

# DCP 306 Working Group Meeting 01

05 September 2017 at 10:00am

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Daniel Bean [DB]	ESPUG
Dave Wornell [DW]	Western Power Distribution
Lee Wells [LW]	Northern Powergrid
Lili Zou [LZ]	SSE
Oliver Day [OD]	UKPN
Thomas Cadge [TC]	BUUK
Tim Aldridge [TA]	Ofgem
<b>Code Administrator</b>	
John Lawton [JL] (Chair)	ElectraLink
Hollie Nicholls [HN] (technical secretariat)	ElectraLink

Apologies	Company
Chris Ong	UK Power Networks
Neil Brinkley	BUUK

## 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

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- 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 306 Change Proposal

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- 3.1 The Proposer provided an overview of the content of DCP 306 which acts as Attachment 1 to these minutes.
- 3.2 At the moment, Ofgem licence fees are not allocated in Opex with regard to the Price Control Disaggregation Model (PCDM). This change will be looking to review this and suggests that the fees are 100% allocated to LV service levels. All other aspects of Opex would be unchanged.
- 3.3 One Working Group member questioned the timing of this change being progressed in terms of the Significant Code Review (SCR) being launched. It was questioned whether this change should be progressed as part of the wider Common Distribution Charging Methodology (CDCM) review or via the SCR route.
- 3.4 The Chair confirmed that the intent of the change proposal is specifically to look at the PCDM so the group would not be able to include CDCM or EHV Distribution Charging Model (EDCM) in their review, therefore, there shouldn't be any impact on SCR but the question should still be asked within the consultation on whether there would be any impacts on the CDCM review or SCR work and whether these work streams should look at this change as part of their review instead of using the DCUSA change process.
- 3.5 For the data to be truly cost reflective the industry would need to review why the 2007/08 data is being used. Questions will be included within the first consultation to obtain industry views on this.
- 3.6 The Working Group considered whether the change should not be limited to the allocation of Ofgem licence fees. However, if the Working Group were to consider other issues it may change the intent of the proposal and it was decided that focussing on just the Ofgem licence fees would be the appropriate way forward.
- 3.7 The Ofgem licence fees are derived based on a £ per MPAN level, although this is not being allocated anywhere in the CDCM so it being recovered as part of the residual charges. It is suggested that within the PCDM it is allocated to the LV service customers. The CDCM would therefore stay the same and the all the way tariffs as these would be unchanged.
- 3.8 It is suggested by the proposer that changing the PCDM so that it would allocate the Ofgem licence fees to LV service customers would mean that LDNO tariffs would become more cost reflective. An alternate approach is to split the License fee cost across the number of customers (MPANs) associated with each voltage level.

- 3.9 The original proposed implementation date for this change was 01 April 2019. After reflection, the Working Group agreed that this was ambitious and decided that it would be better to amend the proposed implementation date to 01 April 2020.
- 3.10 To progress this change, modelling work would be required by Reckon. Timescales will need to be included in the work plan to factor in the new modelling and the impact assessments that would be required.

## 4. DCP 295 Consultation Questions

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- 4.1 The Working Group requested that the following consultation questions be included in the draft consultation document:
- Should Ofgem Licence Fee costs be allocated at voltage level? If so, how?
  - Is the customer numbers readily available at each voltage level
  - Should this Change Proposal be resolved by an alternative approach?
  - Is there an impact on the Significant Code Review (SCR) covering the Targeted Charging Review (TCR)? If so, what is the impact?
  - Can any potential alternatives to this Change Proposal have an impact on the SCR?
  - Is the 2007/08 the best data to use or is there a better data source that can be utilised?
- 4.2 The Secretariat agreed to include these, as well as the generic consultation questions, when drafting the consultation document. The Chair highlighted that industry review on the DCUSA Charging Objectives would also be required.

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

- 4.3 The Chair concluded that there should be at least two consultation phases to this change. The first consultation will ask the industry for views on the principles of the change and the second will go into more detail about the solution, modelling changes and any impact assessments that are required.

## 5. Work Plan

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- 5.1 The DCP 306 Working Group reviewed the Work Plan and the Secretariat agreed to submit the updated work plan to the September DCUSA Panel for approval. This can be found as Attachment 2 to these minutes.

### **ACTION 01/02: 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 consultation responses.
  - DCP 306 next steps

## 7. Any Other Business

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

## 8. Date of Next Meeting

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- 8.1 The Working Group agreed to review the draft Consultation via email.
- 8.2 The Secretariat agreed to send out potential dates for the next meeting so that the Working Group can review the consultation responses and agree next steps for the change.

**ACTION 01/03: ElectraLink**

## 9. Attachments

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- Attachment 1a – DCP 306 Change Proposal
- Attachment 1b – DCP 306 Proposed Legal Text
- Attachment 2 – DCP 306 Updated Work Plan

## New and open 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	
<b>01/02</b>	ElectraLink to update the Work Plan to reflect the discussions held and submit to the DCUSA Panel for approval	ElectraLink	
<b>01/03</b>	ElectraLink to circulate a Doodle Poll alongside the minutes so the next meeting date can be decided	ElectraLink	