

# DCP 279 Working Group Minutes

<b>Meeting Name</b>	DCP 279 Working Group
<b>Meeting Number</b>	01
<b>Date</b>	23 September 2016
<b>Time</b>	10:00
<b>Venue</b>	Web-Conference

Attendee	Company
Claire Hynes [CH] (Chair)	Northern Powergrid
Andrew Sherry [AS]	ENWL
Angus Rae [AR]	SSE Networks
Karl Maryon [KM]	Haven Power
Mark James [MJ]	UK Power Networks
Richard Ellis [RE]	WPD
Fungai Madzivadondo [FM] (Secretariat)	ElectraLink

## 1 ADMINISTRATION

- 1.1 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.
- 1.2 The Working Group reviewed the DCP 279 Terms of Reference (ToR). All Working Group members agreed to the terms and agreed a revised work plan which acts as Attachment 1.

## 2 SUMMARY OF THE DCP 279 CHANGE PROPOSAL (CP)

- 2.1 The proposer advised that this change is seeking to update those clauses in DCUSA Schedule 1 (Credit Cover) that refer to the ‘Regulatory Asset Value (RAV)’ as the new price control, RIIO-ED1, redefines the calculation of a DNO’s Regulatory Asset Value

## 3 REVIEW OF THE DCUSA PANEL FEEDBACK ON THIS CP

- 3.1 The Working Group reviewed and addressed the following comments from the DCUSA Panel regarding the DCP 279 Change Proposal:
  - The RAV value to use is not clearly defined (there are a number of RAVs in the spreadsheet)
  - The process for indexing the 12/13 values is not clearly defined (the panel believe there are no published RPI values for the current year at the first occasion one is likely to be needed as we will want a consistent approach)
  - The definition of “*Regulatory Asset Value (RAV)*” is not picking up the same defined term in the Handbook (which is “RAV - Regulatory Asset Value”) so can’t have the meaning “*given to that term*”.
- 3.2 With regards to clearly defining the RAV value, the group reviewed the Price Control Handbook and agreed that the values should be defined in line with the Ofgem’s iteration process materials.

- 3.3 On the process for indexing the 2012-13 values, the group discussed how likely Regulatory Asset Values are to be updated and whether statistics like timing should be included in the legal text to ensure Parties are carrying out the same processes. It was noted that the opening RAV in the ED1 Price Control Financial Model is adjusted to take account of the change in Retail Price Index values from 2012-13 to the current year and that information is used when it's been published. The Working Group agreed to update the legal text clarifying the process for indexing the 12/13 values. The updated legal text has been provided as Attachment 2.
- 3.4 It was suggested that a clear timetable could be of benefit as it would inform Parties of what they are expected to do and provide more transparency on processes. A DNO member of the group highlighted that they average the Retail Price Index (RPI) values provided between the months July to December. The group questioned why the July to December values are used and considered whether to use 9 months' worth of data rather than 6 months.
- 3.5 In addition, the group reviewed the formula used to calculate the RPI values in the Price Control Handbook and noted that for this to be precise and consistent all Parties should use the same calculation method. The Group reviewed the CRC<sup>1</sup> 2A formula and agreed that the CRC 2A formula can be adapted to provide a RPI calculation. AR took an action to check the calculation timescales and formula and provide feedback to the Working Group.

**ACTION 01/01: AR**

- 3.6 On the definition of "*Regulatory Asset Value (RAV)*" the Working Group considered whether the defined term matches what's in the Price Control Handbook. It was noted that the defined term in the Handbook is different from what's in the DCUSA. Members of the group however felt that there was nothing in the handbook definition likely to cause an issue as a result of this definition. ElectraLink took an action to check with a member of the DCUSA Panel whether the reference was to the layout of the wording Regulatory Asset Value (RAV) vs RAV-Regulatory Asset Value or whether there was a different point being made.

**ACTION 01/02: ELECTRALINK**

## **4 DCP 279 CHANGE REPORT**

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- 4.1 The Working Group reviewed the DCP 279 Change Report agreed to update the draft Change Report based on discussions at the Working Group meeting. The Change Report has been provided as Attachment 3 to the minutes.
- 4.2 During the meeting the group added text to clarify that the proposed change defines the Regulatory Asset Value (RAV) as the opening RAV in the ED1 Price Control Financial Model adjusted to take account of the change in RPI values from 2012-13 to the current year. The RPI data should be available in sufficient time to enable publication of adjusted RAV values for the start of each financial year.
- 4.3 The Working Group agreed that that the DCP 279 Change Report should be issued to the DCUSA Panel ex-committee for the CP to be implemented in November 2016 and ensure that the change is made in time for the April 2018 prices.
- 4.4 ElectraLink took an action to make further updates to the Change Report and circulate to the Working Group for review.

**ACTION 01/03: ELECTRALINK**

## **5 NEXT STEPS**

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<sup>1</sup> Change Restriction Conditions

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5.1 The DCP 279 Working Group agreed the next steps as follows:

- ElectraLink to update and circulate the Change Report to the Working Group for review by 28 September 2016.
- ElectraLink to submit the updated draft legal text to the DCUSA legal advisor after review by the Working Group members.

**ACTION 01/04: ELECTRALINK**

- ElectraLink to issue the DCP 279 Change Report to the DCUSA Panel for an ex-committee approval.

**ACTION 01/05: ELECTRALINK**

## **6 ANY OTHER BUSINESS**

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6.1 There were no items of any other business.

## **7 NEXT MEETING**

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7.1 No further DCP 279 meetings have been scheduled.

## **8 ATTACHMENTS**

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- Attachment 1 – DCP 279 Work Plan
- Attachment 2 – DCP 279 Legal Text
- Attachment 3 – DCP 279 Draft Change Report

**APPENDIX A: SUMMARY OF ACTIONS**

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**NEW AND OPEN ACTIONS**

Action Ref.	Action	Owner	Update
01/01	Check the RPI values calculation timescales and formula and provide feedback to the Working Group	Angus Rae	
01/02	Check with a member of the DCUSA Panel whether the reference was to the layout of the wording Regulatory Asset Value (RAV) vs RAV- Regulatory Asset Value or whether there was a different point being made.	ElectraLink	
01/03	Update the Change Report and circulate to the Working Group for review.	ElectraLink	
01/04	Submit the updated draft legal text to the DCUSA legal advisor after review by the Working Group members.	ElectraLink	
01/05	Issue the DCP 279 Change Report to the DCUSA Panel for an ex-committee approval.	ElectraLink	