

DCP 311 Working Group Meeting 01

27 November 2017 at 10:00am

Web-Conference

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Chris Ong [CO]	UKPN
Claire Campbell [CC]	Scottish Power Energy Networks
Simon Yeo [SY]	Western Power
Observers	
Edda Dirks [ED]	Ofgem
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Joe Underwood [JU] (Technical Secretariat)	ElectraLink

Apologies	Company
Tom Cadge	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 Terms of Reference for the meeting were reviewed and agreed.

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) with the potential to agree the preliminary consultation questions.

3. Overview of DCP 311

- 3.1 The Proposer provided an overview of DCP 311 explaining that the existing text in the DCUSA (introduced by DCP 138 – ‘Implementation of alternative network use factor (NUF) calculation method in EDCM’) is not clear which data (charging year or data year) should be used when calculating NUF caps and collars for use in the Extra High Voltage (EHV) Distribution Charging Methodology (EDCM). There is also an additional year lag built into the three-year average used to calculate cap and collar NUFs for 2023/24 – 2025/26 charges over the preceding three-year period, which should be rectified.
- 3.2 As it stands, the legal text which determines which years’ data should be used when calculating NUF caps and collars is not clear on whether the year being referenced is the Charging Year or data year, and in fact appears to be a mixture of the two. Clarity is required to ensure that all DNOs use the average of the same three years when caps and collars are calculated for 2020/21 charges (in 2018), and so to ensure that the intent of the methodology is reflected in the data used. The latest available data should be used to ensure cost-reflectivity of charges, and hence the additional year lag for 2023/24 – 2025/26 charges should be removed to improve cost-reflectivity.
- 3.3 The Proposer explained that the Change Proposal (CP) was presented to the Distribution Charging Methodologies Forum (DCMDG) on 05 October 2017. The DCMDG attendees agreed that the CP was a sensible one and did not provide any comments.

4. Review of DCP 311

- 4.1 Clarification was provided as to why this is a part 1 change. The Proposer explained that the first part is very much a clarification of what data is being used, but the second changes the years used to calculate the tariffs associated with each Charging Year and as such impacts customers and competition.
- 4.2 As part of the Workgroup’s assessment of the change, the group discussed whether it was appropriate to amend clauses which related to past Charging Years only. It was agreed that it would be more appropriate for the Legal Text to be explicitly clear on the requirements going forward, and that in order to achieve this clarity, clauses which relate to previous years should be removed. In addition, the Workgroup agreed that the Legal Text adopted should implement the solution on an enduring basis, where at present the table included within the legal text ends with charges for 2025/26 and does not specify the requirements for future years.
- 4.3 The Workgroup agreed that the amended solution should create a consistent approach for all years beyond 2020/21, which is the first year for which the clarification the CP looks to achieve is required. Hence it was agreed that all clauses relating to cap and collar calculations in respect of charging years up to and including 2019/20 will be removed. As a result, the proposed implementation date of the first release following Authority consent is no longer appropriate, and if approved, the change should be implemented on 01 April 2020. The rationale for this being that charges for the previous years have already been set and the next one being in 2020.

ACTION – 01/01: The Proposer to redraft the Legal Text in line with the discussions held

- 4.4 Regarding the *Caps and Collars* column in Table 23 of the DCUSA, one Workgroup member questioned why there is only a two-year jump between the Charging Years 2020/21, 2021/22, 2022,2023 and 2023/24, 2024/25, 2025/26 instead of a three-year jump. The Chair took an action to investigate the CP which last altered the table (DCP 138) to determine the rationale. It was also agreed that a specific consultation question will be asked to determine why there is a difference in approach, and what the intent of DCP 138 may have been.

ACTION – 01/02: The Chair to review the DCP 138 legal text associated with each year

ACTION – 01/03: The Secretariat to draft the consultation with additional questions agreed by the Workgroup

5. Work Plan

- 5.1 The Workgroup agreed the next steps as follows:

- The second Workgroup meeting to be held on the 16 January 2018 to review Draft Consultation.
- The implementation date to be revised to 01 April 2020. The Proposer took an action to provide a supporting paragraph outlining the justification for the change.

ACTION – 01/04: The Proposer to provide a supporting paragraph outlining the justification for the change in implementation date

ACTION – 01/05: The Secretariat to circulate the amended Work Plan with draft minutes

6. Agenda Items for the Next Meeting

- 6.1 Review of the Draft Consultation ahead of it being circulated to industry.

7. Any Other Business

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

8. Date of Next Meeting: 16 January 2018

- 8.1 The Workgroup agreed the second meeting will take place on the 16 January 2018.

9. Attachments

- Attachment 1 – DCP 311 Workplan

New and open actions

Action Ref.	Action	Owner	Update
01/01	The Proposer to redraft the Legal Text in line with the discussions held	Proposer	Open
01/02	The Chair to review the DCP 138 legal text associated with each year	Chair	Open
01/03	The Secretariat to draft the consultation with additional questions agreed by the Workgroup	ElectraLink	Open
01/04	The Proposer to provide a supporting paragraph outlining the justification for the change in implementation date	Proposer	Open
01/05	The Secretariat to circulate the amended Work Plan with draft minutes	ElectraLink	Open