DCP 293 Working Group Meeting 01

21 March 2017 at 10:00am

Web-Conference

Attendee	Company
Working Group Members	
Claire Campbell [CC]	Scottish Power
Giao Le [GL]	SSE Networks
Lynda Carroll [LC]	Ofgem
Oliver Day [OD]	UK Power Networks
Pat Wormald [PW]	Northern Powergrid
Code Administrator	
Claire Hynes [CH] (Chair)	ElectraLink
Angie Castillo [AC] (technical secretariat)	ElectraLink

Apologies	Company
Julia Haughey	EDF Energy
Simon Yeo	Western Power Distribution

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 bound by them for the duration of the Working Group.

2.   Purpose of the Meeting

2.1   The secretariat set out that the purpose of the meeting is to review and analyse the Change Proposal (CP) and agree the preliminary consultation questions.

3.   Analysis of the DCP 293 Change Proposal

3.1   The proposer walked through the content of DCP 293 which acts as Attachment 1 to these minutes. DCP 293 seeks to establish a cut-off date for the finalisation of the charging methodologies at 17 months prior to the date that the methodology would become effective. Establishing this cut-off date will provide a 2-month time window for DCUSA to provide charging models and DNOs to test the new charging models and then to calculate, test and approve revised charges.

3.2   The proposer advised that this CP was raised with the intent of introducing a 17 month notification period of changes to the charging methodologies. However, given the changes to the modelling support consultants contract which provides for a six week delivery time for the charging models, a 18 month notification period would seem more appropriate as otherwise there would be insufficient time for the DNOs to set prices. The secretariat agreed to check whether the six week delivery time applies to the final models provided by the modelling consultant in November.

ACTION: 01/01 – ElectraLink to check whether the six week delivery time applies to the final models provided by the modelling consultant in November

4.   Analysis of the DCP 164 Authority Decision letter

4.1   The Working Group noted that the DCUSA Panel had directed members to review the DCP 164[1] Authority decision letter and to address Ofgem's concerns as part of this change.

4.2   The Working Group examined the three reasons why Ofgem had been unwilling to accept the DCP 164 modification as set out below:

- *For the current year, this proposal would prevent implementation from 1 April 2014 of further possible policy modifications. There are a number of live modifications which could not realistically be submitted to us and approved before 30 September 2013. This could prevent potentially beneficial changes currently being developed from being made. There is insufficient notice to those working on these proposed modifications of this effective deadline for them to react and process in a way that would achieve a decision on those proposed modifications in time.*

- *More generally (i.e. in all years), the proposal would produce a timetable that we would not be able to amend (under normal circumstances) even where we think such amendment would facilitate a modification that would better facilitate general and/or charging objectives and reflect our duties, including our principal objective. The proposal also prevents us from moving*

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[1] DCP 164 'Review of the Change Process for Use of System Methodology Changes'

the timetable established here so that the start date is slightly earlier or later reflecting progress of modifications in the particular year.

- *Finally, there is a risk that a fixed, once a year timeframe for modelling changes will lead to modifications being developed just before the effective deadline, potentially causing rushed development and placing pressure on the assessment process.*

4.3   The Working Group agreed to address these points by:

- Adding legal text to Section 1C Clause 14 to introduce a robust notice period for legal text changes to the charging methodologies rather than referencing changes to the charging models and the obligations in the licence as per the DCP 164 draft legal text;

- Including a summary of the clauses set out within DCUSA that allow Ofgem to change the timetable of a modification and set out the process for an urgent change in the consultation.

- Since the introduction of DCP 178 *'Notification Period for Change to Use of System Charges'*, there has been no evidence that changes have been *"developed just before the effective deadline, potentially causing rushed development and placing pressure on the assessment process".* As a result, the legal text will propose that where a decision has not been made on a CP within the implementation window, it will be progressed under the next implementation window available. Under Ofgem's code governance review, it was noted code administrators will be designated as code managers and will have the option to set timetables for changes. References to this implementation approach in the Ofgem's code governance documentation will be included in the consultation.

4.4   The Working Group agreed that since DCP 164 was rejected in 2013, the industry has moved forward and it was now time to review this process.

4.5   The proposer envisaged changes to Section 1C Clause 14 and Schedules 16, 17, 18 and 20 of the DCUSA due to this CP. OD agreed to draft the legal text and circulate to Working Group members for review next week.

> **ACTION: 01/01 - OD to draft the legal text and circulate to Working Group members for review next week.**

5.   DCP 293 Consultation Questions

5.1   The Working Group discussed the content of the DCP 293 consultation. Members considered that the same 18-month timeline proposed in DCP 164 could be used by this change.

5.2   The Working Group agreed to add the following questions to the consultation:

- Please provide your preference for a 17 or 18 month notification period for changes to the charging methodologies?

- Do you believe that Ofgem has a sufficient remit to direct the timetable of a change should there be a need to implement an urgent change under DCUSA?

5.3 The secretariat agreed to draft the DCP 293 consultation and circulate to the Working Group on the 28 March 2017 for review.

ACTION: 01/02 – ElectraLink to draft the DCP 293 consultation and circulate to the Working Group on the 28 March 2017 for review.

6. Work Plan

6.1 The DCP 293 Working Group reviewed the Work Plan and secretariat agreed to submit the work plan to the April DCUSA Panel for approval.

6.2 The Working Group agreed the next steps as follows:

- The secretariat to draft a consultation and circulate to the Working Group members for review on the 28 March 2017;

- The proposer to draft the legal text and circulate to members to review next week;

- The consultation to be sent out to industry parties for a three-week duration on 07 April 2017; and

- The Working Group to review the consultation responses at their next meeting on the 16 May 2017.

7. Agenda Items for the next meeting

7.1 The Working Group agreed to add the following items to the agenda for the next meeting;

- Review of the DCP 293 consultation responses.

8. Any Other Business

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

9. Date of Next Meeting: Tuesday, 16 May 2017

9.1 The Working Group agreed to have the next meeting on 16 May 2017 for the purpose of reviewing the consultation responses.

10. Attachments

- Attachment 1 – DCP 293 Change Proposal

- Attachment 2 – DCP 164 Authority Decision Letter

New and open actions

Action Ref.	Action	Owner	Update
01/01	Draft the legal text and circulate to Working Group members for review next week.	Oliver Day	
01/02	Draft the DCP 293 consultation and circulate to the Working Group on the 28 March 2017 for review.	ElectraLink	