

DCP 314 Meeting 08 (Teleconference)

18 October 2018 at 10:00

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

Attendee	Company
Working Group Members	
Donna Townsend [DT]	ESP
Rob Johnson [RJ]	ESP
Angus Rae [AE]	SSE
Lee Wells [LW]	NPG
Chris Parish [CP]	Ofgem
Dave Wornell [DW].	WPD
Chris Barker [CB].	BU-UK
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Huw Neyroud [HN] (Secretariat)	ElectraLink
Apologies	
Andrew Enzor	Northern Powergrid

1. Administration

- 1.1 The Chair welcomed the members to the meeting.
- 1.2 There was one apology received prior to the meeting from Andrew Enzor of Northern Powergrid.
- 1.3 The Working Group reviewed the “Competition Law Guidance” All Working Group members agreed to be bound by the Competition Laws Guidance for the duration of the meeting.
- 1.4 The Chair then proceeded to go through the previous actions these are shown in attachment 1 - Actions Log (DCP314_Actions Log_01).

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting which was to review the responses to the Actions Log and draft the legal text solution for DCP 314.
- 2.2 The Chair made the Working Group aware of a Change Proposal that was submitted as an alternate solution to DCP 314 which follows the potential Option C rather than Option A and would be named DCP 314A.

3. Review of the DCP 314 Actions Log

- 3.1 The Chair took the Working Group through the Action Log see Paper (DCP_314_Action Log_01).

Ofgem and Guidance Notes Actions

- 3.2 The Chair began the review of the Action Log with the Ofgem and Guidance Notes Actions from the previous meeting with Action 01, the Chair noted that they had received no response to the email that was sent to the Ofgem representative as of yet. From this action a Working Group member did however provide an insight into the requests that were asked of the representative, the member mentioned that Ofgem have convened a Licence modification review group. The member explained to the Working Group that the aim of this group is to consult on the subject later this year and mentioned that they themselves had actually drafted a few changes to the Licence already and had sent them round as a draft to the group with the next meeting planned for the 31st of October.
- 3.3 The next Action 02 was to review the suggested amendments to the guidance note¹ with reference to if the text should be updated to EDNO from LDNO. The Working group agreed that the term has different meanings e.g. within the schedule of DCUSA EDNO relates to “Embedded” and as far as a licence is concerned it can mean “Exempt”. The Working Group agreed to use the term LDNO or Licensed Distribution Network Operator in the guidance note to both future proof the solution and also to make sure the solution is as intended in the Change.
- 3.4 The Chair then moved the Group on to Action 03 to review section 4.7 of the guidance note as per Northern PowerGrid suggestion of changing “Companies” to “DNOs”. The Working Group were conflicted on this action due to the understanding that they found 4.7 of the text to be correct but 4.5 and 4.6 to conflict to rest of the text. The Working Group therefore concluded that there needs to be more input into the guidance note on this section and Lee Wells took the action to clarify the guidance note ‘4.5 - 4.7’ and work out how to link the bad debt explicitly to the DNO.

¹ Guidance Note refers to Best practice guidelines for gas and electricity network operator credit cover - Conclusions document (2005)

Action 08/01: Lee Wells took the action to clarify the Guidance note '4.5 - 4.7' and work out how to link the bad debt explicitly to the DNO

- 3.5 The Working Group during this discussion also questioned Action 03 around the wording of “required to take on an amount of bad debt owed” and discussed that this text needs to be updated to say a portion of bad debt as currently the wording could lead to confusion and members returning to attempt to claim a second payment. The member who took the previous action on agreed to include this in the update they were completing.
- 3.6 When discussing Action 04 which was to Investigate if the out of area charges are recovered through the Licence, Chris Parish indicated that his understanding is that the DUoS recovery for DNOs is for DUoS bad debts of the licensee, which would include out of area networks the Working Group noted the update.
- 3.7 The Working Group proceeded to look at Action 05 regarding the use of “Companies” in place of “DNO”. The first paragraph of 4.7 which includes “Companies will be entitled to recover all bad debt” and the view of the Working Group is that changing the word “Companies” to “DNO” may make it more bespoke to the change and make the solution clearer. The Working Group discussed the issue and concluded that “Company” can only mean “DNO” but decided to alter the wording from “Companies” to “DNO” to assist with the clarity of the guidance note. This area is being considered as part of the review under action 08/01.

TRAMs Report actions

- 3.8 The Working Group reviewed the updated TRAMs report that Andrew Enzor circulated prior to the meeting to see if the required updates had been made. The updates required were to include an “anomaly box” and a “Total” for the results. The Working Group confirmed that both of these had been added and the only further amendments to the TRAMs Reports were to remove Option B completely, and to include on the sheet where it states “Total” to include “Estimate” in front.

Action 08/02: Update the TRAMs report:

- Remove Option B Completely
- Include “Estimate” in front of any mention of “Total” in the TRAMs Report

- 3.9 The final actions related to the TRAMs reports were also closed off with Dave Wornell updating the Working Group prior to the meeting regarding the DURABILL issue stating that the issues were due to the fact IDNOs bill on TPRs² and they bill on specific time bands which results in them delinking from the TPRs. This will result in a potential issue with the billing because the two will not match. Another Working Group member suggested to place a tolerance on the bills and if the variation between the two is greater than 1% that's when you would query the issue between the Parties. They also mentioned that there will never be a perfect solution for this issue. A Working Group member also revealed that from their discussions with DURABILL that this process will have to be completed manually, the member also mentioned that this is only for Non-Half Hourly data as for Half hourly the data is exact. The Working Group were reminded that this is a known issue now and not one introduced by this change proposal.
- 3.10 The Chair introduced the suggestion that the reports form part of an attachment to the legal text and stated that with the amount of columns in the spreadsheet the visibility of the titles would be difficult to view and that the embedded formulae could be lost and different calculations ensuing when they are being used. The Chair asked the Working Group if they want to continue with this suggestion or do they wish for it to be placed on the DCUSA website as a "Model". The Working Group agreed that including the Model on the website would be a more efficient way of storing the TRAMs Reports, and that the Legal text should be amended to refer to the most recent model on the DCUSA website meaning the Legal text is future proofed for further Model releases if it that occurs.

Action 08/03: ElectraLink to look at the potential for storing the "TRAMs Report" as a Model on the DCUSA website and provide an estimate for the Model to be added if required.

- 3.11 The Chair mentioned that due to the alternate change proposal there is a need to create two models one for Option A and one for Option C for inclusion in the Change Report.
- 3.12 After agreeing to continue as above the Chair then brought the Ofgem representative into the conversation to clarify a few points that arose during this meeting and the previous one around the Licence modification and the current progression of this Change.
- 3.13 The first question was around the updating of the guidance note and the fact that as of currently the legal text refers to the guidance note as if the guidance notes together with the suggested changes being made by the Working Group has been approved, which if the change continues could lead to an issue during the voting stage as this may not be the case. The Ofgem representative mentioned that the guidance note needs to be updated but there is no promise of resource for this and the actual process of updating the text will need to be included in the larger workflow as part of the overall Licence modification.

² TPR - Time Pattern Regime

3.14 The Chair then progressed to question if Ofgem view this change as essential or if it is just a stop gap/back up to the Licence modification. The representative went on to say that the view of DCP 314 is that it is a compulsory change that needs to be progressed, and the change may become a stop gap but the view of Ofgem is it must proceed alongside the Licence modification work as this Change considers the bad debt that the Licence does not cover as part of the current work.

3.15 The Working Group noted the Ofgem point of view that this Change must progress.

4. Review of DCP 314 Legal Text Actions

4.1 The Working Group moved on to the Legal text for DCP 314 and worked through each of the set actions in the Action Log (DCP_314_Action Log_01).

4.2 The first action regarding the legal text was regarding reviewing Schedule 4³ for the disputes process and if the process was adequate at covering this Change. The majority view was that Schedule 4 may not cover the disputes process in enough depth to cover the intricacies of the Change. The Working Group when looking at the Schedule 4 text found that there was a need to include the text for Schedule 4 paragraph 2.2 into the legal text apart from paragraph 2.2a (paying payments not in dispute).

Action 08/04: from Schedule 4 of DCUSA, insert to the legal text paragraph 2.2 excluding 2.2a) and create a new paragraph in the legal text.

4.3 The Working Group moved on to Action 03 which looks at the legal text and the response from NPG regarding credit cover, the Working Group agreed that AE's update to paragraph 8.1 in the legal text covered the issue. AE amended the text to make sure this is just charges with the 'financial loss' being subject to the credit cover adjustment.

4.4 From the above the Working Group chose to review the other updates that AE had made to the text and agreed with each of the updates with a few inclusions added to the text. The inclusions included to create a definitions sections in the legal text to include defined terms such as Unrecovered Bad Debt. Another inclusion was that for paragraph 8.1 of the legal text and through out the to refer to "bad debt" as "Unrecovered Bad Debt" where appropriate.

Action 08/05: Add to the definitions section Unrecovered Bad Debt

Action 08/06: Update references to "bad debt" to "Unrecovered Bad Debt" where appropriate

³ Schedule 4 of DCUSA Billing and Payment Disputes

- 4.5 The Working Group concluded from the prior discussion around placing the TRAMs reports onto the DCUSA website as models to update references within the legal text which currently state “Appendix [X]” to state reference to the most up to date Model on the DCUSA website, the name of the report was also updated to “Unrecovered Bad Debt Model” until a final name can be decided upon.

Action 08/07: Update all references in the legal text from “Appendix [X]” to most up to date Model on the DCUSA website.

- 4.6 The final action the Chair took the Working Group through was surrounding the inclusion of the guidance note in the Legal text, and whether this reference needs to be included or removed. The Working Group agreed that due to the current status of the guidance note and its level of completion that this reference needs to be removed from the text to make sure that the Change Report is not rejected due to this inclusion. It was also noted that parties must comply with DCUSA and as such if this change is approved there is no need to refer to the document in any case.

Action 08/08: Remove reference to “The best practice guidance” in the Legal text due to the current status of the Guidance not yet approved.

- 4.7 The Chair made one further comment regarding the alternate change proposal and that due to this change following Option C rather than Option A that there would need to be two legal texts drafted for each solution.

Action 08/09: Create two legal texts for the solution one for Option A and one for Option C with Option B removed completely.

5. Work Plan

- 5.1 The Working Group agreed the next steps as follows:
- 5.2 The next meeting is to be on the 9 November 2018 to review the;
- Change Report
 - Legal Texts for Option A & C; and
 - Work plan
- 5.3 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 Updated Guidance Note;
- Review the two Legal texts for DCP314 and DCP 314A;
- Discuss the Updated TRAMs Reports;
- Review the Change report; and
- Review Work Plan for the Change Proposal

7. Any Other Business

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

8. Date of Next Meeting: 09 November 2018

8.1 The Working Group agreed that the next meeting will be held on 09 November 2018 at 10:00 via teleconference.

9. Attachments

9.1 Below are attachments to the Minutes;

- Attachment 1 – Action Log
- Attachment 2 – Work plan
- Attachment 3 – DCP 314A Change Proposal

Open Actions DCP 314

Action Ref.	Action	Owner	Update
08/01	Lee Wells took the action to clarify the Guidance note '4.5 - 4.7' and work out how to link the bad debt explicitly to the DNO Upstream	Lee Wells	
08/02	Update the TRAMs report: <ul style="list-style-type: none"> Remove Option B Completely Include "Estimate" in front of any mention of "Total" in the TRAMs Report 	ElectraLink	
08/03	ElectraLink to look at the potential for storing the "TRAMs Report" as a Model on the DCUSA website and provide an estimate for the Model to be added if required	ElectraLink	Completed - The addition of the Models to the website is very simple and will take no longer than a an hour to upload and email a update out to members.
08/04	from Schedule 4 of DCUSA, insert to the legal text paragraph 2.2 excluding 2.2a) and create a new paragraph in the legal text.	ElectraLink	
08/05	Add to the definitions section <ul style="list-style-type: none"> Unrecovered Bad Debt 	ElectraLink	
08/06	Update references toto "Unrecovered bad debt" where appropriate	ElectraLink	

08/07	Update all references in the legal text from “Appendix [X]” to most up to date Model on the DCUSA website.	ElectraLink	
08/08	Remove reference to “The best practice guidance” in the Legal text due to the current status of the Guidance not yet approved.	ElectraLink	
08/9	Create two legal texts for the solution one for Option A and one for Option C with Option B now removed completely.	ElectraLink	

Closed Actions DCP 314

Action Ref.	Action	Owner	Update
02/03	Ofgem to respond to the letter from The Chair.	Ofgem	Completed added response to Action Log 01 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	Completed added to the actions Log. 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.
07/01	ElectraLink to create an action log for the areas of further consideration by the Working Group.	Working Group	Completed and added to the minutes as an attachment.
