

# DCP 306 Working Group Meeting 04

15 January 2018 at 14:00pm

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Chris Ong [CO]	UK Power Networks
Dave Wornell [DW]	Western Power Distribution
Neil Brinkley [NB]	BUUK
Tim Aldridge [TA]	Ofgem
<b>Code Administrator</b>	
John Lawton [JL] (Chair)	ElectraLink
Hollie Nicholls [HN] (technical secretariat)	ElectraLink

Apologies	Company
Harry Green	Utility Distribution Networks
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 28 November 2017 were a true reflection of the discussions held.

## 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 modelling documentation and the second draft consultation.

## 3. Review of DCP 306 Updated Impact Assessment

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- 3.1 The Working Group reviewed the updated Modelling Impact Assessment for the changes to the PCDM for the DCP 306 solution. The updated modelling pack can be found as Attachment 1.
- 3.2 The Working Group had concerns that Reckon's updated proposed legal text does not align with the model as it states that it will be moving the Ofgem Licence Fees from direct to indirect costs and so the Working Group would like clarity on the reasoning behind their decision to move to indirect costs as this would be considered as an unintended consequence for the change. The Secretariat agreed to ask for the clarity needed from Reckon.

### ACTION 04/01: ElectraLink

- 3.3 In the current (unchanged) model, the Ofgem Licence Fees are not used as direct costs and are treated as separately. However, one Working Group member highlighted that if they are going to allocate the costs to the LV network tier and not smear across all network tiers then it should be treated as a direct cost.
- 3.4 Reckon have also suggested to change some direct costs to indirect by changing the value in the table in the legal text from "1" to "N/A", however, the model still says "1" in those lines. The Working Group would also like clarity on why this has been undertaken and whether there have been any changes to the model to allow for this.
- 3.5 The Working Group will review the impact assessment again once Reckon have provided clarity on their changes.

## 4. Review of DCP 306 Draft Second Consultation

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- 4.1 The Working Group reviewed the draft second consultation. An updated version can be found as Attachment 2.
- 4.2 The Working Group reviewed the Consumer Impacts section of the consultation document and highlighted that the "Analysis of Results" section from Reckon's summary impact assessment document should be included as well as a summary of tariff movements. A level of calculation would be required, i.e. the positive difference across tariffs on the Unit Rate 1 tariffs. The impact on end user tariffs and LDNO tariffs would need to be included. The Secretariat agreed to include this in the consultation document.

## ACTION 04/02: ElectraLink

- 4.3 The Working Group requested that the updated consultation document be circulated by close of play on Tuesday 16<sup>th</sup> January 2018 for review.

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## 5. Review of DCP 306 Legal Text

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- 5.1 The Working Group agreed that they would need to review the proposed legal text once they had received the clarity from the DCUSA Modelling Service Provider.

## 6. Work Plan

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- 6.1 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
- 6.2 The Working Group agreed that the next steps were as follows:
- The Secretariat to ask Reckon to clarify their changes to the proposed legal text by close of play on Friday 19 January 2018 and circulated to Working Group members for review
  - The updated consultation to be circulated to the Working Group for review by close of play on Tuesday 16 January 2018.
  - Working Group to provide their comments on the consultation document by close of play on Friday 19 January 2018.
  - Second consultation to be issued for party response by close of play on Friday 26 January 2018.

## ACTION 04/03: All WG Members

## 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 Responses

## 8. Any Other Business

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

## 9. Date of Next Meeting: TBC

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9.1 The Working Group will meet again to review consultation responses after the deadline.

## 10. Attachments

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- Attachment 1 – DCP 306 Updated Modelling Impact Assessment
- Attachment 2 – Updated DCP 306 Second Draft Consultation
- Attachment 3 – Updated DCP 306 Work Plan

## New and open actions

Action Ref.	Action	Owner	Update
<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	
<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	
<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	

## 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
<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