

# DCP 306 Working Group Meeting 05

02 March 2018 at 10:00am

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Chris Ong [CO]	UK Power Networks
Matt Johnson [MJ]	ESPUG
Neil Brinkley [NB]	BUUK
<b>Code Administrator</b>	
John Lawton [JL] (Chair)	ElectraLink
Hollie Nicholls [HN] (technical secretariat)	ElectraLink

Apologies	Company
Dan Bean	ESPUG
Dave Wornell	Western Power Distribution
Lee Wells	Northern Powergrid

## 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 agreed that the meeting minutes from the previous meeting held on 15 January 2018 were a true reflection of the discussions held.

- 1.4 The Secretariat informed the group that the Ofgem observer of the Working Group had now changed from Tim Aldridge to David McCrone. It was also highlighted that there had been a resignation from the Working Group by Harry Green from Energy Assets Networks Limited and he will no longer be attending the Working Group meetings.

## 2. Purpose of the Meeting

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- 2.1 The Chair set out that the purpose of the meeting is to review the updated DCP 306 second consultation responses, the proposed DCP 306 legal text and agree the next steps for the change.

## 3. Review of DCP 306 Second Consultation Responses

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- 3.1 The Working Group reviewed the consultation responses from the second DCP 306 consultation. These, along with the Working Group comments and conclusions can be found as Attachment 1.
- 3.2 One DNO response to question one highlighted that they had concerns about the accuracy of the suggested approach, the Ofgem Licence Fee cost driver and their concerns about “cherry-picking”. The Working Group reviewed the response and agreed that these issues had already been raised and discussed following from the responses received to the first consultation. In response to point one, the Working Group stated that they will still be allocating the Ofgem Licence Fee to LV Service Customers. For point 2, the Working Group concluded once more that the change is looking at allocating on a £/MPAN basis which would be moving from a fixed cost to a unit cost method which provides slightly better cost reflectivity than it does currently. The Working Group noted point 3 of the DNOs response and agreed that using MEAV to smear customer driven costs is the wrong thing to do hence why this change has been raised. Moving one cost away is still facilitating better cost reflectivity and to consider any other aspects of this at this late stage of the change would be out of scope.
- 3.3 Another DNO response to question one suggested that the Working Group needed to conduct analysis on the short and medium-term future of allocating the Ofgem Licence Fee to LV service customers, including identifying potential causes and trends. The Chair of the Working Group questioned whether the potential future customer numbers were looked at during the assessment period or whether that data was available. One DNO informed the Working Group that they had looked at this at the first consultation stage and explained that although there could be a potential issue in the longer term, the issue would be minor. This change would be the most pragmatic solution. If this issue became material in the future, there would be the opportunity to raise a change at that time.
- 3.4 The Working Group concluded that they had considered all responses to question one and they are still comfortable to allocate the Ofgem Licence Fee to LV service customers only.
- 3.5 The Working Group discussed the suggested formatting changes to the legal text sent through as part of their consultation response. The Working Group agreed that they were happy with the current drafting of the legal text but would also be comfortable with the formatting changes suggested by a DNO. The Working Group requested that the Secretariat ask for Working Group members opinion of those who could not attend to make sure that they had not missed any unintended consequences.

The Working Group believe that there aren't any impacts on changing the legal text but if there is no strong view then they will continue to progress with the original drafting.

- 3.6 There was also a further suggestion from an IDNO to change "Ofgem Licence Fees" to "Ofgem Licence Fee" so that the legal drafting is consistent with the Regulatory Reporting Pack. All Working Group members agreed that they were happy with this change and the Secretariat agreed to update the legal text to reflect this.
- 3.7 In regards to question three, it was noted that seven respondents believe that DCUSA Charging Objective 3 would be better facilitated, one respondent believes that all DCUSA Charging Objectives would be better facilitated and one DNO respondent didn't believe that any of the DCUSA Charging Objectives would be better facilitated. The Working Group highlighted that they were happy with the comments received and will formulate their view when drafting the Change Report.
- 3.8 The Working Group noted that the majority of respondents agree that the change should continue to be progressed through the DCUSA Change Process. However, three respondents thought that the change would be better suited in Ofgem's Charging Futures Forum Task Forces. One respondent noted that they are aware that only the Proposer can withdraw the change proposal. The Working Group agreed that they would want to continue with the DCUSA Process for this change as the task forces are still determining their work and IDNO discounts have not been looked at yet. It was the Working Groups' view that there were too many unknowns in the task forces to stop DCP 306 from progressing via the DCUSA Change Process.
- 3.9 The Working Group noted all responses to question five and had no further comments.

## 4. Review of DCP 306 Legal Text

- 4.1 The Working Group reviewed the DCP 306 proposed legal text and an updated version can be found as Attachment 2.
- 4.2 The Working Group highlighted that they are comfortable with the legal text as it currently stands but will consider the suggested formatting amendments suggested by one DNO in their consultation response. The Secretariat agreed to request the opinion of the Working Group members who were unable to attend the meeting.

**ACTION 05/01: ElectraLink**

- 4.3 The Working Group discussed the recommended change from "Ofgem Licence Fees" to "Ofgem Licence Fee" that came from an IDNO consultation response and agreed that they were happy for the amendment to be made. The Secretariat agreed to update the legal text to reflect the change.

**ACTION 05/02: ElectraLink**

## 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 3
- 5.2 The Working Group agreed that the next steps were as follows:
- The Secretariat will ask all Working Group members for their opinion on which version of the legal text to move forward with (the original drafting or the recommended changes from a DNO's consultation response). Working Group response requested by 07 March 2018;
  - The Secretariat to send the legal text to legal advisors by close of play on 07 March 2018 for a two-week review; and
  - The Secretariat to draft a Change Report for circulation with the final meeting papers on the 19<sup>th</sup> March 2018.

**ACTION 05/03 and 05/04: ElectraLink**

## 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 Change Report
  - Review of the DCP 306 Legal Text

## 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: 26 March 2018

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- 8.1 The Working Group will meet again on 26 March 2018 to review the DCP 306 draft Change Report and DCP 306 legal text.

## 9. Attachments

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- Attachment 1 – DCP 306 Collated Consultation Comments
- Attachment 2 – Updated DCP 306 Legal Text

- Attachment 3 – Updated DCP 306 Work Plan

## New and open actions

Action Ref.	Action	Owner	Update
05/01	ElectraLink to request feedback from all Working Group members on whether they would like to progress with the original legal text drafting or amend the legal text to reflect the formatting changes suggested by a DNO consultation response	ElectraLink	
05/02	ElectraLink to update the legal text to amend “Ofgem Licence Fees” to “Ofgem Licence Fee” to align with the Regulatory Reporting Pack	ElectraLink	
05/03	ElectraLink to send the proposed legal drafting to the DCUSA Legal Advisors for comment by close of play on Wednesday 07 March 2018	ElectraLink	
05/04	ElectraLink to draft a Change Report for circulation with the next Working Group meeting papers	ElectraLink	

## Closed actions

Action Ref.	Action	Owner	Update
01/01	ElectraLink to draft the first consultation document and include the questions that were discussed by the Working Group during the meeting	ElectraLink	Action Closed
01/02	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
<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	Action Closed
<b>03/02</b>	ElectraLink to clarify the wording of the percentages in the 'Analysis of Results' section of Reckons' assessment documents.	ElectraLink	Action Closed
<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	Action Closed
<b>03/04</b>	ElectraLink to update the draft second consultation to reflect the discussions held.	ElectraLink	Action Closed
<b>04/01</b>	The Secretariat to obtain clarity from Reckon on the reasoning for their changes to the legal text and any subsequent effects on the model	ElectraLink	Action Closed

<b>04/02</b>	The Secretariat to update the second draft consultation and circulate to Working Group members for review by close of play on Tuesday 16 January 2018	ElectraLink	Action Closed
<b>04/03</b>	Working Group members to provide feedback on the second consultation and subsequent responses from Reckon by close of play on Friday 19 January 2018	All WG Members	Action Closed

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