

DCP 319/321 Joint Working Group

Meeting 05

08 October 2018 at 13:00

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
Simon Yeo [SY]	Western Power Distribution
Nicholas Rubin [NR]	Elaxon
Chris Ong [CO]	UK Power Networks
Chiara Redaelli [CR]	Ofgem
Karl Maryon [KM]	Haven power
Simon White [SW]	Smartest Energy
Claire Campbell [CC]	SP Energy Networks
Chris Barker [CB]	BU-UK
Donald Preston [DP]	Scottish and Southern Electricity Networks
Code Administrator	
Shahin Miah [SM] (Technical Secretariat)	ElectraLink
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT]	Electralink

Apologies	Company

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 of the previous meeting and had no comments, therefore it was taken that they were an accurate record of proceedings.
- 1.4 The Working Group reviewed the new and open actions and any updates to these actions are set out in Appendix A of these minutes.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting was to discuss the high-level options related to the proposed solution being developed and to review the draft consultation document which had been circulated prior to the meeting.

3. Discussion on the preferred potential solutions

- 3.1 It was noted that a document had been prepared by the Chair and circulated to the Working Group that set out a number of options with respect to potential solutions for both CPs. This document was subsequently amended by the Proposer and the Working Group reviewed and updated that version. The document that captures the amendments agreed during the Working Group meeting acts as Attachment 1 to the minutes.
- 3.2 The document contained two options for potential solutions for each CP, which were given the following labels:
 - DCP 319 Option 1 – Apply an additional credit element to the Export MPAN
 - DCP 319 Option 2 – Reduce the residual charge applied to the Import MPAN
 - DCP 321 Option 1 – Reduce the residual charge to the Import MPAN based on a typical level of import needed
 - DCP 321 Option 2 - Reduce the residual charge applied to the Import MPAN
- 3.3 In reviewing the draft wording for DCP 319 Option 1 the Working Group agreed to amend the wording to explain that a set of new tariffs will replace existing tariffs and will be calculated using a generic method which will then will be broken down into technology types and applying the percentage value of import capacity determined to be for the operation of a generator.
- 3.4 The Working Group agreed to take an action to ensure that they explain in the consultation document that the calculation results in a credit that is applied to the export tariff and not the import tariff.

Action – 05/01: Working Group to explain in the consultation document that the calculation results in a credit that is applied to the export tariff and not the import tariff.

- 3.5 In considering wording around DCP 319 Option 2, the Proposer explained that stating ‘this option relies on secondary metering’ isn’t necessarily true and that further clarity should be provided. It was noted that this is due to the fact that secondary metering would not be required, thus would not be relied upon for sites where only generation occurs and no other equipment that is separate from generator exists on the site that draws demand from the network. This would be the same for all generation irrespective of technology type and so boundary settlement metering is sufficient. It was noted that where other equipment drawing demand exists on the same site as generation or multiple types of generation then relying on secondary (additional) metering is one option being considered and the other option is to calculate charges/credits via tariff type as in DCP319 Option 1.
- 3.6 The group discussed who would be paying for a secondary meter, to which a number of options were tabled. The options include, the Suppliers pay and then seek to recover contribution from end user or an end user may want to use their own metering and thus they would pay. The installation and use of a secondary meter could be set up as an opt in arrangement whereby the end user would decide whether the cost benefit outweighs not doing so.
- 3.7 It was noted that DCP319 Option 1 applies universally, compared to DCP319 Option 2 which applies to specific sites and is likely to be undertaken on an opt in basis.
- 3.8 The Working Group discussed a question related to how to factor in demand that is necessary for the operation of the generator and that is auxiliary to the site compared to other onsite equipment that is not classed as above. It was noted that this would require the use of a secondary meter to measure that demand. It was noted that the documentation provided by the Elexon representative contained some relevant material on this topic and the Chair took an action to pull out the relevant text.
- Action – 05/02: The Chair to 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.**
- 3.9 The Elexon representative questioned whether the group found the documents that he provided to be useful, to which the Proposer noted that they were quite useful and highlighted that the use of secondary metering seems to be an easy approach. With respect to DCP319 Option 2, the Elexon representative suggested that the consultation should explain how the different industry codes will need to develop different elements to make the option work. Specifically, it was noted that the DCUSA/CUSC will need to define what or who should be exempt from residual charges and that the BSC would need to define how.
- 3.10 No comments were noted with respect to DCP 321 Option 1.
- 3.11 In respect of DCP 321 Option 2, one Working Group member queried the basis on which capacity charges would be determined if an opt in arrangement is used given that it can take a few years to understand what a site's capacity is and so there is a potential lag between meter install and setting appropriate capacity charges.
- 3.12 One member of the Working Group questioned the reasoning for using import capacity as a basis for calculating charges, to which it was noted that EDCM charges are solely based on capacity. The charges

are levied monthly on a p/kVa/day basis to which other components are applied such as exceeded capacity charges.

- 3.13 The group also discussed a question on how the level of capacity in excess of that which is required to support a generator will be determined. It was noted that the status quo remains applicable and is carried out using current charging year data inputs which are refreshed on annual basis. The group noted that capacity charges can be modified throughout the year.

4. Review of DCP 319/321 draft consultation document

- 4.1 The Working Group reviewed and made some minor amendments to the draft consultation document that had been circulated prior to the meeting. The updated version of the document meeting acts as Attachment 2 to the minutes.
- 4.2 During their review of the draft consultation document, the Working Group discussed a number of areas still requiring further work for which actions were taken to resolve.

Section 1: Summary

- 4.3 The Working Group considered if it would be helpful to provide a link to the SCR/TCR documentation towards the very beginning of the document. It was noted that footnoted hyperlinks have already been added to section 4, however it was thought that the inclusion of a sentence in section 1 stating that this area is discussed in further detail and reference the section in which this is covered. It was also noted that it could be highlighted that the scope of the CPs is wider than that which is included in the TCR/SCR.

Section 4: Working Group Assessment

- 4.4 It was agreed that the structure of section 4 needs amending, specifically, with respect to setting out sections with subheadings that reference items such as mixed sites, technology types, the proposed solutions/options and then tie in items such as Ofgem's position on the scope of the CPs. The group suggested the following approach should be used in terms of subheadings and some related content:
- Wider scope from that of the SCR
 - Mixed sites: demand and generation onsite
 - Set out that the conclusion reached is that a generation only site would be considered as such where the only demand on the site is that which is necessary for the operation of the generator (and/or is auxiliary to the site) compared on other onsite equipment that is not classed as above and would therefore need to use a secondary meter to measure that demand. A question should accompany this information to seek views from industry.
 - Option 1 CDCM (example)
 - Option 1 EDCM (example)
 - Option 2 CDCM (example)
 - Option 2 EDCM (example)
 - Any Issues related to the potential solutions/options:

- Such as the availability of actual meter data, explaining that how this will be dealt with is still to be agreed; and
- Explain some potential ideas to overcome the issue such as using an assumed value for an initial period or building in a specific work-around for adherence to the 15-month notification of DUoS charges.
- Secondary meters
 - Explaining the different options such as user pays, opt in and/or supplier pays;
 - Including timelines associated with implementing the requisite industry process; and
 - Setting out the interactions between the different industry codes required to bring such a solution into being (e.g. DCUSA/CUSC will set out the rules for who or what should be charged and the BSC will put in place the framework/mechanism required to be able to use the relevant data)
- Provision of metering data
 - Such as amending the relevant text in DCUSA to allow data to be supplied via the customer directly or via a change to the BSC to add in rules for data collectors to be undertaken by industry/suppliers

Section 7: Impacts & Other Considerations

- 4.5 The Working Group agreed that the paragraphs related to the TCR: SCR are to be moved under correct subheading. It was discussed if the topic of metering data should possibly be referenced and/or set out in this section.
- 4.6 Under the 'consumer impacts' subheading the Working Group to state that demand charges will see increase but to an unknown extent and that following the consultation and when developing the solution that the Working Group will include a full impact assessment. It was noted that AE took an action to add in detail around technology types under the 'consumer impacts' subheading.

Action – 05/03: AE to add in detail around technology types under the 'consumer impacts' subheading of the consultation document

Section 8: Implementation

- 4.7 Further consideration should be set out with respect to the timelines for the different potential solutions/options, e.g. that ensuring solution for secondary meters won't be available before 2020. The Proposer noted that DCP 179 'Amending the CDCM tariff structure' set a precedent with respect to tariffs/charges being included in DCUSA prior to the likes of metering being in place.

5. Work Plan & Next Steps

- 5.1 The Working Group agreed the next steps as follows:
- The Secretariat to complete the required amendments to the draft consultation document by 22 October 2018 and to circulate to the Working Group for review.
 - It was agreed to utilise an existing meeting date and time for another CP that would otherwise need to be cancelled to hold the Working Group meeting on. This was agreed to be on Tuesday,

06 November 2018 and will be used to continue to review and discuss the draft consultation document.

Action – 05/04: ElectraLink to 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

- 5.2 The Chair noted that ElectraLink will update the Work Plan and circulate to the Working Group with the minutes.

POST MEETING NOTE: The above agreed meeting will not go ahead due to a recently received letter issued by Ofgem relating to the scope of DCPs 319 and 321 which subsequently led the Working Group to hold an emergency meeting on 12 October 2018 to discuss the letter and any next steps.

6. Agenda Items for the Next Meeting

- 6.1 The next meeting will be used to review/discuss the outputs from the actions taken during this meeting and to continue to develop the draft consultation document.

7. Any Other Business

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

8. Date of Next Meeting:

- 8.1 Please see post meeting note set out under paragraph 5.2 above.

9. Attachments

- Attachment 1 – DCP 319/321 Solution Options
- Attachment 2 – DCP 319/321 Draft Consultation Document
- Attachment 3 – DCP 319/321 Work Plan

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	

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