

# DCP 294 Working Group Meeting 07

13 December 2017 at 10:00am

Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Mark Burton [MB]	UK Power Networks
Michael Doward [MD] (Part)	Electricity North West Ltd
Mihaly Orban [MO]	Scottish and Southern Energy Networks
Moshe Kinshuck [MK]	Ofgem
Peter Turner [PT]	Northern Powergrid
Thomas Cadge [TC]	BUUK
Tim Hughes [TH]	Western Power Distribution
<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 agreed that the minutes from the previous meeting, held on 12 October 2017, were a true reflection of the discussions held.

## 2. Purpose of the Meeting

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

### 3. Review of the DCP 294 consultation responses

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- 3.1 The Working Group reviewed the collated consultation responses. These can be found as attachment 1.
- 3.2 Regarding question one, one Distribution Network Operator (DNO) responded that there wouldn't be any specific scope to include non-Independent Distribution Network Operators (IDNO) customers and so there wouldn't be any consistency with the intent of the change. The Chair confirmed that the National Terms of Connection (NTCs) were updated due to the implementation of DCP 115<sup>1</sup>, which looked at underutilisation of capacity. This put in place arrangements between the customer and the DNO. This CP is the reciprocal of that as there is currently nothing in place for distributor connections and underutilisation. However, one DNO believes that if the change locks capacity for the future then there wouldn't be a drive to change behaviour. There are other areas of work that are also looking at similar areas, i.e. Ofgem's Quicker More Efficient Connections (QMEC), unlocking capacity and the transition from a DNO to a Distribution System Operator (DSO).
- 3.3 A further DNO response to question one highlighted that they thought that there was a slight discrepancy in what the CP is trying to do as the DNOs are still dependent on the IDNO relinquishing the capacity whereas the intent is to enable the network operator to ensure that this capacity is available for other connecting customers. The Chair stated that he thought this was clarified in paragraph 4.12 of the consultation document where the Working Group had slightly amended the intent of the change. The DNO representative of the Working Group highlighted that they were comfortable with this.
- 3.4 All Working Group members agreed that the responses to question two were all clarified in later responses to the consultation.
- 3.5 The Working Group noted all the responses received for question three of the consultation. One IDNO Response stated that the principle linked to under-utilisation of capacity should be avoided as there will be an increased risk to developers and customers. The Working Group highlighted that if capacity is relinquished too soon then developers and customers would need to reapply for additional costs anyway as there is always a risk that the distributors would have given the capacity to another customer elsewhere.
- 3.6 One DNO representative summarised their response to question three. Their main concern is whether the principles of the CP will tie in to the efficient networks work that is happening in industry. A DNO is unlikely to know if capacity has been utilised until billing is done and the only way that they are going to want to claim capacity back is to use for another customer or if the load goes up. The Chair highlighted sections 2.49 – 2.51 of the DCP 115 decision document published by Ofgem which states their support for implementation of DCP 115. This CP is aiming to mirror the scenario of DCP 115 so the Chair of the Working Group questioned why some responses to this question had been negative when an Ofgem document indicated a positive outcome to recovering capacity from customers as a consequence of DCP115. One DNO representative explained that all DNOs had

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<sup>1</sup> [DCP 115 'NTC Amendments – Capacity Management \(Under Utilisation\)](#)

participated in providing feedback to Ofgem and the general consensus when requesting capacity back from customers was negative. The Ofgem representative clarified that DCP 115 was considered a successful policy alongside a number of policies issued at the same time.

- 3.7 A further response to question three states that DCP 114/115 specifically applies to CT specific customers whereas if clauses including a 75% trigger point are included in the legal text, then the DNO cannot anticipate how it would cover sites that are half domestic and half commercial. Likewise, since there is no boundary metering equipment installed it would likely require a party to install metering equipment to see if such a trigger point was raised. The Chair of the Working Group discussed that the initial connection is based on “good faith” and no metering data would be available, therefore, would expect that if there were any network constraints then the DNO would request capacity back from the IDNO, however, highlighted that it is an area difficult to assess.
- 3.8 The Proposer of the change suggested that it might be beneficial to re-evaluate the clauses in the legal text that discuss how to trigger capacity underutilisation if there is no data available. It would be advantageous for the change to move away from the 75% trigger figure.

#### **ACTION 07/01: The Proposer**

- 3.9 One DNO response questions whether there is any benefit to include project progression milestones in the legal text for larger non-Distributed Generation (DG) projects. The Chair questioned how this would differ from capacity ramping. A Working Group member explained that milestones are introduced so that the industry had to achieve specific stages in a project rather than just being a list of dates and capacities. The Proposer suggested that this should be placed in connection offers rather than DCUSA and not something that should be covered in the vires of this CP. Energy Networks Association (ENA) produced a best practice guide<sup>2</sup> regarding connections in generation, demand and issues that had arisen at the time, which would be better placed to hold this information. Another DNO response to this question also highlighted milestones as a possibility but the Working Group agreed that this would be better placed in connection offers rather than the DCUSA and would have to be progressed separately.
- 3.10 One DNO questioned what the procedure would be if a developer was building a large development and had requested 10MVA, but then the site was mothballed and doesn't continue to be developed for a number of years, are the DNOs supposed to put the 10MVA to one side for the time that the site is not being developed. The Electricity Act puts the customer in control of relinquishing their capacity so how would this be overcome? One of the basic principles of DCP 115 was that it did not provide DNOs with any additional powers, it just put a procedure in place to protect the DNOs if a customer is utilising under 75% of their requested capacity by being able to request the capacity back. The Chair highlighted that it would be difficult to put in place any obligations for clawing back capacity as it could have a potential risk of putting organisations in breach of the Electricity Act.

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<sup>2</sup> [http://www.energynetworks.org/assets/files/news/publications/1500108\\_ENA\\_WPD\\_guide\\_AW\\_110416.pdf](http://www.energynetworks.org/assets/files/news/publications/1500108_ENA_WPD_guide_AW_110416.pdf)

- 3.11 Another DNO response to question three highlighted that there would be no financial incentive for the IDNO to relinquish their capacity. The Proposer highlighted that the CP was raised by an IDNO. It is best practice for the IDNO to do what is best for the customer and there would be no gain from holding on to the capacity.
- 3.12 In summary, the responses from question three highlighted the following potential issues:
- Unlocking Capacity – Ofgem have highlighted that there was some success to clawing back capacity once DCP 115 was implemented. There was an argument that this change is similar and so would be beneficial to industry if it was implemented. However, the Working Group noted that there was limited success in claiming back capacity and if the change was implemented it may help industry but the positive outcomes could be minor in nature.
  - No metering data available – the clauses that state a 75% underutilisation trigger will be reviewed to take into account responses to the consultation.
  - Progression milestones – The Working Group agree that this should be included in connection offers and would not be suitable for inclusion in DCUSA. Capacity ramping will be reviewed separately from this change.
  - Clear measures to recover capacity – as this is currently written in DCUSA it cannot work. The Working Group need to review the legal text section and will revisit how it will be progressed.
  - Mechanism to claw back capacity from all customers – the Working Group concluded that this will need re-reviewing. Whatever they decide to do, they must make sure that their solution is compliant with the Electricity Act.
  - No financial incentive for LDNO to give capacity back – the Working Group concluded that it is better for the GB energy market if LDNOs provide the capacity back when genuinely requested and so do not think that it can be addressed. However, it was noted that the DNOs may have more successes in doing this if it is codified.
- 3.13 One DNO response to question four of the consultation questioned whether the change would be better reviewed by Ofgem’s Future Looking Charging Access Task Force. The Ofgem representative of the Working Group confirmed that there would not be a clash with the task force but a potential overlap in purpose. The Proposer highlighted to the group that they are a member of the task force so will be able to identify if there are any potential duplications of effort and will be able to decide the next steps for the change.
- 3.14 Another DNO response to question four suggests that clause 39.12A of DCUSA should be amended to reflect a 3-month timeframe instead of 1. An extended time period would be more beneficial when there is no metering data available to assess the capacity usage. The Working Group agree with this amendment and the secretariat agreed to update the legal text to reflect this.

- 3.15 There were differing views to question 5 relating to whether disputes could be referred to the Authority under Section 23 of the Act. The Chair highlighted that DCUSA Schedule 13, clause 8.2 states:

*“Either party shall at any time be entitled to propose variations to this BCA by notice in writing to the other party (including variations to the Maximum Import Capacity and the Maximum Export Capacity). The Company and the User shall negotiate in good faith terms of any such variation, but if a variation to this BCA has not been agreed and put into effect within 20 Working Days after it has been proposed, either party shall be entitled to refer the matter to the Authority, pursuant to Section 23 of the Act, as if the variation were a new connection as referred to in that Section. The parties shall give effect to the determination of the Authority and shall enter into any agreement supplemental to this BCA as shall be necessary to give effect to any variation agreed or so determined.”*

- 3.16 This effectively can only be enforceable if all DNOs are using the same template BCA. The Working Group agreed that they will need to review this clause and decide whether it would still be required if DNOs are not using the official BCA template. All Working Group members agreed to review this and provide feedback to the Secretariat before the next Working Group meeting.

#### **ACTION 07/03: WG Members**

- 3.17 The Working Group agree that further consideration is needed for the relationship between the current BCA, Schedule 13 and the Electricity Act. In summary, the Working Group agreed that they should no longer reference Schedule 23 as all reference to the BCAs are included in Schedule 13. The Proposer of the change agreed to review Schedule 13 and provide some suggested amendments to the Secretariat before the next Working Group meeting.

#### **ACTION 07/04: The Proposer**

- 3.18 There were mixed responses to question six of the consultation. One DNO and one IDNO highlighted that capacity ramping should be retained in the Common Connection Charging Methodology (CCCM). One IDNO stated the importance for capacity ramping but did not provide feedback on where they thought it should be held.
- 3.19 One IDNO agreed with the importance of capacity ramping and thinks that it should be considered from a customer’s perspective too, therefore, they will be looking at raising a further change to this effect. However, they also believe that capacity ramping should remain in the CCCM.
- 3.20 The Chair summarised that there could be further consequences from moving capacity ramping from the CCCM to the DCUSA. By trying to future proof this change it would seem sensible to leave the

information in the CCCM as putting it in DCUSA would be difficult as technically, the information should be included in the BCA between the DNO and the customer. The Working Group also need to decide whether they need to ask for industry feedback on anything further regarding capacity ramping.

- 3.21 There was also a mixed response to question seven of the consultation. It was concluded that the Working Group will need to review and consider the feedback on this question as Schedule 13 is now a possibility for clauses to be amended or moved. It was suggested that the Working Group should leave the current drafting of the CCCM as it is and remove the proposed 39A and 39B from DCUSA and draft something different to cover the relationships between distributors and customers in the BCA within Schedule 13.
- 3.22 The Working agreed to organise a further meeting to discuss the second half of the consultation responses.

## 4. Work Plan and Next Steps

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- 4.1 The current Work Plan was reviewed by the Working Group and updated to reflect discussions held. An updated version of the Work Plan can be found as attachment 2.
- 4.2 The Working Group agreed that the next steps were as follows:
- A further Working Group meeting to be held on 09 January 2018 to discuss the second half of the consultation responses;
  - The legal text will be reviewed and amended in light of the consultation responses; and
  - A Change Report will be drafted for approval by the DCUSA Panel.

## 5. Any Other Business

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

## 6. Date of Next Meeting: 09 January 2018

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- 6.1 The Working Group agreed that the next Working Group meeting will be held on Tuesday 09 January 2018 to review the second half of the consultation responses.

## 7. Attachments

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- Attachment 1 – DCP 294 collated consultation responses
- Attachment 2 – Updated DCP 294 Work Plan

## New and open actions

Action Ref.	Action	Owner	Update
07/01	The Proposer took an action to re-evaluate the clauses in the legal text that discuss how to trigger capacity underutilisation and see if it is possible to move away from the 75% trigger figure.	Thomas Cadge	
07/02	The Secretariat agreed to update the proposed legal text to reflect the agreed change of a 3-month timeframe instead of 1-month.	ElectraLink	
07/03	All WG members to review Schedule 13, clause 8.2 to determine whether it would still be required.	All WG members	
07/04	The Proposer to review Schedule 13 (in full) and suggest some recommended amendments to the Secretariat before the next Working Group meeting.	Thomas Cadge	

## Closed Actions

Action Ref.	Action	Owner	Update
01/01	Prepare questions for submission to the DCUSA Legal Advisor.	TC	Action Closed
01/02	Seek Panel approval to request legal advice.	ElectraLink	Action Closed
03/01	ElectraLink to include the suggested questions within the draft consultation document	ElectraLink	Action Closed
03/02	Thomas Cadge to amend the proposed legal text and circulate to ElectraLink for inclusion with the post meeting papers	TC	Action Closed



<b>03/03</b>	ElectraLink to draft the consultation document for circulation on Friday 18 <sup>th</sup> August 2017	ElectraLink	Action Closed
<b>03/04</b>	ElectraLink to update the Work Plan to reflect the discussion held	ElectraLink	Action Closed
<b>04/01</b>	Peter Turner to circulate the Ofgem document “unlocking capacity in the electricity industry”	Peter Turner	Action Closed
<b>04/02</b>	Thomas Cadge to update the Background sections of the consultation document	Thomas Cadge	Action Closed
<b>04/03</b>	John Lawton to provide details on capacity ramping, customer contributions, underutilisation and make the consultation questions more open	John Lawton	Action Closed
<b>04/04</b>	Thomas Cadge to research if there are any other forum that can be included within the impacts and other considerations section of the consultation document.	Thomas Cadge	Action Closed
<b>04/05</b>	Thomas Cadge to re-work the legal text to reflect the discussions held during the meeting.	Thomas Cadge	Action Closed
<b>05/01</b>	Thomas Cadge to draft a further paragraph and open question to be included in the consultation document regarding ECCR.	TC	Action Closed
<b>05/02</b>	The relevant objectives section of the consultation document needed to be updated to reflect the Proposer’s view as to which is better facilitated by the change. ElectraLink to update	ElectraLink	Action Closed
<b>05/03</b>	Thomas Cadge to amend Clause 12E in the draft legal text to align with the National Terms of Connection and DCP 115 decision.	TC	Action Closed
<b>06/01</b>	The Secretariat to update the consultation document to reflect the discussions held, including updating the dates and question numbering.	ElectraLink	Action Closed
<b>06/02</b>	The Secretariat to organise a doodle poll to determine the date of the next meeting so that Working Group members can review the consultation responses.	ElectraLink	Action Closed