

DCP 287 Working Group Meeting 12

27 February 2018 at 2:00pm

Skype Meeting

Attendee	Company
Working Group Members	
Alessandra DeZottis [AD]	UK Power Reserve
Andrew Enzor [AE]	Northern Powergrid
Anika Brandt [AB]	SSE
Chris Ong [CB]	UKPN
Julia Haughey [JH]	EDF
Kathryn Evans [KE]	Scottish Power Energy Networks
Observers	
Edda Dirks [ED]	Ofgem
Andy Pace [AP]	Energy Potential
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dan Fittock [DF] (technical secretariat)	ElectraLink

Apologies	Company
Caroline Bragg	ADE
Chris Barker	ENWL

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 review the Draft Consultation Document.

4. Review of DCP 287 Draft Consultation Document

- 4.1 The Working Group reviewed the DCP 287 Draft Consultation Document which can be found as Attachment 1. The key discussions are amendments made were:
 - Under clause 1.4, it was queried whether the generation credits are to be applied to all generators or only those eligible to receive them. AP confirmed that the credits will only be applied to those eligible, and confirmed that Clause 1.4 is correct with no changes required;
 - Under clause 3.9 the Ofgem representative asked for confirmation on whether demand charges as indirect costs are recovered on a capacity basis rather than a unit basis, and the Working Group confirmed that this is correct; further noting that remote costs of the locational element are recovered by the unit charges;
 - Concerns were raised that this change may impact DCP 313 ‘Eligibility Criteria for EDCM Generation Credits’, however the Working Group agreed that this change does not impact how credits are calculated, rather who will receive the credits. On this basis, clause 4.2 was updated;
 - Clauses 5.6 – 5.10 were moved further down the document where they were a more logical fit due to the amount of detail they contain;
 - It was noted that throughout the document, the term ‘Exit Charge’ is capitalised, however this is not a defined term. ElectraLink agreed to take an action to replace ‘Exit Charge’ with ‘transmission exit charge’ throughout the document;

ACTION: 14/01 - ElectraLink

- It was also noted that the term ‘Peak’ is used throughout the document and that this is not a defined term. ElectraLink agreed to an action to replace ‘Peak’ with ‘peak demand’ throughout the document;

ACTION: 14/02 - ElectraLink

- In each of the four areas (Direct Costs, Indirect Costs, Transmission Exit Charges, Network Rates), a final clause was added to detail the Working Group's next steps. In discussing these areas, it was noted that SSE had still not provided their response to the RFI issues in November 2017. SSE agreed to an action to provide this by Monday 04 March;

ACTION: 14/03 - SSE

- Under clause 5.19, the Working Group discussed the inclusion of references to DG/DNO bilateral contracts for eligibility of Transmission Exit Charge Credits as a potential alternative to a DCUSA change. It was agreed that this clause should be expanded on and ElectraLink agreed to take an action to review this clause;

ACTION: 14/04 - ElectraLink

- The Ofgem representative noted that it may be prudent to include a section on areas of generation predominance and how this solution may impact such areas. Working Group members noted that the solution overcomes any issues around this by design as generation credits will only be applied in areas where network reinforcement is required, and the LRIC and FCP methodologies take these into account already with their scaling factors;
- The Ofgem representative asked whether the rationale that DG creates cost savings for the DNOs is true for the four areas of this change. The Working Group noted that there is not a straightforward answer for this as any savings are between the DNO and the customer, and that some cost savings detailed with this change may be in future price control periods. On this basis, DNOs took an action 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

ACTION: 14/05 – All DNOs

- ElectraLink took an action to include an overview paragraph in Section 6 detailing how the legal text is being altered for the four change areas with DCP 287.

ACTION: 14/06 - ElectraLink

5. Next Steps

5.1 The Working Group agreed to the following next steps:

- AE to compile a common DNO Impact Assessment spreadsheet to be circulated to Working Group members ahead of the models being received from the DCUSA Modelling Consultant.

ACTION: 14/07 - AE

6. Work Plan

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

7. Any Other Business

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

8. Date of Next Meeting: 14 March 2018

- 8.1 The Working Group agreed that the next Working Group meeting will be held on 14 March 2018 via Skype meeting to review the Impact Assessment requirements.

Attachments

- Attachment 1 – DCP 287 Draft Consultation Document
- Attachment 2 - DCP 287 Updated Work Plan

Appendix 1: New and open actions

Action Ref.	Action	Owner	Update
14/01	To replace 'Exit Charge' with 'transmission exit charge' throughout the consultation document.	ElectraLink	Completed post-meeting
14/02	To replace 'Peak' with 'peak demand' throughout the consultation document.	ElectraLink	Completed post-meeting
14/03	To provide their DCP 287 RFI Response by Monday 04 March.	SSE	Completed post-meeting
14/04	To review and update clause 5.19 to include any required references to DG/DNO demand contracts.	ElectraLink	Completed post-meeting
14/05	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	
14/06	To include an overview paragraph in Section 6 detailing how the legal text is being altered for the four change areas with DCP 287.	ElectraLink	Completed post-meeting
14/07	To compile a common DNO Impact Assessment spreadsheet to be circulated to Working Group members ahead of the models being received from the DCUSA Modelling Consultant.	Andrew Enzor	Completed post-meeting

Closed 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. CO confirmed that mostly taken over by CFF, and thus this action has been closed. Completed.
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	Completed.
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	Completed.
11/03	To compile the modelling request documentation and circulate this to the Working Group for review	ElectraLink	Completed post-meeting