

DCP 287 Working Group Meeting 11

07 February 2018 at 10:00am

Skype Meeting

Attendee	Company
Working Group Members	
Alessandra DeZottis [AD]	UK Power Reserve
Andrew Enzor [AE]	Northern Powergrid
Anika Brandt [AB]	SSE
Andy Pace [AP]	Cornwall Insight
Chris Barker [CB]	ENWL
Kathryn Evans [KE]	Scottish Power Energy Networks
Mark James [MJ]	UK Power Networks
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dan Fittock [DF] (technical secretariat)	ElectraLink

Apologies	Company
Chris Ong	UK Power Networks
Edda Dirks	Ofgem

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 noted that the actions for AE and AP were incorrect in the minutes for the previous meeting, however it was agreed that the minutes could be approved once this correction was made.

3. Purpose of the Meeting

- 3.1 The Chair set out that although the agenda noted that the purpose of the meeting was to review DCP 287 Second Consultation document, a review of the findings regarding Network Rates was required, as was the finalisation of the Legal Text to allow for the modelling request to be sent to the DCUSA Modelling Consultant.

4. Review of Network Rates

- 4.1 The Working Group reviewed the email received from CB regarding Network Rates and how the changes in this proposal may impact the calculation of Network Rates based on Government Valuation Office’s guidance.
- 4.2 Following a review of the email document, it was noted that the actual calculated income is based on the DNO assets in situ when calculated over a price control period. On this basis, it was noted that if the assets are used more efficiently by the DNO, then the operating costs would be reduced, and the recovered revenue would be greater – this being the underlying benefit. It was further noted that if an asset is not invested in, the proportional recovered revenue will reduce more than depreciation.
- 4.3 Summarising the point, the Working Group agreed that the receipts and expenditure methodology is based on profitability and that profitability is made up of many drivers; the primary driver being assets in situ. If the costs of the assets in situ is reduced, the profit is increased.
- 4.4 In order to substantiate this view, AP agreed to take an action to draft an example paragraph for inclusion in the consultation document detailing where an embedded generator connects and the network doesn’t need a new transformer, saving £X amount. If the extra transformer was put in place the DNO would make a % per annum return which would have gone to the DNO (including sharing factors), and the network rates would have been saved.

ACTION: 11/01 - AP

5. Review DCP 287 Legal Text

- 5.1 The Working Group reviewed the updated version of the legal text, which included the required changes to Schedule 18. A number of amendments were made to ensure consistency of language, which can be found as Attachment 1. The main points of amendment were:
- Amending acronym TARCC to OEACC in both Schedules 17 and 18; and
 - Updating Schedule 17, Clause 6.3 and Schedule 18, Clause 6.5 to reflect the updated calculation formulae.
- 5.2 All Working Group Members took an action to review the legal text by noon 08 February 2018 to ensure it was fit for purpose to be issued to the DCUSA Modelling Consultant as part of the modelling request pack.

ACTION: 11/02 – All Working Group Members

6. Modelling Request Specification

- 6.1 The Working Group agreed that the modelling impact was on the EDCM, and no other modelling changes were required.
- 6.2 It was further agreed that as the modelling changes are site specific being part of the EDCM and the models will contain confidential information, an Impact Assessment from the DCUSA Modelling Consultant is not required as DNOs will be undertaking the modelling impact assessments.
- 6.3 ElectraLink took an action to compile the modelling request documentation and circulate this to the Working Group for review.

ACTION: 11/03 - ElectraLink

7. Next Steps

- 7.1 The Working Group agreed to the following next steps:
- All Working Group Members to review the updated legal text;
 - ElectraLink to circulate the modelling request pack for Working Group review; and
 - Once agreed, ElectraLink to submit the modelling specification request pack to the DCUSA Modelling Consultant using double KPIs for a three-week turnaround time.

8. Work Plan

- 8.1 The Working Group reviewed and refined the Work Plan, an updated version of which can be found as Attachment 2.

9. Any Other Business

- 9.1 There were no items of any other business discussed.

10. Date of Next Meeting: 27 February 2018

- 10.1 The Working Group agreed that the next Working Group meeting will be held on 27th February 2018 via Skype meeting to finalise the consultation document ahead of receiving the models.

Attachments

- Attachment 1 – DCP 287 Legal Text
- Attachment 2 - DCP 287 Updated Work Plan

Appendix 1: New and open actions

Action Ref.	Action	Owner	Update
09/01	To contact the Active Network Schemes and request analysis data on any work they are undertaking on Direct Costs.	Chris Ong	Initial contact has been made and it is confirmed that some data is available, however this is subject to further development and has not yet been published. Further updates will be provided. Ongoing.
11/01	To draft an example paragraph for inclusion in the consultation document detailing where an embedded generator connects and the network doesn't need a new transformer, saving X amount. If the extra transformer was put in place the DNO would make a % per annum return amount which would have gone to the DNO (including sharing factors), and the network rates would have been saved.	Andy Pace	
11/02	To review the legal text by noon 08 February 2018 to ensure it was fit for purpose to be issued to the DCUSA Modelling Consultant as part of the modelling request pack.	All Working Group Members	
11/03	To compile the modelling request documentation and circulate this to the Working Group for review	ElectraLink	Completed post-meeting

Closed actions

Action Ref.	Action	Owner	Update
10/01	To discuss the Network Rates process with subject matter experts relating to the Government's Valuation Office figures and report back to the Working Group.	Chris Barker	Completed – Agenda item.
10/02	To review the Direct Costs section of the draft Consultation Document and update this as a result of today's discussions by 05 February 2018.	Andy Pace	Completed.
10/03	To review the Transmission Exit Charges sections of the draft Consultation Document and update this as a result of today's discussions by 05 February 2018.	Andrew Enzor	Completed.
10/04	To review and update the legal text to reflect the required changes in Schedule 18.	ElectraLink	Completed.
10/05	To review the legal text provided by AP.	All WG Members	Completed.