

DCP 287 Working Group Meeting 03

12 May 2017 at 10:00am

Skype Meeting

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Andy Pace [AP]	Cornwall Insight
Edda Dirks [ED]	Ofgem
Dave Wornell [DW]	Western Power Distribution
Chris Ong [CO]	UK Power Networks
Julia Haughey [JH]	EDF
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT] (technical secretariat)	ElectraLink

1. Welcomes and Apologies

- 1.1 The Secretariat confirmed who was in attendance and noted that no apologies were received 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.

3. Purpose of the Meeting

- 3.1 The secretariat set out that the purpose of the meeting is to review and analyse the Change Proposal in light of the analysis undertaken since the last meeting and to discuss what should be included within the consultation document.

4. Working Group discussion on actions from previous meetings

- 4.1 The proposer presented a paper titled 'DCP 287 – Examples of EDCM benefits' which provides examples of the benefits that embedded generation bring to DNOs within the EDCM.
- 4.2 The Ofgem representative noted the analysis that has been undertaken on DCP 283 which shows that most distributed generators have sole use substations, thus system security is not guaranteed. It was noted that the difference between this proposal and DCP 283 is that the latter is looking at generation credits at the LV network level and this proposal is covering the EHV network level. One Working Group member noted the DCP 283 Working Group asked a RFI question on if distributed generation avoids network costs at HV and questioned if these is a material difference between HV and EHV. The proposer noted that DCP 283 is looking at credits at the voltage of connection and DCP 287 is looking at the substation level and the costs avoided by not needing to reinforce assets such as transformers.
- 4.3 The Chair questioned if this proposal is considering location specific calculations to which the Proposer noted that it is looking at a location specific level. It was also noted that DCP 283 is looking at measuring demand on the network and this proposal is looking at substation level and the demand at the substation. The Chair questioned if each site would need its own calculation, to which it was noted that this will most likely be the case. AP agreed to provide more detail around the requirements for calculations.

ACTION 03/01: Andy Pace to provide more detail around the requirements for calculations of credits for embedded generation in the EDCM.

- 4.4 The Proposer noted that the CP is taking into consideration Operation and Maintenance (O&M) rates which are based on assets. The Chair noted that DCP 274 is also looking at O&M costs. The Proposer noted that this proposal is looking at credits and DCP 274 is looking at charges. Specifically, it is covering O&M charges levied on distributed generators and looking at if they are being charged for using the same asset twice. The Working Group agreed that DCP 274 should be given recognition within the DCP 287 consultation document whilst ensuring that work is not being duplicated across proposals.
- 4.5 One member of the Working Group noted that the network rates component of this proposal should be expanded upon due to rateable value calculations. It was noted that a cost and revenue analysis which isn't directly proportional to asset values could be of value. AE agreed to check if he can share the investigation that NPg has completed.

ACTION 03/02: Andrew Enzor to check if the investigation that NPg has completed on costs and revenues can be shared.

- 4.6 The Chair asked for the Working Groups view on what information from the paper provided by AP should go in consult document. The Ofgem representative suggested that all the information be included as it would be helpful for industry to compare examples and provide their own if they wish. The Chair noted that further discussion will be required to determine if it will be an appendix to the consultation document or included within the document.

5. Review of draft consultation document

- 5.1 The Working Group reviewed and amended the draft consultation document during the meeting and this amended document acts as Attachment 1. The following actions were taken from the review of the consultation document.

ACTION 03/03: ElectraLink to create template for EDCM demand and EDCM generation forecasts based on table in consultation document by replicating the two GWh columns and proportion of demand column table for EDCM data. For EDCM data, use known data from years 13/14 -16/17.

ACTION 03/04: ElectraLink to confirm the intention of section 4. Question: Can we reference other DCPs, generation topics and/or other industry developments

ACTION 03/05: ElectraLink to amend the consultation document in line with comments included in the consultation document.

- 5.2 Paragraph 3.5 was amended during the meeting and the Working Group agreed that further work was required to determine where the 68% operating intensity value originated from and to will then determine the approach to a solution.
- 5.3 The Working Group questioned the relevancy of the CDCM figures included in the table and graph that was provided previously and now included in the consultation document. It was agreed that an amended table be used, that includes EDCM data as the data required is not of a confidential nature. It was noted that the data from the EDCM can only cover the years 13/14 to 16/17. The Ofgem representative noted their concern that only 4 years of data is available and suggested year on year analysis be included. AE noted that this data had been included in the initial analysis but was not currently included in the consultation document.
- 5.4 The Ofgem representative noted concerns on paragraph 5.12 which states that data shows total expenditure has been less than planned due to falling demand which has led to reduced costs. It was suggested that if this is the case it would be beneficial to provide some further clarity on the correlation between falling demand and lower costs. It was noted that DNOs could be asked to provide a Methodology Statement from the valuation office so that it is understood how a DNO business is valued. JH agreed to take this as an action and subsequently provided a link¹ to a methodology statement for use by government valuation officers when assessing electricity distribution networks.
- 5.5 The Working Group discussed what questions would be beneficial to include in the consultation document and considered asking for views on if Parties believe there is a link between the MEAV and Charge 1. It was also thought that a question on how credits are awarded and if they are based on new or existing assets. It was noted that network rates should be based on new assets.
- 5.6 The Ofgem representative questioned if any Working Group members had an update on the progression of the CDCM/EDCM Review Group. It was noted that the CDCM/EDCM Review Group are analysing specific areas within the Charging Methodologies and are yet to determine any solutions at this stage. Members of the DCP 287 Working Group requested for

¹ <https://www.gov.uk/guidance/rating-manual-section-6-part-3-valuation-of-all-property-classes/section-371-electricity-distribution-networks>

it to be noted that a number of them participate in the CDCM/EDCM Review Group. It was noted that this means any resulting impacts will be brought to the attention of the rest of the Working Group.

6. Work Plan

- 6.1 The DCP 287 Working Group agreed that the Secretariat should amend the Work Plan and circulate prior to the next meeting.

ACTION 03/06: ElectraLink to update DCP 287 Work Plan and circulate prior to next meeting.

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 draft consultation document

8. Any Other Business

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

9. Date of Next Meeting: TBC

- 9.1 The Working Group agreed for the next meeting to be held in early July 2017 and for a doodle poll to be issued to the Working Group to confirm availability. The purpose of the meeting will be to review the DCP 287 draft consultation document.

Attachments

Attachment 1 – DCP 287 Draft Consultation

Attachment 2 – DCP 287 Work Plan

Appendix 1: New and open actions

Action Ref.	Action	Owner	Update
02/02	Determine the origin of the 60% and 68% figures quoted in the CP form.	Andy Pace	
01/01	Include paragraph in the consultation document around discrepancies/differences between the CDCM and EDCM models.	Working Group	
01/03	Consider the principles for each of the aspects of the four components and confirm if from their businesses perspective each is applicable.	Working Group	
01/04	Draft the background on the principles of the CP in the consultation document.	Andy Pace	
03/01	Provide more detail around the requirements for calculations of credits for embedded generation in the EDCM.	Andy Pace	
03/02	Check if the investigation that NPg has completed on costs and revenues can be shared.	Andrew Enzor	
03/03	Create template for EDCM demand and EDCM generation forecasts based on table in consultation document by replicating the two GWh columns and proportion of demand column table for EDCM data. For EDCM data, use known data from years 13/14 -16/17.	ElectraLink	
03/04	Confirm the intention of section 4 of consultation document. Question: Can we reference other DCPs, generation topics and/or other industry developments	ElectraLink	
03/05	Amend the consultation document in line with comments in the document and circulate to the Working Group.	ElectraLink	
03/06	Update DCP 287 Work Plan and circulate prior to next meeting.	ElectraLink	

Closed actions

Action Ref.	Action	Owner	Update
02/01	provide analysis at a more micro level of detail, including specific examples of costs.	Andy Pace	Completed – Paper provided
02/03	check with the CDCM/EDCM Review Group to confirm if there is a view as to whether DCP 287 should be put on hold or if/when they may cover the topics that are in scope of DCP 287	Andrew Enzor	Completed - Verbal update provided
02/04	Andrew Enzor to provide comparison of the change in costs against the change in demand using gross demand volumes from the CDCM, excluding generation that is considered behind the meter.	Andrew Enzor	Completed
02/05	ElectraLink to circulate the draft consultation document to the Working Group.	ElectraLink	Completed
02/06	ElectraLink to update DCP 287 Work Plan and circulate prior to next meeting.	ElectraLink	Completed