

DCP 274 Working Group Meeting

21 April 2017 at 10:00am
Web-Conference

Attendee	Company
John Lawton [JL] (Chair)	ElectraLink
Andrew Enzor [AE]	Northern Powergrid
Andy Pace [AP]	Cornwall Energy
Chris Barker [CB]	ENWL
Dan Hickman [DH]	NPower
Dave Wornell [DW]	Western Power Distribution
Deidre Bell [DB]	Ofgem
Mark James [MJ]	UK Power Networks
Pat Wormald [PW]	Northern Powergrid
Urmi Mistry [UM]	National Grid
Dan Fittock [DF] (Secretariat)	ElectraLink

Apologies	Company
Anika Brandt	SSE
Chris Ong	UK Power Networks
Claire Campbell	Scottish Power
Peter Waymont	UK Power Networks

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 minutes of the last meeting and agreed that these were a fair and accurate representation of the discussions held.

2. Summary of Evidence for the DCP 274 Solution

- 2.1 The Working Group reviewed the evidence provided by AP relating to the makeup of Import charges against Export charges and whether there was any overlap between the two charges. It was noted that although the provided paper noted that the value of £0.2p/kW is part of the operating costs that make up the O&M charges, the paper itself was theory based with no tangible examples included.
- 2.2 It was agreed that in order for this proposal to be progressed, specific examples of double charging would need to be presented to the Working Group rather than a principle based argument, as without these there will not be sufficient evidence for Ofgem to come to a determination.
- 2.3 The Chair queried the purpose of the paper as it did not appear to be clear, with the Working Group confirming that it was in response to a consultation respondent’s view that double charging was limited to mixed import and export sites, and was not an issue for import, export and mixed import and export sites as originally thought when the proposer submitted the CP.
- 2.4 It was agreed that in order to progress this proposal a review of the rationale behind the £0.2p/kW is required and what this charge covers – specifically whether this charge is simply to cover the costs of adding export capacity to the network. The Working Group noted that if this is the case, the intent of the CP will not be justified as this will prove that double charging does not take place. CB agreed to take this action.

ACTION: 06/01 - CB

- 2.5 In addition to this, PW agreed to take an action to review the industry documentation at the time of the inception of the EDCM to aid the Working Group’s investigations as to the rationale of the £0.2p/kW charge.

ACTION: 06/02 - PW

3. Review of Working Group Comments on the Consultation Responses

A revised DCP 274 Consultation Responses with Working Group comment can be found as Attachment 1.

- 3.1 The Chair brought to the attention of the Working Group that the majority of the Working Group's comments to the first DCP 274 Consultation responses were 'noted', and did not believe that this gave an accurate depiction of the discussions held. As such, the Working Group reviewed the responses and provided a number of updates. It was agreed that these should be looked at again at the next Working Group meeting for further development to aid in the discussions regarding whether the intent of the change is justified.
- 3.2 The Working Group undertook a review of the ENWL consultation response in which a dual import and export site was compared against an import site and an export site, noting that the existing Working Group response missed the point regarding the associated charges.
- 3.3 The Working Group agreed that the charge of £0.2p/kW is a charge which covers the cost to add export capacity to the network, and so fundamentally if an exporting site incurs a cost as a generator then an import only site should not incur this cost.

4. Work Plan

- 4.1 The DCP 274 Working Group reviewed the Work Plan and made a number of updates based on today's discussions.

5. Next Steps

- 5.1 The DCP 274 Working Group agreed the next steps as follows:
 - The Working Group to review the evidence provided to confirm their views on whether the evidence supports the intent of DCP 274; and
 - The Working Group to reconvene on 22 May 2017 to decide whether the intent of DCP 274 is sound.

6. Any Other Business

- 6.1 There were no items of any other business and the Chair closed the meeting.

7. Next Meeting

- 7.1 The Working Group will reconvene on 22 May 2017 via web conference.

Attachments

Attachment 1 – DCP 274 Consultation Responses with Working Group comment

Attachment 2 – DCP 274 Work Plan

New and open actions

Action Ref.	Action	Owner	Update
06/01	To review of the rationale behind the £0.2p/kW is required and what this charge covers – specifically whether this charge is simply to cover the costs of adding export capacity to the network	CB	
06/02	To review the industry documentation at the time of the inception of the EDCM to aid the Working Group's investigations as to the rationale of the £0.2p/kW charge.	PW	Completed post-meeting.

Closed actions

Action Ref.	Action	Owner	Update
01/03	To circulate the updated model to all DNO members for testing upon receipt.	All	Completed.
04/01	To amend the consultation document and circulate to the Working Group for comment.	ElectraLink	Completed.
05/01	To Breakdown the different elements that go in to the	AP	Completed.

	capacity charge for generation and import and determine if there is a cross-over.		
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