

DCP 266 Working Group Meeting 22

28 March 2019 at 10:00am

Skype Meeting / Teleconference

| Attendee | Company |
|---|--------------------|
| Working Group Members | |
| Andrew Enzor [AE] | Northern Powergrid |
| Matt Johnson [MJ] | ESP Electricity |
| George Moran [GM] | British Gas |
| Modelling Consultant | |
| Paget Fulcher | CEPA |
| Oliver Bob Humphries | CEPA |
| Code Administrator | |
| John Lawton [JL] (Chair) | ElectraLink |
| Dylan Townsend [DT] (Technical Secretariat) | ElectraLink |

| Apology | Company |
|-------------------|---------|
| Mike Harding | BU-UK |
| Chris Barker [CB] | ENWL |

1. Administration

- 1.1 The Secretariat noted the welcome and apologies for this meeting.
- 1.2 The Working Group reviewed the “Competition Law Guidance”. All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.
- 1.3 The Working Group reviewed the minutes from the last meeting and agreed that the minutes were an accurate reflection of the discussions held.
- 1.4 The Working Group noted the items on the actions list from the last meeting. Updates on all actions are provided in Appendix A.

2. Discussion related to Action 19/01: Discount $p/kWh = P / (S + U)$

- 2.1 It was noted that following the previous meeting, the one Working Group member had taken the time to investigate Action 19/01 which had been ongoing for the last few meetings. That action was for the Working Group to review the calculations under paragraph 46 of the draft legal text. Specifically, to ascertain if the 'S' and 'U' as part of " $P / (S + U)$ " were in fact needed and if so for what purpose.
- 2.2 In short, the member had come to the conclusion that the 'P' term in the equations, when calculated on a p/kWh basis, is the LDNO allocation that the group are trying to calculate, and the division by 'S+U' should be removed. The Working Group agreed that the current definition for 'P' is not well worded (e.g. use of the phrase 'up to' where it really means 'down to', at least in voltage terms).
- 2.3 It was noted that 'P' is the sum of the p/kWh allocations for all network levels below the network level of the DNO Party-embedded network boundary up to and including the network level of the end user in the case of demand, and up to and excluding the network level of the end user in the case of generation. However, this should be read as 'all voltage levels which the LDNO provides' (which aligns to the modelling) and so the sum of p/kWh allocations for those voltage levels will give precisely the sum of revenue allocated to network tiers for which the LDNO is responsible. Therefore, the Working Group agree that they should be dividing this number by the average ATW p/kWh to determine the discount, but instead, it is first being divided by 'S+U'.
- 2.4 So, in dividing by S+U, the Working Group agreed that they were inflating the p/kWh LDNO allocation before they divide by the average ATW p/kWh.
- 2.5 Following this discussion, the modelling consult representatives were asked for their view on the calculation, to which they agreed that this concern was valid.
- 2.6 The Working Group proceeded to amend the draft legal text to remove the 'S+U' from the calculations as well as the associated definitions. The document capturing these amendments acts as Attachment 1 to the minutes.
- 2.7 It was agreed that the group would need to request for updates to be made to the PCDM, to reflect the removal of 'S+U' from the calculations. It was also agreed that the impact assessments completed previously would have been affected and so there is also a need request for two new impact assessments to be carried out. It was noted that only the PCDM is impacted and not the other models previously provided. The Secretariat took an action to compile a modelling support specification pack in line with the previous requests and to seek approval from the relevant Panel members for it to be issued to the modelling consultant.

ACTION: 22/01 – ElectraLink to compile a modelling support specification pack in line with the previous requests and to seek approval from the relevant Panel members for it to be issued to the modelling consultant.

3. Review of items potentially requiring updates as result of Action 19/01

- 3.1 The Working Group agreed that the consultation document would require amendment following the receipt of the updated PCDM and impact assessments. It was also agreed that the spreadsheets containing the backing data to a number of tables and graphs within the consultation document which will also be attached to the consultation will require updating. The Secretariat took an action to update the spreadsheets and the consultation document following receipt of the updated PCDM and impact assessments and will circulate to the group for review.

ACTION: 22/02 – ElectraLink to update the spreadsheets containing the backing data to a number of tables and graphs within the consultation document as well as the consultation document itself following receipt of the updated PCDM and impact assessments and then circulate to the group for review.

4. Next steps and Work Plan

- 4.1 The Chair questioned whether the group believed there was a need for populated models to be available for use by Parties who wish to undertake detailed analysis as was requested prior to the first consultation. The modelling consultant representatives were also asked whether the provision of populated models was something that they could accommodate. The group and modelling consultant representatives discussed this topic and it was noted that the provision of populated models is not something that is automatically available as part of a standard modelling support request but that the modelling consultant is able to undertake the task which would need to form a separate request. Although none of the members present believed there was a need to provide populated models, one member took an action to check with a member who was not in attendance to confirm if they are comfortable with this.

ACTION: 22/03 – MJ to check with MH along with the IDNO community as to whether they believe that there is a need issue a separate request for the modelling consultant provide populated models so that they can be made available should any Party wish to undertake detailed analysis on the solution set out in the second consultation. MJ to also confirm if there are any views with respect to the length of time the consultation is issued for.

- 4.2 Chair also questioned whether the group had any views related to the length of time that Parties should be given to respond to the second consultation. Specifically, given the tight timeframe that would need to be adhered to if DCP 266 is to be implemented on 01 April 2021. It was noted that the standard timeframe for consultation is 15 Working Days but that last time there was a request from within the group that the consultation period be extended to 25 Working Days. Although none of the members present believed there was a need to provide extra time for Parties to respond to the consultation, one member was of the view that four weeks (20 Working Days) might be beneficial. The member suggested that in completing Action 22/03, they would also seek to confirm if there is a view from a member not in attendance and/or the IDNO community with respect to the length of time the consultation is issued for.

- 4.3 The Chair requested the Secretariat to update the Work Plan in line with the next steps as discussed during the meeting and in doing so extend the date on which it is expected that the group will submit a Change Report to the Panel from the June Panel meeting to the July Panel meeting. The updated the Work Plan acts as Attachment 2 to the minutes.

5. Any Other Business

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

6. List of Attachments

- Attachment 1 – DCP 266 Draft Legal Text (Updated)
- Attachment 2 – DCP 266 Work Plan (Updated)

Appendix A – Actions

New and Open Actions *(Updates set out in blue)*

| Ref. | Action | Owner | Update |
|-------|---|--------------|--------|
| 22/01 | Compile a modelling support specification pack in line with the previous requests and to seek approval from the relevant Panel members for it to be issued to the modelling consultant. | ElectraLink | |
| 22/02 | Update the spreadsheets containing the backing data to a number of tables and graphs within the consultation document as well as the consultation document itself following receipt of the updated PCDM and impact assessments and then circulate to the group for review. | ElectraLink | |
| 22/03 | Check with MH along with the IDNO community as to whether they believe that there is a need issue a separate request for the modelling consultant provide populated models so that they can be made available should any Party wish to undertake detailed analysis on the solution set out in the second consultation. MJ to also confirm if there are any views with respect to the length of time the consultation is issued for. | Matt Johnson | |

Closed Actions *(Updates set out in blue)*

| Ref. | Action | Owner | Update |
|-------|---|---------------|---|
| 19/01 | Review what the calculations are doing as set out under paragraph 46 of the draft legal text. Specifically, whether the 'S' and 'U' are needed as part of the following "P / (S + U)". It is noted that this area was not something highlighted by the modelling consultant and as such will be undertaken in isolation to the modelling request. | Working Group | Ongoing: 05 March 2019 - ElectraLink to gather and circulate to the Working Group some more detail related to 'ACTION 19/01' Completed: 28 March 2019 – Discussed during meeting 22. |
| 20/01 | Request for the modelling consultants to provide the populated models that were used for the impact assessment and once received to provide the populated models to the individual DNOs for them to be able to assess the results against their expectations. | ElectraLink | Ongoing: 05 March 2019 - Populated models were requested, however, have been advised that these are not instantly available and would need to be produced by the modelling consultant at the request of the group. Completed: 28 March 2019 – Discussed during meeting 22. |
| 21/01 | Produce the spreadsheet containing the data and charts with respect to the volatility test and provide a paragraph in consultation that explains the results. | George Moran | Completed: 28 March 2019 |
| 21/02 | Insert new paragraph 6.8 into the consultation document that references CEPA/TNEI impact assessment documents and include figure 3.3 from the commentary document with the consultation document. | ElectraLink | Completed: 28 March 2019 |
| 21/03 | Give the consultation document a general tidy, including updating all paragraph, attachment, page and date references throughout. | ElectraLink | Completed: 28 March 2019 |