

# DCP 319/321 Joint Working Group Meeting 04

20 September 2018 at 10:00

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Andrew Enzor [AE]	Northern Powergrid
Claire Campbell [CC]	SP Energy Networks
Karl Maryon [KM]	Haven Power
James Jackson [JJ]	UK Power Reserve
Simon Yeo [SY]	Western Power Distribution
Julia Haughey [JH]	EDF
Chris Ong [CO]	UK Power Networks
Chris Barker (CB)	BU-UK Infrastructure
Simon White (SW)	Smartest Energy
<b>Code Administrator</b>	
Shahin Miah [SM] (Technical Secretariat)	ElectraLink
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT]	ElectraLink

Apologies	Company
Oliver Zhe Xing	Orsted
Chiara Redaelli	Ofgem

Alessandra De Zottis	UK Power Reserve
George Moran	British Gas

## 1. Administration

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- 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...

## 2. Purpose of the Meeting

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- 2.1 The Chair set out that the purpose of the meeting was to discuss the generation technology types and to determine what percentages are to be used against each based on data analysis of each. This meeting will also discuss the potential solutions for both CPs that is to be included in the consultation paper.

## 3. Discussion on capacity % split for generation technology types

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- 3.1 The Chair opened the meeting by reminding the Working Group that, during the last meeting, it was discussed that a tariff-based solution for the CDCM may require the application of two tariffs for a single site, one for demand deemed to be for the operation of a generator and one for any other demand. To further develop this solution the Working Group would need to determine what the import capacity for each specific technology type was deemed necessary to support the generator and then determine what this value was as a percentage of export capacity. Following the last meeting, the Secretariat issued the Working Group with a document containing a table which set out the different technology types as described in ER P2/6 so the group could review each and determine what the percentage of the import capacity may be. Added to this document was “storage” which is relatively new and catered for by and Energy networks Association document indicating that it will be treated as non-intermittent.
- 3.2 A Working Group member noted that they had reviewed this internally within their business and had found it difficult to accurately match the import with the associated export and thus it was difficult to determine the percentage of the import capacity which would be deemed to be for the operation of a generator. According to their initial analysis, an appropriate percentage of import capacity was 10% for the majority of technology types. It was noted that the 10% capacity figure was not determined via in depth analysis of each technology type but was derived by their current understanding of these sites and that further input from any of the other Working Group members would be welcomed.
- 3.3 It was noted that Solar (photovoltaic) had not been included in technology type document that was issued to the group as it did not appear in any of the tables in ER P2/6. The Working Group member

confirmed that they had included this within their own table of technology types but in any event would likely be set at circa 0%.

- 3.4 The Chair thought it would be helpful to understand eligibility for generators who applied for credit and asked if all generation should be included, to which a Working Group member confirmed all generation types should be included.
- 3.5 The Chair asked the Proposer to share their analysis with the Working Group who asked for a further week to conclude their analysis before providing an update to the Working Group.

**Action – 04/01: The Proposer of these changes to share the percentage allocation data and research with the Working Group.**

- 3.6 The Chair questioned how the CDCM might be impacted by not adding residual charges to tariffs that are not charged based on technology types for the import side as a percentage of export capacity and whether it would require the addition of a calculation or a new input. A Working Group member noted that it would be very difficult to word this and for that matter probably quite difficult to model.

#### 4. Discussion on three potential solutions

- 4.1 The Chair summarised the first option as the following: there was a need to create a new set of generators import tariffs where the residual charge element would be based on the current methodology less the amount of exemption determined for each technology type. The Chair then asked if these are averages, how does this work and how do we deliver this within the CDCM? A Working Group member noted that it would be very difficult to accurately capture this and stated this option was not suitable.
- 4.2 The Chair asked if option one should be dropped if it is not a viable solution? The Working Group agreed that this approach is not viable. The Chair then confirmed that option one will no longer be taken forward and explored.
- 4.3 The Chair, in introducing the second option (increase the credit to the export tariff), asked the Working Group for an explanation on how residual charges are currently applied. A Working Group member explained that currently residual charges are applied as a pence per kWh basis. The Chair asked the process would work. It was explained that there is still a need to calculate the percentage of the import that is required to support the generator and determine the amount that is to be exempt based as a percentage of the export capacity. The calculated value is then multiplied by the residual charge and is credited to the export MPAN.
- 4.4 The Chair then progressed the meeting to discuss the third proposed solution – BSC's Secondary metering approach. The Chair explained that this would approach would involve metering the generator. If this is a viable option to the Working Group, this could be progressed to consultation. A Working Group member mentioned that this approach would require new tariffs which the Working Group would need to consider.
- 4.5 The Chair asked the Working Group to confirm whether there would need to be two sets of readings, import & export and if the Working Group agree the secondary charges are exempt. A member of the

Working Group confirmed this approach would require both boundary meter data and secondary meter data. It would be a calculation of the boundary meter minus the secondary meter data, with one of the two data sets subject to residual charges (boundary meter-secondary meter data) and one data set will be exempt (secondary meter data).

- 4.6 The Chair questioned whether the wiring setup of the meter would lead to issues as the customer may need to split the generation load. A simple solution could be that the secondary meter is able to calculate the credit that needs to be added depending on the information provided. This would have require a longer implementation time.
- 4.7 The Chair asked the Working Group how the credit would be calculated, assuming all information received from the secondary meter is accurate, to which a member of the group replied that credit is applied to secondary meters on a pence per kWh basis applied to the original tariff.
- 4.8 The Chair then went through the consultation paper with the Working Group where some amendments were made to the text.
- 4.9 The Chair then moved the discussion to DCP 321 'Removal of residual charging for embedded generators in the EDCM'. The Chair asked if the Working Group were looking to use the same solution for this change proposal, to which one Working Group member replied that new solutions would need to be developed. The assumptions could remain the same, but the calculations would need to be different. They further explained that an EDCM customer an export capacity of 1000kVA to an import capacity of 50kVA. The residual charge on the import side would need to be capped at 50kVA.
- 4.10 The Chair paraphrased the potential solution by using an example of where there is a need to reduce the residual charges by 10% of import charges. If the 10% residual charge is greater than the maximum import capacity, then the residual charge should be capped so zero residual is charged on the import tariff.
- 4.11 The Chair asked if secondary metering would be a viable option to which a Working Group member said there is some capacity for this as an option. The Chair continued to discuss what current tariffs are offered and whether credit would be given. A Working Group member asked if the import capacity could be reduced, if so, the residual could be reduced that way, rather than monthly.
- 4.12 A Working Group member noted that for EDCM customers the calculation would be different to CDCM customers. EDCM customers with both import and export and technology type demand of say 10%, the solution would be to provide additional credit to the export. Whereas, for CDCM, the proposal is to reduce the charges on the export side. It was agreed that the solution for EDCM would require further thought and discussion.
- 4.13 The Chair asked if existing import and export customers would be moved to a new EDCM tariff to which a Working Group member replied that there would be an amendment to the existing EDCM tariff. Another Working Group member asked if there would be a connection agreement associated with this, to which the Chair replied there would be a relevant metering code of practice and BSC procedures associated with this. There would therefore be are requirement to comply to an industry approved metering arrangement for secondary metering.

- 4.14 The Chair explained to the Working Group that each Change Proposal would require its own Change Report and the possibility of two separate Change Models. The Chair went on to explain the time frame including developing a solution and implementation.
- 4.15 The Workplan was then discussed to agree what needed to be undertaken and whether one or two consultations could be catered for. The Chair explained that the July Panel would be the deadline for submitting the Change Reports. The Working Group then discussed the need for two consultation papers and agreed the first consultation would need to be completed as soon as possible, avoiding the need to draft several drafts of legal texts. The Proposer of these Change Proposals asked for the objectives to be included in both consultation papers. The Proposer was asked to draft a high-level explanation which would be included in the initial consultation paper and a more in depth description, explaining the magnitude of this change would be included in the second consultation paper.

**Action – 04/02: The Proposer is to draft a high level explanation of the impact of these changes to accompany the consultation document.**

- 4.16 A Working Group member agreed that the data analysis will need more time than initially thought. The Chair mentioned that the Working Group should use the time during the consultation to analyse the percentage allocation document and update this with their own data.

**Action – 04/03: Electralink to update the consultation paper prior to the next Working Group meeting**

## 5. Work Plan

- 5.1 The Working Group reviewed and updated the DCP 319/321 Work Plan and this amended version of the Work Plan can be found as Attachment 1.

## 6. Agenda Items for the next meeting

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

## 7. Any other business

- 7.1 There were no items of Any Other Business and the Chair closed the meeting.

## 8. Date of Next meeting

- 8.1 The Working Group agreed for the next meeting to be held via teleconference on 08 OCTOBER 2018 for the purpose of reviewing the draft consultation document and draft legal text.

## 9. Attachments

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- Attachment 1 – DCP 319 and 321 Work Plan\_180920\_01
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## 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
03/02	Review each technology type to determine what the percentage of the import capacity may be.	Working Group	Open 20/09/2018 - 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
03/05	Provide a response to the Working Group on the following concerns: <ul style="list-style-type: none"><li>• 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</li><li>• the potential for storage to be brought back into scope of a SCR and confirmation from the Ofgem that this won't happen</li></ul>	Chiara Redaelli	Open
04/01	The proposer to circulate percentage allocation data to the group	Andrew Enzor	Open
04/02	The proposer to draft a high- level explanation of the impact, to be added to the consultation paper.	Andrew Enzor	Open
04/03	Electralink to amend the consultation paper in time for the next Working Group meeting	Electralink	Open

## Closed actions

Action Ref.	Action	Owner	Update
<b>03/03</b>	Share relevant information related to potential solutions including a consultation and subsequent responses as well as a previously issued thought paper on the topic.	Nicholas Reuben	Closed – 20/09/2018
<b>03/01</b>	Review ER P2/6 to find the relevant technology types and to provide these in a table to the Working Group.	ElectraLink	Closed – 20/09/2018
<b>02/01</b>	Provide Ofgem with the three possible dates for the next meeting. Their decision should be circulated to the Working Group once known.	ElectraLink	Action Closed
<b>01/04</b>	Ask Ofgem for clarity on why Storage should not be charged for demand residual charges.	ElectraLink	Action Closed
<b>01/05</b>	Draft a consultation document	ElectraLink	Action Closed