

DCP 319/321 Joint Working Group

Meeting 06

12 October 2018 at 14:30

Web-Conference

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Lee Wells [LW]	Northern Powergrid
William Jago [WJ]	Npower
Alessandra De Zottis [ADZ]	UK Power Reserve
Nicholas Rubin [NR]	Elxon
Chris Ong [CO]	UK Power Networks
Oliver Xing [OX]	Orsted
Simon White [SW]	Smartest Energy
Donald Preston [DP]	Scottish and Southern Electricity Networks
Observers	
Joseph Underwood [JU]	Energy UK
Freya Kerle [FK]	Ofgem
Andrew Self [AS]	Ofgem
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT] (Technical Secretariat)	ElectraLink

Apologies	Company
Simon Yeo	Western Power Distribution
Urmi Mistry	National Grid
George Moran	British Gas
Chris Barker	BU-UK

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 did not review the minutes of the previous meeting nor the outstanding actions as the last meeting was held four days prior, therefore the minutes of that meeting had not been issued by the time this meeting was held.

2. Purpose of the Meeting

- 2.1 The Chair confirmed that the purpose of the meeting was to discuss the letter issued by Ofgem to the Proposer of DCPs 319 and 321 and sent the letter to the Chair of the Working Group. This letter details their concerns with respect to the scope of the proposals overlapping with the Targeted Charging Review (TCR) Significant Code Review (SCR). The letter can be found as Attachment 1 to the minutes.

3. Discussion on the Ofgem letter

- 3.1 The Proposer set out that he and Northern Powergrid wish to withdraw their support for DCP 319 and DCP 321, in light of the letter received from Ofgem earlier in the week. It was explained that they do not feel they can support a change which is restricted in its intent to the application of residual charging for storage alone as they consider that such a change would create a distortion between storage and other embedded generation. It was noted that the letter makes clear that Ofgem has concerns with DCP 319 and DCP 321 continuing to be developed in their current form, and so they consider it appropriate to withdraw their support for the two changes and allow space for others in the industry to consider whether they wish to raise modifications in this area.
- 3.2 The Chair explained that there are a number of governance elements to cover this respect to the letter and subsequent decision of the Proposer to withdrawn support to the Change Proposals (CPs). The first element falls under clauses 10.22 and 10.23 regarding CPs submitting during a Significant Code Review (SCR) Phase.
- 3.3 It was noted that the CPs were submitted during a SCR Phase but that the Panel allowed the changes to progress without invoking Clause 10.23 which sets out that the Panel is to notify the Authority of representations of the relevance of a SCR to a new CP and if in the assessment of the Panel a new CP falls within the scope of an SCR. Clause 10.23 also details that the Panel is to comply with any direction of the Authority with respect to accepting/rejecting the referral of a CP or suspending the development where progress has already started.
- 3.4 Having regard to Clause 10.23 the Working Group discussed the background to the CPs prior to being formally raised alongside the letter issued by Ofgem. It was noted that prior to being raised, the DCMDG had discussed, reviewed and agreed to the approach to be taken and that Ofgem were privy to and involved in the discussions.
- 3.5 One member of the Working Group questioned whether the letter would allow for a deviation away from the original intent of the CPs to one which would align to that set out in the letter. The Chair highlighted that the Working Group Terms of Reference (ToR) only gives the group scope to amend the intent where it is reasonable and appropriate but that it still meets the spirit of the original. It was noted that the spirit of the original was clear in that it was applicable to all generators and not a specific

subset of them. Further to this, it was explained that for any such amendment to can only proceed where the Proposer and a majority of the Working Group are supportive.

- 3.6 The group discussed the potential next steps for these changes and agreed that there are two ways to proceed, however to do so, the Working Group agreed that they will need the Panel to consider and decide with respect to an amendment to the statement of intent.
- 3.7 At high-level, the options are as follows:
- Should the Panel, as a consequence of the Ofgem letter, agree that the intent of the CPs can be amended such that they will only seek to amend the application of residual charging for storage, then a withdrawal notification will be issued to Parties that confirms the Panel's decision, thus allowing any Party to come forward to support the CPs with the amended intent.
 - Should the Panel decide, that the intent of the CPs cannot be amended, then a withdrawal notification will be issued to Parties that confirms the Panel's decision, noting that as a consequence of the Ofgem letter, Parties are advised not offer their support to the CPs, thus allowing them to be officially withdrawn so new CPs may be raised.
- 3.8 It should be noted that both options do potentially end in the same result, being the withdrawal of the CPs, as even with the Panel's agreement to amend the statement of intent, the first option still relies on a Party offering to support the CPs within the 10 Working Day window.
- 3.9 The Proposer noted that they will be issuing their formal written notification of their wish to withdraw the CPs straight after the meeting.
- 3.10 One member of the group sought to confirm whether the Ofgem letter could be circulated wider than the Working Group, to which an Ofgem representative confirmed that it could. The Ofgem representative noted that they had been encouraged by the discussions of the group and that they are supportive of a pragmatic approach being taken to resolve the current situation.

4. Next Steps

- 4.1 The Working Group agreed the next steps as follows:
- The Secretariat to submit a paper to the Panel that details the current situation with respect the CPs, the letter issued by Ofgem and the Proposer's intention to withdraw and which seeks their direction regarding an amendment to the intent of the CPs.
 - Once confirmed, the Secretariat is to inform the Working Group of the Panels direction.

Action – 06/01: ElectraLink to submit a paper to the Panel that details the current situation with respect the CPs, the letter issued by Ofgem and the Proposer's intention to withdraw and which seeks their direction regarding an amendment to the intent of the CPs. Once confirmed, the Secretariat is to inform the Working Group of the Panels direction.

5. Any Other Business

- 5.1 There were no items of any other business discussed and the Chair closed the meeting.

6. Attachments

- Attachment 1 – DCP 319 321_Ofgem_Storage Charging Mods Letter

APPENDIX 1

New and open actions

Action Ref.	Action	Owner	Update
01/02	Consider how the potential concern over all generators being exempt from Demand residual charges could not be abused.	Working Group	Open 25/07/2018 – Ongoing 20/09/2018 – Ongoing 08/10/2018 - Ongoing
03/02	Review each technology type to determine what the percentage of the import capacity may be.	Working Group	Open 20/09/2018 – Ongoing 08/10/2018 - Ongoing
03/04	Consider the three options/solutions once the residual percentage is confirmed and present any views back to Working Group.	Working Group	Open 20/09/2018 – Ongoing 08/10/2018 - Ongoing
04/01	The proposer to circulate percentage allocation data to the group	Andrew Enzor	Open 08/10/2018 - Ongoing
04/02	The proposer to draft a high- level explanation of the impact, to be added to the consultation paper.	Andrew Enzor	Open 08/10/2018 - Ongoing
05/01	Explain in the consultation document that the calculation results in a credit that is applied to the export tariff and not the import tariff.	Working Group	
05/02	Review the Elexon documentation that was provided to the Working Group to pull out relevant references to the use of secondary metering to measure demand associated with the operation of generator.	The Chair	

05/03	Add in detail around technology types under the 'consumer impacts' subheading of the consultation document	Andrew Enzor	
05/04	Update the consultation document in-line with the discussions held during the Working Group meeting and noted in paragraphs 4.3 to 4.7 of the minutes from meeting 05	ElectraLink	
06/01	Submit a paper to the Panel that details the current situation with respect the CPs, the letter issued by Ofgem and the Proposer's intention to withdraw and which seeks their direction regarding an amendment to the intent of the CPs. Once confirmed, the Secretariat is to inform the Working Group of the Panels direction.	ElectraLink	

Closed actions

Action Ref.	Action	Owner	Update
03/05	Provide a response to the Working Group on the following concerns: <ul style="list-style-type: none"> whether Ofgem will want to put these CPs on hold when initiating a SCR given the Working Group are continuing with the generation elements still included; and the potential for storage to be brought back into scope of a SCR and confirmation from the Ofgem that this won't happen 	Chiara Redaelli	20/09/2018 – Ongoing 08/10/2018 – Completed: CR provided a verbal update with respect to their position on the scope of the CPs which was echoed in a letter issued to the Proposer and Chair on Tuesday, 09 October 2018.
04/03	Amend the consultation paper in time for the next Working Group meeting	ElectraLink	Open 08/10/2018 - Completed