

DCP 287 Working Group Meeting 04

21 July 2017 at 10:00am

Skype Meeting

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Andy Pace [AP]	Cornwall Insight
Anika Brandt [AB]	Scottish and Southern Electricity Networks
Chris Ong [CO]	UK Power Networks
Dave Wornell [DW]	Western Power Distribution
Edda Dirks [ED]	Ofgem
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dan Fittock [DF] (technical secretariat)	ElectraLink

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 had a number of amendments to the minutes of the previous meeting and ElectraLink agreed to make these amendments and agree the minutes ex-committee.

ACTION: 04/01 - ElectraLink

3. Purpose of the Meeting

3.1 The secretariat set out that the purpose of the meeting is to review the Draft Consultation Document.

4. Review of the DCP 287 Draft Consultation

4.1 The Working Group reviewed the consultation document and made a number of drafting amendments, which can be found detailed in Attachment 1.

4.2 The main changes were:

- Splitting out Direct and Indirect costs into Direct Costs and Indirect Costs in various sections of the consultation document to ensure clarity and definition of both aspects of the change;
- Working Group agreement that the section on Network Rates required further development, noting that there was no link between the contents of the legal text and the assumption that the EDCM uses the same methodology for calculating network rates as the CDCM. AP agreed to update this section as the proposer of the change. It was further agreed that the that the Valuation Office Methodology would need to be cross-checked against the EDCM methodology to confirm how the EDCM calculates network rates and include this within the consultation document. AE agreed to take this action;

ACTION: 04/02 - AP

ACTION: 04/03 - AE

- A section within the consultation document was added to support or otherwise the application of transmission exit charges;
- Where an analysis on the CDCM direct costs, indirect costs and network rates inputs has been included in the consultation, an equivalent RFI is required for EDCM direct costs, indirect costs and network rates. ElectraLink agreed to compile the template and issue this to Working Group members and DNOs with the intent of including the results in the consultation document as per action 03/03.

Paper on Expenditure Intensity Multipliers

4.3 AP provided the Working Group with a paper on Expenditure Intensity Multipliers, noting that the update on intensity multipliers appeared to be focussed on calculating the top value per asset and re-baselining this value rather than calculating the charge in demand.

- 4.4 It was further noted that in the CDCM there is no reference to the 60% intensity ratio that was assumed in the Change Proposal Form for DCP 287, thus this does not have a direct correlation to the 68% operating intensity detailed in the EDCM and the initial assumptions regarding indirect costs, based on the contents of this paper, is not correct.
- 4.5 As it is no longer clear how Direct Costs and Indirect Costs impact DCP 287, it was agreed that a paper should be provided detailing the impacts to the proposal as a consequence of this new information and AP agreed to an action to prepare this for the next Working Group meeting and to add a section relating to this issue to the consultation document.

ACTION: 04/04 - AP

- 4.6 All Working Group members also agreed to an action to investigate the CDCM Network Rates methodology to locate any references or details relating to the 60% operating intensity ratio.

ACTION: 04/05 – All WG Members

- 4.7 ElectraLink agreed to an action to update the draft consultation document as a result of today's discussions.

Action: 04/06 - ElectraLink

5. Work Plan

- 5.1 The Working Group reviewed the DCP 287 Work Plan and agreed that ElectraLink and the chair would review and attach with the minutes.

Action: 04/07 – ElectraLink and Chair

6. Agenda Items for the next meeting

- 6.1 The Working Group agreed to add the following items to the agenda for the next meeting;
- Review of the updated draft consultation document

7. Any Other Business

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

8. Date of Next Meeting: TBC

- 8.1 The Working Group agreed that the next Working Group meeting will be arranged via doodle poll.

Attachments

Attachment 1 – DCP 287 Draft Consultation Document with Working Group comments

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	Update 21 July 2017: closed see actions 04/04 and 04/05
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	Update 21 July 2017: Ongoing
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	Update 21 July 2017: Ongoing
04/01	To update minutes of the previous meeting and circulate them to the Working Group for ex-committee approval.	ElectraLink	Completed post-meeting
04/02	To update the Network Rates section of the draft consultation document.	Andy Pace	
04/03	To cross-reference the Valuation Office Methodology regarding the calculation of network rates against the EDCM methodology to confirm how the EDCM calculates network rates and include this within the consultation document	Andrew Enzor	
04/04	To draft a paper for the next Working Group meeting regarding the impacts on the incorrect assumption that the 60% operating intensity in the CDCM relating to the 68% operating intensity in the EDCM on the intent of DCP 287.	Andy Pace	
04/05	To investigate the CDCM Network Rates methodology to locate any references or details relating to the 60% operating intensity ratio	Working Group members	

04/06	To update the draft consultation document as a result of today's discussions.	ElectraLink	
04/07	To amend the work plan	Electralink and Chair	

Closed actions

Action Ref.	Action	Owner	Update
01/01	Include paragraph in the consultation document around discrepancies/differences between the CDCM and EDCM models.	Working Group	Update 21 July 2017: Completed – Agenda Item
01/04	Draft the background on the principles of the CP in the consultation document.	Andy Pace	Update 21 July 2017: Completed
03/01	Provide more detail around the requirements for calculations of credits for embedded generation in the EDCM.	Andy Pace	Update 21 July 2017: Completed
03/02	Check if the investigation that NPg has completed on costs and revenues can be shared.	Andrew Enzor	Update 21 July 2017: Completed as per the documentation circulated by JH on Business Rates
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	Update 21 July 2017: It was confirmed that Section 4 can be used for this purpose. Completed
03/05	Amend the consultation document in line with comments in the document and circulate to the Working Group.	ElectraLink	Update 21 July 2017: Completed