

# DCP 306 Working Group Meeting 03

28 November 2017 at 10:00am

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Chris Ong [CO]	UK Power Networks
Daniel Bean [DB]	ESPUG
Harry Green [HG]	Utility Distribution Networks
Lee Wells [LW]	Northern Powergrid
Lili Zou [LZ] (Part)	SSEN
Neil Brinkley [NB]	BUUK
Tim Aldridge [TA]	Ofgem
<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 Working Group confirmed that they are happy with the previous meeting minutes and agreed that they were a true reflection of the discussions held. The actions log will be updated to reflect the post meeting decision to request the Modelling update.

## 2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting is to review the DCP 306 modelling documentation and the second draft consultation.

### 3. Review of DCP 306 Modelling Impact Assessment

- 3.1 The Working Group reviewed the Modelling Impact Assessment for the changes to the PCDM for the DCP 306 solution. The modelling pack can be found as Attachment 1.
- 3.2 The Chair questioned whether the Working Group were happy that the modelling change was accurate. The Working Group confirmed that they were comfortable with the changes and highlighted that the minor discrepancies are down to rounding the numbers.
- 3.3 The Chair highlighted that the Scottish Power Energy Network (SPEN) data was missing from the data set and it had estimated numbers included. The Working Group members agreed that they would prefer for Reckon to use SPEN's actual figures rather than the estimated one. ElectraLink agreed to obtain the data from SPEN and request that Reckon update their impact assessment with the accurate data.

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

- 3.4 The Chair questioned what depth of information the Working Group would like to include from a summary perspective within the second consultation. The Working Group decided that there needs to be a summary from each distribution area then they will need to provide granularity for the summary of what the Working Group have received from Reckon and what the impact on the end customers as well as the LDNO themselves. The Working Group requested that the 'Analysis of Results' section that Reckon provided be included within the consultation document.
- 3.5 The Ofgem representative queried the wording in the analysis section and questioned whether it should state % point reduction rather than just a % reduction in bullet points six and seven. The Chair also suggested that Reckon should include two values, i.e. "...moved from x% to y%..." The Working Group agreed that this would provide clarity. ElectraLink agreed to sense check the values and clarify the wording with Reckon. The analysis will be updated with the correct information.

#### **ACTION 03/02: ElectraLink**

- 3.6 One Working Group member raised a concern that the legal text does not represent what the Working Group want to deliver and is unsure whether it is explicit enough in regards to the changes made to the model.
- 3.7 The DNO representatives of the Working Group agreed to review the model and ensure that it matches with the proposed legal text and ensure that how the licence fees are discharged with the model are aligned. Comments should be circulated to the Secretariat by close of play on Friday 8<sup>th</sup> December.

#### **ACTION 03/03: DNO Representatives**

## 4. Review of DCP 306 Draft Second Consultation

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- 4.1 The Working Group reviewed the draft second consultation.
- 4.2 The Chair questioned whether the current draft of the second consultation was the appropriate layout. One Working Group member believes that the 'First Consultation' section needs to be very light touch and should only be a summary of the conclusions. ElectraLink will update the document to include a summary of the first consultation and include Working Group conclusions with a specific reference to the decision to allocate the Ofgem Licence Fees to LV Service customers. The rationale for this decision based on >99% of customer connected at this voltage level and the comments associated with cost reflectivity vs simplicity will need to be included in the second consultation together with a question associated with it

### **ACTION 03/04: ElectraLink**

- 4.3 The Working Group reviewed the two Ofgem Papers that were circulated following on from the first Charging Futures Forum (CFF). The aim was to determine whether there would be any impacts on this change and decide whether the solution would be better placed to be discussed by the CFF, Significant Code Review (SCR) or one of the two CFF task forces.
- 4.4 The Working Group highlighted that one of the task forces will be reviewing residual charges so there will be a risk that the Ofgem Licence Fee allocation may be discussed, however, the Working Group noted they are solely focusing on the Price Control Disaggregation Model (PCDM) so unless the Working Group are given direction by Ofgem to close the Working Group down they are going to continue to discuss the solution. The Ofgem representative highlighted that this could potentially be discussed by the Charging Access Task Force and any decisions made by the Working Group would be superseded by the Task Force.
- 4.5 The Chair highlighted that the second consultation should state the Working Group had reviewed the documentation and considered Ofgem's opinions. However, a question should be asked to request industry reviews again since a number of meetings (the new forum and task forces) have been undertaken since the first consultation.
- 4.6 The Chair concluded that the following questions will need to be included for industry response
- Are Parties comfortable with the approach proposed by the Working Group to allocate the Ofgem Licence Fees to the LV Service Customers rather than allocating them across all voltage levels, based on the information provided?
  - Are Parties happy that the proposed solution can be taken forward using the DCUSA Change Process rather than being reviewed by the CFF, Task Forces or SCR?

- Are there any comments on the legal drafting?
- Which of the DCUSA General Objectives and DCUSA Charging Objectives are better facilitated by the change now that the Working Group are adopting the approach of allocating the Ofgem Licence Fees to the LV Service Customer?

## 5. Work Plan

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- 5.1 The Working Group reviewed the work plan and this was updated to reflect the next steps for the change. An updated version of this work plan can be found as Attachment 2
- 5.2 The Working Group agreed that the next steps were as follows:
- The DNO representatives to review the model and compare against the proposed legal text to make sure that it is explicit enough and delivers what the change is trying to deliver by close of play on Friday 8<sup>th</sup> December 2017.
  - ElectraLink to update the second draft consultation and circulate to the Working Group for review by close of play on Friday 8<sup>th</sup> December 2017.
  - ElectraLink to sense check the wording of the 'Analysis of the results' section of their documentation and to ask them to update if necessary.
  - ElectraLink to obtain SPEN's data set so it can accurately be included in the impact assessment completed by Reckon and ask Reckon to update the models accordingly.

## 6. Agenda Items for the next meeting

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- 6.1 The Working Group agreed to add the following items to the agenda for the next meeting;
- Review of the DCP 306 Second Consultation Responses

## 7. Any Other Business

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

## 8. Date of Next Meeting

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- 8.1 The Working Group confirmed that the next steps of the change will be completed via email and the group will reconvene to after the second consultation has been issued to review the responses.

## 9. Attachments

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- Attachment 1 – DCP 306 Modelling Impact Assessment
- Attachment 2 – Updated DCP 306 Work Plan

## New and open actions

Action Ref.	Action	Owner	Update
<b>03/01</b>	ElectraLink to obtain SPEN's PCDM data set and request that Reckon use the accurate data in their impact assessment.	ElectraLink	
<b>03/02</b>	ElectraLink to clarify the wording of the percentages in the 'Analysis of Results' section of Reckons' assessment document.	ElectraLink	
<b>03/03</b>	DNO representatives to review the model and ensure that it aligns with the proposed legal text by close of play on Friday 8 <sup>th</sup> December.	DNO Representatives	
<b>03/04</b>	ElectraLink to update the second draft conclusion to reflect the discussions held.	ElectraLink	

## Closed actions

Action Ref.	Action	Owner	Update
<b>01/01</b>	ElectraLink to draft the first consultation document and include the questions that were discussed by the Working Group during the meeting	ElectraLink	Action Closed
<b>01/02</b>	ElectraLink to update the Work Plan to reflect the discussions held and submit to the DCUSA Panel for approval	ElectraLink	Action Closed
<b>01/03</b>	ElectraLink to circulate a Doodle Poll alongside the minutes so the next meeting date can be decided	ElectraLink	Action Closed
<b>02/01</b>	The Proposer to circulate instructions on how they believe DNOs should conduct their impact assessments.	Neil Brinkley	Action Closed

<b>02/02</b>	DNOs to conduct an impact assessment by allocating 100% of Ofgem licence fees to LV service level to see what the impact would have on the LDNO tariffs	DNOs	Following DNO assessment it became clear that there would need to be a modelling request to Reckon.  Action Closed
<b>02/03</b>	DNOs to produce a report that shows how many customers would be affected if the Ofgem licence fee was 100% allocated to the LV service level and not all voltage levels	DNOs	Action Closed
<b>02/04</b>	The Secretariat to request customer information and impact assessments to be completed by DNOs who are not members of the Working Group	ElectraLink	Action Closed