

# DCP 313 Working Group Meeting 01

04 December 2017 at 10:00am

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Andrew Enzor [AE]	Northern Powergrid
Chris Ong [CO]	UK Power Networks
Edda Dirks [ED]	Ofgem
Julia Haughey [JH]	EDF Energy
Kathryn Evans [KE]	SP Energy Networks
Robert Fairbairn [RF]	Northern Powergrid
Simon Yeo [SY] (Part)	Western Power Distribution
<b>Code Administrator</b>	
John Lawton [JL] (Chair)	ElectraLink
Hollie Nicholls [HN] (technical secretariat)	ElectraLink

## 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 Terms of Reference for the meeting were reviewed and the Working Group agreed that these were a fair and accurate representation of the Working Group’s objectives and agreed to be bound by them for the duration of the Working Group.

## 2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting is to review and analyse the Change Proposal (CP) and agree the preliminary consultation questions and next steps.

### 3. Overview and Review of the DCP 313 Change Proposal

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- 3.1 The Proposer provided an overview of the content of DCP 313 which acts as attachment 1 to these minutes.
- 3.2 This change has been raised to replace DCP 291<sup>1</sup> following on from Distribution Charging Methodology Forum Methodology Issues Group (DCMF MIG) discussions. Embedded generation representatives of the DCMF MIG raised a concern that they were being treated differently in different distribution systems for the same type of generation equipment being installed. Some were classified as zero F factor and others as a non-zero F Factor.
- 3.3 EDCM embedded generators are deemed to be eligible to receive charge one credits (unit rate credits applicable in the DNO's peak 'super-red' period, calculated based on a power flow analysis of the DNO's network) if they have a non-zero F factor, and are deemed not eligible to receive charge one credits if they have a zero F factor.
- 3.4 DCP 291 was raised to review the inconsistencies between DNOs when determining if generation connections were eligible for credits or not. DNOs are required to do site specific assessment to determine the F Factor in accordance with the engineering regulation P2/6.
- 3.5 Ofgem's determination at the time of the development of the EDCM was that they didn't want demand customers paying for both credits and network reinforcements, therefore, this decision will need to be considered when assessing this change.
- 3.6 Ofgem's decision was focussed on intermittent and non-intermittent generation and whether the generators should receive credits. This change is seeking to provide transparency and better cost reflectivity in this area. The Chair highlighted that the change should conduct impact assessments on both intermittent and non-intermittent generations to ensure that the impacts on both are reviewed and assessed.
- 3.7 The Chair highlighted that within Ofgem's published document regarding P2/6 it stated that *"...the DNOs' proposal approach could be appropriate in future, if there was no risk on demand customers paying both for credits and for reinforcements. We expect that this would require any proposal to be compatible with the relevant planning standards. We note that work is ongoing to produce planning standard P2/7, a successor to P2/6."* The Proposer is aware of the Ofgem document but highlighted that although this was Ofgem's opinion then, it is not necessarily their opinion now. A copy of the Ofgem document can be found as attachment 2.
- 3.8 One Working Group member highlighted that from a charging perspective, the F Factor is only used for determining EDCM credits. Aside from charging it is used for determining generation security and system planning. There would be no impact on any of these as the change would be leaving the P2/6 regulations unaltered but would remove it from DCUSA Schedule 17 and 18.
- 3.9 The Chair highlighted that because the credits are determined on a site-specific basis, you would assume that there would be minimal change as the credit would be identified at the time of connection. It was questioned whether the initial frustration from generators was coming at the time

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<sup>1</sup> DCP 291 'Application of Generation Credits to EDCM Customers'

of first connection or their ongoing charges. The Proposer explained that from a previous conversation at the DCMF MIG, the confusion was when generators were making new connections. They would not be aware of their credit eligibility by default and would usually have to ask the DNO for the information.

- 3.10 The Chair questioned the Proposer about the original request to raise the change at the DCMF MIG. The Proposer explained that the original request was to raise DCP 291, however, in hindsight, the scope and intent of that change was too narrow and therefore this change was raised to replace it. The Proposer stated that the Working Group should assess the change, and if the Working Group agree that the change is a “non-starter” then the MIG issue will have been answered, and the perceived lack of transparency around the application of F Factors would remain but on the basis that the status quo better facilitated the DCUSA objectives than any change to improve transparency at the expense of cost-reflectivity.
- 3.11 It was suggested that the Working Group change the name of the F Factor to Peak Demand Generation Factor (PDG Factor) to avoid any confusion. The Working Group agreed and the Chair suggested that the putting some transparency in the wording and clarifying under what circumstances that generators may or may not receive credits and how the F Factor is determined would be beneficial to the change. This would only relate to Option 2.
- 3.12 The Working Group agreed that they should continue to review the solution for the change.

## 4. DCP 313 Draft Legal Text

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- 4.1 The Working Group reviewed both options of proposed legal text.
- 4.2 The Chair questioned whether there are any other clauses that would need to be taken into consideration for this change. The Proposer explained that there are lots of clauses that reference P2/6 but the clauses stated on the proposal form are the only ones that state how F Factor is determined, therefore, are the only ones that need to be considered.
- 4.3 The Chair confirmed that the changes in the legal text will need to be reviewed against the DCUSA Charging Objectives to ensure that there would be a positive impact on at least one and the Working Group will need to measure the impact on consumers.
- 4.4 The Proposer highlighted that the legal text changes will make the clauses more transparent as it will state the information that is required to determine whether the generators are eligible for their credits. The changes provide flexibility to differ slightly from the P2/6 regulations when new technologies are introduced as P2/6 has been under review for a long period of time. This would only relate to Option 2.
- 4.5 Option one of the proposed legal text will change wording of the clause to ensure that intermittent generators are not eligible for credits and non-intermittent generators would always be eligible for credits.
- 4.6 Option two of the proposed legal text would insert a table from the P2/6 standards into DCUSA, but it would only apply if the connection supports the network. The Chair questioned whether the table was an exhaustive list of all non-intermittent generators so that the Working Group can show that

they are being future proof. The Proposer explained that the list is full as far as P2/6 is concerned, however, new technologies could be included, i.e. battery storage. There would need to be a caveat included in DCUSA that states that there would be no credits for non-intermittent generators for technologies that are not included in the table.

- 4.7 Due to the Working Group decision to change the name of F Factor to PDG Factor there will need to be a number of changes made to Schedules 17 and 18 of DCUSA to reflect the name change. ElectraLink agreed to review this and send out a list of the changes to make sure that the Working Group are comfortable with the changes. This will only relate to Option 2.

#### **ACTION 01/01: ElectraLink**

- 4.8 The Chair questioned whether the change would require a modelling update. The Working Group agreed that this would not be necessary. However, an impact assessment would be required on the current document to see what the charges would be if the change is implemented. There will be a direct impact on non-intermittent generators where the DNO has assigned a zero F Factor, and a knock-on impact on other EDCM customers.
- 4.9 The Working Group agreed to request DNOs to conduct an impact assessment on both options of the legal text and provide feedback to the Working Group due to the confidential nature of the EDCM. The Chair confirmed that for Option 1 the F Factor is 0 but non-intermittent generators will get a credit. In Option 2, non-intermittent generators will be given a value according to the table. The Proposer agreed to provide the Working Group with a table for consistency of reporting the impact assessment data. ElectraLink also agreed to write to the DNOs who are not members of the Working Group to ensure that the impact assessment is completed by all. The Proposer requested that the impact assessment is not completed until January 2018.

#### **ACTION 01/02: The Proposer**

#### **ACTION 01/03: ElectraLink**

#### **ACTION 01/04: DNOs**

## 5. DCP 313 Consultation Questions

- 5.1 The Working Group requested that the following consultation questions be included in the draft consultation document:

- Is this an issue for P2/6 and the connection offer whereby generators ask the question as to whether they would qualify for a credit or not at that time rather than charging methodology change?
- Are parties comfortable with divorcing P2/6 with charging requirements?
- Which solution option do you support? Or is there an alternative?
- Consultation legal text will need to include Schedule 17 as well as 18
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5.2 The Secretariat agreed to include these, as well as the generic consultation questions, when drafting the consultation document.

**ACTION 01/05: ElectraLink**

## 6. Work Plan

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6.1 The DCP 313 Working Group reviewed the Work Plan and the Secretariat agreed to submit the updated work plan to the December DCUSA Panel for approval. This can be found as Attachment 2 to these minutes.

**ACTION 01/06: ElectraLink**

## 7. Agenda Items for the next meeting

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7.1 The Working Group agreed to add the following items to the agenda for the next meeting;

- Review of the DCP 306 consultation.

## 8. Any Other Business

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8.1 There were no further items of AOB and the Chair closed the meeting.

## 9. Date of Next Meeting – Thursday 18 January 2018

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9.1 The Working Group agreed that the next meeting will be held on Thursday 18 January 2018.

9.2 The aim of the meeting will be to review and agree the first consultation document. The meeting may be cancelled if this can be done via email.

## 10. Attachments

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- Attachment 1 – DCP 313 Change Proposal and Proposed Legal Text
- Attachment 2 – Ofgem 2012 Decision Letter on EDCM
- Attachment 3 – DCP 313 Updated Work Plan

## New and open actions

Action Ref.	Action	Owner	Update
<b>01/01</b>	ElectraLink to review the DCP 313 legal text and Schedules 17 and 18 and provide the Working Group with all instances of where F Factor will be changed to PDG Factor to ensure the Working Group are comfortable with the name change.	ElectraLink	
<b>01/02</b>	The Proposer agreed to circulate a table for DNOs to include their impact assessment results in so that it can be included in the consultation	Andrew Enzor	
<b>01/03</b>	ElectraLink to write out to DNOs who are not members of the Working Group to request that they complete the impact assessment on the EDCM	ElectraLink	
<b>01/04</b>	DNOs to complete an impact assessment on the EDCM for both options of the proposed legal text changes.	DNOs	
<b>01/05</b>	ElectraLink to draft the first consultation document and include the suggested questions as well as the generic consultation questions	ElectraLink	
<b>01/06</b>	ElectraLink to update the work plan and submit to the DCUSA Panel for approval	ElectraLink	