

DCP 274 Working Group Minutes

Meeting Name	DCP 274 Working Group
Meeting Number	01
Date	03 August 2016
Time	10:00
Venue	Web-Conference

Attendee	Company
Claire Hynes[CH] (Chair)	ElectraLink
Andy Pace [AP]	Cornwall Energy
Anika Brandt [AB]	SSE
Chris Ong [CO]	UK Power Networks
Claire Campbell	Scottish Power Networks
Dan Hickman [DH]	NPower
Deidre Bell [DB]	Ofgem
Julian Wayne [JW]	RES Group
Keith Burwell [KB]	Ofgem
Patricia Wormold [PW]	Northern Powergrid
Dan Fittock [DF] (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 274 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 274 CHANGE PROPOSAL (CP)

- 2.1 AP advised that this change is seeking to amend the EDCM methodology to ensure that distributed generation and storage sites do not pay distribution use of system charges twice for the import and export from a site where the same assets are used. The solution proposed is to charge the import charge up to the MIC and charge the export charge up to the MEC.
- 2.2 This DCP had been referred to the MIG and there was a question as to whether the dual charging methodology was sound if using different assets for the import and the export, however it was the raiser’s view that as the electricity could flow down the same wire it did not seem fair to dual charge for using the same wire twice. Working Group members agreed that network conditions may be different at times when energy is flowing into the site compared to when it is flowing out of the site and different assets are used at times of import compared to times of export.
- 2.3 Upon reviewing the legal text, the Working Group agreed that DCUSA Schedule 17, Clause 12.3 did not require amendment for this solution and was removed. The updated legal text can be found in Attachment 2.

- 2.4 A member queried as to who this DCP would impact as there are not many Parties who are susceptible to both import and export charges. It was noted that impacted Parties would be those who utilise energy storage facilities.
- 2.5 AP informed the group of an Ofgem paper recommending capping Network Use Factor (NuF) costs, which he agreed to circulate to the group after the meeting.

ACTION: 01/01 - AP

- 2.6 The Working Group discussed the proposed 01 April 2018 implementation date and noted that it was unlikely that this date could be achieved. 15 months notification is required for changes to these charging arrangements and this change requires a consultation to be issued to industry parties and the development of a model, before the change is submitted to the DCUSA Panel. The Working Group agreed that it is unlikely that this DCP will be ready for Panel submission until a point after September and the Proposer agreed that an April 2019 implementation date would be a more realistic target.

2.7 Modelling Implications

The Working Group noted that a shortfall in DNO revenue could be caused as a result of the alterations to the Scaling Model by this change. However, it was agreed that analysis by the DCUSA Modelling Consultant would be required to confirm this before the change is presented to the DCUSA Panel.

2.8 Alternative Solutions

The Proposer of the change confirmed that they had not investigated alternative solutions to the issue due to time constraints in attempting to achieve an April 2018 implementation date, and now that this date had been pushed back to April 2019 there was an opportunity to investigate alternatives.

- 2.9 It was suggested that one possible alternative would be to remove O&M¹ charges from export sites as O&M charges are larger per unit for the import side than the export. After further discussion on the matter the Group agreed that this approach had possible impacts on targeting revenues and any changes in the targeting revenues. It would also have a notable impact on customers.

2.10 Consultation questions

The Working Group drafted a number of Consultation questions asking the industry believes that an alternative solution is required. AP agreed to take an action to draft the alternative option ready for submission to Electralink within the next two weeks.

ACTION: 01/02 - AP

- 2.11 It was agreed that the first consultation should be principle based and further detail could be added if a second consultation was required on changes to the model. The draft consultation questions can be found in Attachment 3.
- 2.12 The Working Group agreed to request support from the DCUSA modelling consultant on this change. The secretariat agreed to draft a skeleton modelling request document once the Working Group has agreed their preferred solution to take forward for submission to the DCUSA Panel for approval. On receipt of approval, the DCP 274 modelling support request will be issued to the DCUSA modelling consultant, Reckon.
- 2.13 On receipt of the updated model, the Working Group agreed to circulate it to all DNO members for testing.

¹ O&M – Operations & Maintenance

ACTION 01/03: ALL

- 2.14 A skeleton DCP 274 draft consultation will be circulated to members ex-committee to review and update.

ACTION 01/04: ALL**3 NEXT STEPS**

- 3.1 The DCP 274 Working Group agreed the next steps as follows:
- ElectraLink to draft a skeleton consultation and circulate it to the Working Group for review for a period of one week;
 - To submit the consultation to industry parties for a period of three weeks; and
 - Reconvene on 19 September 2016 to review consultation responses.

4 ANY OTHER BUSINESS

- 4.1 There were no items of any other business.

5 NEXT MEETING

- 5.1 The next meeting is scheduled for 10:00am on Monday, 19 September via web-conference.

6 ATTACHMENTS

- Attachment 1 – DCP 274 Work Plan
- Attachment 2 – DCP 274 Updated Legal Text
- Attachment 3 – DCP 274 Draft Skeleton Consultation Questions
- Attachment 4 – DCP 274 Change Proposal

APPENDIX A: SUMMARY OF ACTIONS

NEW AND OPEN ACTIONS

Action Ref.	Action	Owner	Update
01/01	To circulate the Ofgem paper recommending capping Network Use Factor (NuF) costs to the Working Group	AP	
01/02	To draft the alternative option to remove O&M charges ready for submission to Electralink within the next two weeks	AP	
01/03	To circulate the updated model to all DNO members for testing upon receipt.	All	
01/04	To review the skeleton draft consultation and provide comments.	All	