

DCP 274 Working Group Meeting

21 April 2017 at 10:00am

Web-Conference

| Attendee | Company |
|--------------------------------|----------------------------|
| Claire Hynes [CH] (Chair) | ElectraLink |
| Andrew Enzor [AE] | Northern Powergrid |
| Andy Pace [AP] | Cornwall Energy |
| Anika Brandt [AB] | SSE |
| Dave Wornell [DW] | Western Power Distribution |
| Deidre Bell [DB] | Ofgem |
| Urmi Mistry [UM] | National Grid |
| Dan Fittock [DF] (Secretariat) | ElectraLink |

| Apologies | Company |
|-----------------|-------------------|
| Chris Barker | ENWL |
| 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. Review of DCP 274 Consultation Responses

The DCP 274 Consultation Responses and Working Group comments can be found as Attachment 1.

- 2.1 The Working Group reviewed the consultation responses and made a number of observations:
 - Question 3 resulted in a discussion on how the O&M Charges should be recovered. Noting the mixed responses to the consultation, the Working Group Members were asked to vote on their view. However, this also gave an inconclusive response with some Working Group members believing that O&M Charges should be recovered on import, some members believing that the O&M Charges should be recovered on export, and some members believing that O&M charges should be recovered on both import and export.
 - There was also a view from several Working Group members that there was currently a lack of evidence from the proposal that use of network assets was being double charged for the import and the export, with some members believing that the O&M charges on import and on export cover separate uses of assets. Additionally, the Ofgem representative noted that in order for Ofgem to come to a determination on whether a proposal meets the DCUSA criteria, proof of double charging would be required to ensure that this proposal meets the DCUSA Objective regarding improving cost reflexivity. It was highlighted by a Working Group member that in order to ascertain whether double charging is occurring, a review of the O&M charge calculation for both import and export would need to take place and the charge calculations compared to see if any aspects of the charge overlap. As the proposer of this CP, AP agreed to take this action and feedback the findings at the next Working Group meeting.

ACTION: 05/01 - AP

- The Ofgem representative highlighted the Targeted Charging Review Consultation which contains proposals around storage and residual charging arrangements. The Working Group considered whether any element of the review overlaps with this proposal. The Working Group agreed that there may be an overlap for the EDCM as the proposals would reduce the capacity charges for the import/export side of the battery storage. This reduction on the import side would reduce the cost of battery storage. The Working Group agreed to keep this in mind as part of their further discussions.
- Question 5 prompted a discussion regarding the capping of Network Use Factors (NUFs) with a Working Group member asking if the capping of NUFs was being considered as part of the

CDCM/EDCM Review Group. The Working Group noted that it is expected that NUF capping would be discussed as part of the CDCM/EDCM Review Group, but the group had not yet looked at the issue in detail. On this basis, it was agreed that the capping of NUFs was considered outside the scope of this Working Group.

- As part of discussions regarding which DCUSA Objectives are better facilitated by this change, the Working Group could not come to a consensus. It was agreed that this would be discussed as part of the Change Report phase once the review of the evidence is concluded at the next Working Group meeting.
- The Working Group reviewed the scenario provided by Northern Powergrid as part of their response to Question 10, noting that the various types of sites detailed in the example cannot be compared as they each have different incentives on how they operate.
- Following the review the consultation responses the proposer provided a preference for taking forward the alternate rather than the original solution for this change and provide the relevant impact analysis on that basis.

3. Work Plan

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

4. Next Steps

- 4.1 The DCP 274 Working Group agreed the next steps as follows:
- AP to provide the Working Group with a breakdown of the O&M Charges as part of the review of evidence; and
 - The Working Group to reconvene on 9 May 2017 to review this evidence.

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 Working Group will reconvene on 9 May 2017 via web conference.

Attachments

Attachment 1 – DCP 274 Consultation Responses with Working Group comment

Attachment 2 – DCP 274 Work Plan Updated

New and open actions

| Action Ref. | Action | Owner | Update |
|-------------|---|-------|--------|
| 05/01 | To Breakdown the different elements that go in to the capacity charge for generation and import and determine if there is a cross-over. | AP | |

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. |