraLink	03/08/2018 Completed.
04/05	Draft a consultation document	ElectraLink	03/08/2018 Completed ElectraLink provided the consultation with the final agenda papers.