

DCP 287 Working Group Meeting 07

26 September 2017 at 10:00am

The Bloomsbury Building, 10 Bloomsbury Way, London WC1A 2SL

Attendee	Company
Working Group Members	
Alessandra DeZottis [AD]	UK Power Reserve
Andrew Enzor [AE]	Northern Powergrid
Andy Pace [AP] (by telecon)	Cornwall Insight
Chris Barker (part by telecon)	ENWL
Caroline Bragg [CB]	ADE
Chris Ong [CO]	UK Power Networks
Edda Dirks [ED]	Ofgem
Julia Haughey [JH]	EDF Energy
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dan Fittock [DF] (technical secretariat)	ElectraLink

Apologies	Company
Anika Brandt	SSE
Claire Campbell	Scottish Power
Kathryn Evans	Scottish Power

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 Group approved the minutes from the last meeting as an accurate depiction of the discussions held.

3. Purpose of the Meeting

- 3.1 The secretariat set out that the purpose of the meeting is to review the responses to the DCP 287 Consultation.

4. Review of the DCP 287 Consultation Responses

- 4.1 The Working Group reviewed the consultation responses, the details and Working Group comments of which can be found as Attachment 1.
 - 4.2 The main points of discussion and key decisions have been highlighted below:
 - When discussing Question 2: Are you supportive of the principles of DCP 287? Please provide your rationale, one of the respondents noted that existing grandfather arrangements for existing plant be used in relation to EDCM calculations. The Working Group agreed that grandfather arrangements create distortions in the market and should be avoided;
 - The Working Group discussed the diversification of the 33kV level in response to another Question 2 respondent who believed that the CDCM methodologies should be applied to the EDCM. It was agreed that at present, 33kV generators are not as prolific as LV generators and there is less diversification at the 33kV level;
 - In response to Question 4: Do you agree with the principle that EDCM embedded generators should receive a credit for offsetting transmission exit costs? Please justify your rationale, the Working Group discussed current arrangements around network reinforcement and the application of generation credits at this point, including whether the reinforcement should be based on the super-red and system peak or whether it should be based on the Grid Supply Point (GSP) peak. The Working Group agreed that any credits applied outside of the super-red time period would fall outside of the intent of this CP and would also be a fundamental change to the network arrangements, and that evidence would be required to show that credits should be applied for offsetting Transmission Exit Charges;
 - In order to prove this principle, AE agreed to an action to create a model to ascertain whether a credit put in place for transmission exit charges would actually be given, and whether the
-

size of the credit would be based on the size of the benefit to the GSP (as this would be a Charge 1 linked credit). It was noted that this action would be completed around January 2018;

ACTION: 08/01 – AE

- It was confirmed that the contractual arrangements between generators and DNOs is locational based on the GSP and thus the pricing signal sent from DNOs to Generators is present within these arrangements. In order to ascertain whether this price signal communication method via contractual agreements is actually used, ElectraLink took an action to contact DNOs directly with a series of questions regarding this matter:
 - How many generators do you have in each licence area to whom a capacity-based credit related to transmission exit charges is applied as per section 10 of schedule 17 and 18, i.e. for how many tariffs is the field 'Capacity eligible for GSP generation credits (kW)' in the 935 worksheet of the EDCM model (column V) populated with a non-zero value?
 - To your knowledge, are generation credits being issued without DNO/Generator contracts being in place?
 - How many Generators are being given credits in your area?
 - Do you envisage an increase in the number of Generators receiving these credits in the short, medium and long term?
 - How many GSPs in your area don't have the same super-red peak?

ACTION: 08/02 – ElectraLink

- It was noted that only a single respondent chose Option 2 in response to Question 8: Which of the two options do you support? Option 1 – amending the calculation for Charge 1, or Option 2 – NUF. Please provide your rationale. AD agreed to taken an action to clarify UKPR's rationale regarding this.

ACTION: 08/03 – AD

- 4.3 AD also confirmed that where UKPR's response was submitted as a Confidential response, UKPR were happy for their responses to now be treated as non-confidential.
- 4.4 Following a further discussion regarding what costs make up Direct Costs, Indirect Costs and Network Rates and where these funds are pooled, CO agreed to take an action to put together a table for

inclusion in the second consultation to clarify the activities that make up these costs and to determine whether this will help to justify the change proposal.

ACTION: 08/04 – CO

5. Next Steps

5.1 The Working Group agreed to the following next steps:

- AE to compile the pilot exercise for January 2018;
- ElectraLink to send questions to DNO Parties; and
- CO to compile tables and circulate these to the Working Group by 24 November 2017.

6. Any Other Business

6.1 There were no items of any other business discussed.

7. Date of Next Meeting: 11 December 2017

7.1 The Working Group agreed that the next Working Group meeting will be held on 11th December 2017 via Skype meeting.

Attachments

- Attachment 1 – DCP 287 Collated Consultation Responses with Working Group comments

Appendix 1: New and open actions

Action Ref.	Action	Owner	Update
08/01	To create a model to ascertain whether a credit put in place for transmission exit charges would actually be given, and whether the size of the credit would be based on the size of the benefit to the GSP.	Andrew Enzor	
08/02	To contact DNOs directly with a series of questions regarding whether DNO to Generator contractual agreements are used for pricing signal purposes between DNOs and Generators.	ElectraLink	
08/03	To clarify UKPR's rationale for choosing Option 2 when responding to Question 8: Which of the two options do you support? Option 1 – amending the calculation for Charge 1, or Option 2 – NUF. Please provide your rationale.	Alessandra DeZottis	
08/04	To put together a table for inclusion in the second consultation to clarify what costs make up Direct Costs, Indirect Costs and Network Rates, and where the funds are pooled.	Chris Ong	

Closed actions

Action Ref.	Action	Owner	Update
07/01	To update and circulate the Consultation Document to the Working Group for comment.	ElectraLink	Completed post-meeting.