

DCP 287 Working Group Meeting 16

17 September 2018 at 10:00am

Skype Meeting / Web-conference

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Dave Wornell [DW]	WPD
Julia Haughey [JH]	EDF Energy
Caroline Bragg [CB]	The ADE
Observers	
Fiona Townsend	TNEI
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT] (technical secretariat)	ElectraLink

Apologies	Company
Anika Brandt [AB]	SSE
Claire Campbell [CC]	Scottish Power Energy Networks
Alessandra DeZottis [AD]	UK Power Reserve

1. Welcomes and Apologies

- 1.1 The Secretariat noted the welcome and apologies for this meeting.

2. Administration

- 2.1 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.

- 2.2 The Working Group agreed that that from the previous meeting were a fair and accurate representation of the discussions held.

3. Purpose of the Meeting

- 3.1 The Chair set out that the purpose of the meeting was to discuss the area of annuitisation within the FCP methodology with CEPA/TNEI with the view of finalising the draft legal text so that it can be issued to the CEPA/TNEI.

4. Discussion on annuitisation within the FCP methodology with CEPA/TNEI

Legal Text

- 4.1 It was noted that the discussion on the legal text specifically related to paragraph 6.5 and the formula under it, in Schedule 17. For DCP 287, there is a need to derive an additional credit applicable to embedded generation that reflects 'Avoided Other Expenditure' for the DNO, which is calculated by converting charge 1 in £/kVA/year to £/kVA. It is the formula that follows this which requires the addition of an Annuity Factor. The Working Group meeting was convened to discuss and agree on how annuitisation should be undertaken for the aforementioned calculation within the FCP methodology.
- 4.2 The Working Group reviewed a document prepared by the modelling support consultants that had been provided prior to the meeting which contained a short summary of their thoughts on the area of annuitisation within the FCP methodology.
- 4.3 The Working Group agreed that the application of the annuity rate which is defined as ' α ' in Annex 2 'Derivation of FCP charging formulae' of Schedule 17 was the term to be utilised for the calculation. It was also agreed that the 10 year period between reinforcements be included in paragraph 6.5 for the FCP methodology (Schedule 17), whereas the asset life, set at 40 years is used in the LRIC methodology (Schedule 18).
- 4.4 The Working Group amended the draft legal text to reflect their agreed approach during the meeting and the document capturing the amendments acts as Attachment 1 to the minutes.

Draft Model Specification Pack Cover Sheet

- 4.5 The Working Group reviewed the draft model specification pack cover sheet and agreed to some minor amendments which were carried out during the meeting. The revised document which captures these amendments acts as Attachment 2 to the minutes.

5. Next steps and agenda items for the next meeting

- 5.1 The Working Group agreed to the following next steps:

- ElectraLink to issue the Model Specification Pack to the specified DCUSA Panel members, seeking approval to issue as official request for modelling to be carried out by CEPA/TNEI.
- ElectraLink to issue out current version of consultation to review. The draft consultation document acts as Attachment 3 to the minutes.
- Working Group to review the draft consult doc between now and the next meeting and provide any comments/inclusions required.
- Next meeting will be used to discuss the modelling/impact assessment results and to review and finalise the consultation document.

ACTION: 16/01 – ElectraLink to issue the Model Specification Pack to the specified DCUSA Panel members, seeking approval to issue as official request for modelling to be carried out by CEPA/TNEI.

ACTION: 16/02 – ElectraLink to issue out current version of consultation document to the Working Group for their review.

6. Work Plan

- 6.1 The Working Group reviewed and refined the Work Plan according to the decisions made during the above agenda item, the updated version of which can be found as Attachment 4.

7. Any Other Business

- 7.1 There were no items of any other business discussed and the Chair closed the meeting.

8. Date of next meeting: 06 November 2018 at 10:00am

- 8.1 The Working Group agreed to hold the next meeting on 06 November 2018 and for it to be a teleconference for the purpose of discussing/reviewing the modelling and results of the impact assessment alongside finalising the consultation document.

Attachments

- Attachment 1 - DCP 287 Draft Legal Text
- Attachment 2 – DCP 287 Draft Modelling Specification Cover Sheet
- Attachment 3 - DCP 287 Draft Consultation
- Attachment 4 – DCP 287 Work Plan

Appendix 1: Actions

New and open actions

Ref.	Action	Owner	Update
12/05	To investigate what the impact on the price control is as a result of DCP 287, and how the long term cost savings will be realised upon implementation of this change; and	All DNOs	Ongoing
14/03	Include the approach for Indirect costs of using a hard coded value of 0.6 within the consultation document.	ElectraLink	Ongoing
14/04	Include commentary covering whether the transmission exit credit should be proportional to charge 1, as it is with indirect costs, direct costs and network rates in the consultation document and ask a question on it.	ElectraLink	Ongoing
16/01	Issue the Model Specification Pack to the specified DCUSA Panel members, seeking approval to issue as official request for modelling to be carried out by CEPA/TNEI.	ElectraLink	
16/02	Issue out current version of consultation document to the Working Group for their review.	ElectraLink	

Closed actions

Ref.	Action	Owner	Update
15/01	Confirm selected dates for potential next meeting with CEPA/TNEI to confirm that they are available to dial into a teleconference and then confirm the selected date with the Working Group.	ElectraLink	17 September 2018: Completed
15/02	Update the draft legal text as follows: <ul style="list-style-type: none">Where text refers to a number, e.g. as calculated in 16.4, the word 'paragraph' needs to precede the number.Where text refers to a clause, e.g. as determined in clause 6.4 of this Schedule 17, the word 'clause' needs to be replaced by 'paragraph'.Where text refers to a schedule, e.g. as determined in clause 6.4 of this Schedule 17, the words 'of this schedule' need to be removed.	ElectraLink	17 September 2018: <ul style="list-style-type: none">CompleteCompleteComplete

15/03	<p>Carry out the following in the consultation document:</p> <ul style="list-style-type: none"> • Copy the question under paragraph 5.16 and paste into the other relevant sections, ensuring that the text is changed to account for the applicable item. • Include layman's terms/examples of 'closely associated indirects' and 'Non-Operational Capex' – to be provided by CO in the first instance. • Check a prior version of the consultation document to confirm what word should sit in place of 'dird' in paragraph 5.33 • Section 10 'Questions' is to be update in line with the amendments made throughout the body of the document. 	ElectraLink	<p>17 September 2018:</p> <ul style="list-style-type: none"> • Complete • Complete • Complete • Complete
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