

DCP 274 Working Group Minutes

Meeting Name	DCP 274 Working Group
Meeting Number	02
Date	04 October 2016
Time	10:00
Venue	Web-Conference

Attendee	Company
Claire Hynes[CH] (Chair)	ElectraLink
Andrew Enzor [AE]	Northern Powergrid
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
Urmi Mistry [UM]	National Grid
Dan Fittock [DF] (Secretariat)	ElectraLink

Apologies	Company
Rob Marshall	National Grid

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 agreed the minutes of the previous meeting as an accurate record.
- 1.3 Please refer to Appendix A for an update on all of the actions.

2 REVIEW OF ALTERNATIVE SOLUTION AND DRAFT CONSULTATION DOCUMENT

- 2.1 AP provided the Working Group with an overview of the proposed alternative solution which seeks to remove the O&M charges and possibly the scaling element from the import charges of a generation dominant site. As it is assumed that a mixed site customer with a generation predominance will import at a time when the system is not under stress, it will not drive a DNO cost. Where current arrangements utilise capped Network Use Factors (NUFs), under the principle established by the EDCM, NUFs represent the notional assets used by demand customers at the peak time and therefore a mixed site with generation predominance does not import at time of peak and thus should have a zero NUF. This would remove the O&M element of the charge for generation dominant mixed site customers and also remove the scaling element of the charge. AP went on to detail that the figure of £0.2 p/kw was calculated from the capital expenditure that DNO’s make on an export basis to connect to their network.

- 2.2 The Working Group noted that for the alternative solution, Network Use Factors (NUFs) are used at times of peak. NUFs are taken in a peak demand scenario, thus if the predominance of a site is classified as generation then at peak time the site is exporting. If the NUFs are calculated as the use of network assets at peak times, then sites with a generation predominance are not using network assets at time of peak and should not be charged at these times.
- 2.3 A member of the Working Group noted that the predominance of a site varies on a site specific basis, and questioned whether it would be possible for the Working Group to undertake an impact analysis on how the customers are impacted. If NUFs are reduced to zero as per the alternative solution, it was noted that this would have an impact on the charging of other customers. The magnitude of this would be based on the amount of generation predominant sites on a DNO network and thus it was agreed by the Working Group that an Impact Assessment exercise would be prudent before the issuing of the consultation.
- 2.4 AP agreed that if the Working Group expects the DNOs to undertake an Impact Assessment it may be worth doing undertaking an RFI to the DNOs to ascertain the number of generation predominant sites are on their network and form a basis for the Impact Assessment.
- 2.5 PW noted that an Impact Assessment to this effect would not be considered a small amount of work and it could take some time for this work to be completed if they were looking at a few examples in each distribution area.
- 2.6 AP questioned whether Ofgem would undertake an evidence gathering exercise if and when this DCP is presented for Authority Consent, or whether Ofgem would expect this evidence to be gathered as part of the DCUSA Change Process? KB confirmed that Ofgem's preference would be to gather evidence as part of the DCUSA Change Process, however if the DCP was presented in a principled approach with a strong rationale then an evidence based approach may not be required for Ofgem to make a decision.
- 2.7 The Working Group agreed to send an informal RFI to the DNOs requesting the count of customers and aggregate MIC and MEC split into the bands of 20 percentiles, based on the 2017/18 charges (where the dominance is seen to be generation), and the number of customers for each band. Additionally the Working Group requested feedback from the DNOs on the expected timescales for completing the impact assessment for each of the solutions based on PW's earlier comments. It was agreed that this RFI should reflect current generation predominant sites and not include any speculative or planned future sites as this may adversely impact the results of the RFI. The RFI has been included as Attachment 1. ElectraLink agreed to take an action to send this RFI and collate the results.

ACTION: 02/01 - ELECTRALINK

- 2.8 The Working Group went on to review the contents of the draft consultation document. It was agreed that an explanatory paragraph should be included in the consultation detailing the rationale behind these questions asked of the DNOs in the RFI and presenting the results as evidence for both the original and alternative solutions.
- 2.9 The Working Group agreed that an additional meeting should be organised to discuss the results of the RFI and agree on the draft consultation document prior to issuing to the industry, and to re-visit the proposed legal drafting prior to finalisation of the consultation. It was also agreed that at this time the Working Group does not have an agreed view on which DCUSA objective is best facilitated by this DCP, and ElectraLink took an action to remove the CP view of the DCUSA Objective best met by this CP and add a question to the draft consultation document asking industry which DCUSA objective is best facilitated.

ACTION: 02/02 - ELECTRALINK

3 WORK PLAN

- 3.1 The DCP 274 Working Group reviewed the Work Plan and made a number of small changes. The updated Work Plan has been included as Attachment 2.

4 NEXT STEPS

- 4.1 The DCP 274 Working Group agreed the next steps as follows:
- ElectraLink to issue the informal RFI to DNOs; and
 - Working Group to meet on 21 October 2016 to review RFI responses and finalise the consultation before it is issued.

5 ANY OTHER BUSINESS

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

6 NEXT MEETING

- 6.1 The next meeting is scheduled for 10:00am on 21 October 2016 via web-conference.

7 ATTACHMENTS

- Attachment 1 – Informal RFI to DNOs
- Attachment 2 - DCP 274 Work Plan

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	Ongoing.
01/03	To circulate the updated model to all DNO members for testing upon receipt.	All	Ongoing.
02/01	To remove the CP view of the DCUSA Objective best met by this CP and add a question to the draft consultation document asking industry which DCUSA objective is best facilitated.	ElectraLink	Completed post-meeting.

CLOSED ACTIONS AT THE MEETING

Action Ref.	Action	Owner	Update
01/02	To draft the alternative option to remove O&M charges ready for submission to Electralink within the next two weeks	AP	Completed: AP provided the Working Group with an alternative solution which was discussed at the Working Group meeting on 04 October 2016.
01/04	To review the skeleton draft consultation and provide comments.	All	Completed: The Working Group discussed this at the meeting on 04 October 2016.