

DCP 284 Working Group Meeting 02

4 January 2017 at 10:00am
Web-Conference

Attendee	Company
Working Group Members	
Andrew Enzor [AE]	Northern Powergrid
Andy Pace [AP]	Cornwall Insight
Emma Clark [EC]	Scottish and Southern Electricity Networks
Claire Campbell [CC]	Scottish Power
Edda Dirks [ED]	Ofgem
Julia Haughey [JH]	EDF Energy
George Moran [GM] (part meeting)	British Gas
Chris Barker [CB]	ENWL
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT] (technical secretariat)	ElectraLink

Apologies	Company
Simon Yeo	Western Power
William Caldwell	The Association for Decentralised Energy
Simon Brooke	ENWL
Urmi Mistry	National Grid
Chris Ong	UK Power Networks

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 minutes of the last meeting were approved subject to final review to confirm if information in draft consultation matches that in the Minutes. AE agreed to take an action to review minutes and notify the secretariat if any amendments need to be made.

ACTION 02/01: AE to provide comments on previous meeting minute. The Working Group discussed possible discrepancy between consultation document and meeting minutes. To be provided by 11 January 2016.

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 (CP) and to discuss what should be included within the consultation document.

4. Working Group review of DCP 284 Draft Consultation

- 4.1 ED suggested that the proposer of DCP 284 may wish to improve the reasoning behind the CP and could include how and why they believe this CP would improve cost reflectivity.
- 4.2 The Working Group reviewed and amended the DCP 284 draft consultation document. The red-lined consultation document capturing these amendments acts as Attachment 4.
- 4.3 The Chair requested that the secretariat ensure the first use of DCP number in the consultation document includes the title of the DCP.

ACTION 02/02: ElectraLink to ensure the first use of DCP number in the consultation includes the title of the DCP.

- 4.4 Members of the Working Group discussed the need for including attachments which are provided to parties as part of the consultation and agreed that a footnote with a link is a more effective approach to referencing external documents compared to providing the documents as attachments.

ACTION 02/03: ElectraLink to include links and footnotes for referenced documents throughout the consultation document. (DCP 228, Ofgem’s Consultation and Conclusions)

- 4.5 ED read out relevant paragraphs from two documents that were published by Ofgem in September 2009 and November 2009. The Working Group agreed that these paragraphs be included in the Consultation document. These two documents are set out below:

- *'Ofgem's consultation document on Electricity distribution structure of charges project: DNOs' proposals for a common methodology at lower voltages'*
- *'Ofgem decision document on Electricity distribution structure of charges project: the common distribution charging methodology at lower voltages'*

4.6 A member of the Working Group sought to confirm how DNOs responded to the above document and recollected that the discussion was around if embedded generators should be paying for credits or should be receiving credits. GM agreed to find and circulate relevant information from the two Ofgem documents listed above. The Chair suggested that Working Group members review the text provided by the ED and GM and should respond with their views by 11 January 2017.

ACTION 02/08: George Moran to find relevant information on Ofgems' views on Scaling at the time of CDCM development and circulate the relevant information to Working Group.

ACTION 02/06: Working Group to review the text from the Ofgem Consultation in September 2009 and the subsequent decision in November 2009 that has been included in the consultation document. Respond with views on the text by 11 January 2017

4.7 The Working Group considered introducing a consultation question on whether generators should be excluded from scaling and whether any scaling applied should be considered as a cost or a credit for Embedded Generators. Members discussed the need for clarity on the use of the term *'scaling'* noting that the consultation document should reference that it is being used in place of the term *'revenue matching'*.

ACTION 02/12: ElectraLink to locate first use of 'scaling' and make reference to revenue matching. Then note that in place of revenue matching, scaling is being used within the consultation document.

4.8 The Working Group considered what costs are deemed to be included in scaling and reviewed the information and tables provided by AP. The Working Group discussed the relevancy of some of the information provided in the tables and considered if these should be included in the consultation or not. Members also discussed the assumption of this CP that Networks are demand dominated.

4.9 The Working Group discussed direct and indirect costs when calculating allowed revenues and when applying scaling to credits for embedded generators. Some members of the Working Group believed that indirect costs should be included for a holistic view. Members also discussed their views on whether the credits should be larger. DNO Working Group members suggested that credits shouldn't be larger given that they believe demand customers are paying for the direct and re-enforcement costs.

4.10 The proposer outlined his view that the costs allocated by yardstick tariffs are those that recover DNOs allowed revenue. Members discussed the premise that some costs are incremental and that operating costs and transmission charges are forecasts and asset costs are based on the 500MW hypothetical model.

4.11 The Working Group agreed that two arguments should be clearly described within the consultation document and these arguments should specifically relate to the components in scaling and whether each component should be a cost, credit or not included. AE agreed to provide the alternate view of how scaling is applied within the CDCM and the Working Group agreed that this alternate view should be included within the Consultation document.

ACTION 02/04: AE to provide an alternate view than that of the proposer of how scaling is applied within the CDCM and the conclusions drawn from DCP 228 'Revenue Matching in the CDCM'. To be provided by 13 January 2017.

4.12 The Chair thought it necessary that DNO Working Group members take an action to check the tables provided by AP that have been included in the consultation document and confirm if they are comfortable with the accuracy of the data in the tables and that they are happy for the tables to remain in consultation document.

ACTION 02/05: DNO Working Group members to review the tables provided by AP that have been included in the consultation document. Confirm the information within the tables is accurate and if so if confirm if comfortable with the tables remaining in the consultation document. To be completed by 11 January 2017.

4.13 It was noted by the Chair that prior to the consultation being issued to Parties that the Working Group will need to decide if they wish to put forward a view on the DCUSA objectives or if they would prefer to formulate a consultation question so parties can vote on the DCUSA objectives.

5. Work Plan

5.1 The DCP 284 Working Group agreed that the Secretariat should amend the Work Plan and circulate prior to the next meeting. The updated Work Plan is set out in Attachment 2.

ACTION 02/09: ElectraLink to update DCP 284 Work Plan and circulate prior to next meeting on 23 January 2017.

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 and finalisation of DCP 284 consultation document.

7. Any Other Business

7.1 The Chair requested that the updated consultation document be circulated to the Working Group members by 16 January 2017 and that Working Group members review updated consultation document and provide feedback by 23 January 2017.

ACTION 02/10: ElectraLink to circulate the updated consultation document to the Working Group by 16 January 2017.

ACTION 02/11: Working Group to review the updated consultation document and provide feedback by 23 January 2017.

- 7.2 The Chair highlighted that the minutes from the last meeting suggest this change also affects the Annual Review Pack (ARP). ElectraLink agreed to include the relevant ARP legal text in the DCP 284 legal text.

ACTION 02/07: ElectraLink to include ARP legal text in the DCP 284 legal text and reference within the consultation document. Specifically, the version number in para 1.1 of Schedule 20 'Production of the Annual Review Pack'.

8. Date of Next Meeting: 23 January 2017

- 8.1 The Working Group agreed to have the next meeting on 23 January 2017 and for the meeting to be face to face for the purpose of reviewing and finalising the consultation document.

Attachments

Attachment 1 – DCP 284 Change Proposal

Attachment 2 – DCP 284 Work Plan

Attachment 3 – Draft Legal Text

Attachment 4 – DCP 284 Consultation Red-Lined

New and open actions

Action Ref.	Action	Owner	Update
01/01	Review the CDCM model by taking out the costs recovered, indirect costs and direct costs and comparing it to the allowed revenue. M-rev work sheet has relevant information. This will define the approach taken to indirect costs in the model and whether it is appropriate to apply scaling in the context of this change.	Andy Pace	Completed
01/02	Request DNOs to respond with their views on the findings from an Ofgem investigation in November 2009 prior to the CDCM methodology incorporation in to DCUSA endorsing a specific approach to scaling in the consultation.	ElectraLink	
01/03	Change [x] value in draft legal text to the value decided by Working Group after completed investigation in Action 01/01.	ElectraLink	
01/04	Include questions formulated in meeting in the draft consultation document.	ElectraLink	Completed
02/01	Provide comments on previous meeting minute. The Working Group discussed possible discrepancy between consultation document and meeting minutes. To be provided by 11 January 2016.	Andrew Enzor	Completed
02/02	Tidy contents of paragraphs 5.2 to 5.4 to ensure first use of DCP number includes the title of the DCP.	ElectraLink	Completed
02/03	Include links and footnotes for referenced documents throughout the Consultation Document. (DCP 228, Ofgem's Consultation and Conclusions)	ElectraLink	Completed

02/04	Provide an alternate view than that of the proposer of how scaling is applied within the CDCM and the conclusions drawn from DCP 228. To be provided by 13 January 2017.	Andrew Enzor	Completed
02/05	Review the tables provided by Andy Pace that have been included in the Consultation Document. Confirm the information within the tables is accurate and if so if confirm if comfortable with the tables remaining in the Consultation Document. To be completed by 11 January 2017.	DNO members within the Working Group	
02/06	Review the text from the Ofgem Consultation in September 2009 and the subsequent decision in November 2009 that has been included in the Consultation document. Respond with views on the text by 11 January 2017	Working Group Members	
02/07	Include ARP legal text in Legal Text attachment and reference within Consultation Document. Specifically, version number in para 1.1 of schedule 20 of the ARP.	ElectraLink	
02/08	Find relevant information on Ofgems' views on Scaling at the time of CDCM development. Circulate the found relevant information to Working Group.	George Moran	Completed
02/09	Update DCP 284 work plan and circulate prior to next meeting.	ElectraLink	
02/10	Updated consultation document to be circulated to Working Group members by 16 January 2017.	ElectraLink	
02/11	Review updated consultation document and provide feedback by 23 January 2017.	Working Group Members	
02/12	Locate first use of 'scaling' and make reference to revenue matching. Then note that in place of revenue matching, scaling is being used within this Change Proposal.	ElectraLink	Completed