

# DCP 266 Working Group Meeting 07

20 June 2017 at 10:00am

Skype Meeting

Attendee	Company
<b>Working Group Members</b>	
Anika Brandt [AB]	SSEN
Dave Wornell [DW]	Western Power Distribution
George Moran [GM]	British Gas
Mark James [MJ]	UK Power Networks
Pat Wormald [PW]	Northern Powergrid
Robert Fairbairn [RF]	Northern Powergrid
Tim Aldridge [TA]	Ofgem
Simon Yeo [SY]	Western Power Distribution
<b>Code Administrator</b>	
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT]	ElectraLink
Hollie Nicholls [HN]	ElectraLink

Apologies	Company
Chris Ong	UK Power Networks
Neil Brinkley	BUUK Infrastructure
Mike Harding	BUUK Infrastructure

## 1. Administration

- 1.1 The Secretariat noted the welcome and apologies for this meeting.
- 1.2 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.

- 1.3 The Working Group reviewed the Minutes from the last meeting and agreed 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. Review of the Impact Assessment

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- 2.1 The Working Group reviewed the Impact Assessment documentation that had been circulated prior to the meeting and which acts as Attachment 1 to the minutes.
- 2.2 One Working Group member had informed the Secretariat that he had noticed some inconsistencies in the tariff spreadsheet provided as part of the impact assessment. The inconsistency was noted against both WPD's West Midlands tab and NPg's Northeast areas, specifically rows 14 (LV Network Domestic) and row 45 (LDNO LV: LV Network Domestic). It was noted that the price does not change between the two cells and thus there is no discount coming through.
- 2.3 The Working Group discussed the concern and that it may be due to there are no customers currently on that tariff. It was noted that under the current methodology where there are no volumes or forecast volumes for a specific tariff then that tariff would not be accurate but the discount will come through as a percentage. Changing to a p/kwh figure results in no discount coming through and the group considered if providing a fix for this issue could be in scope of DCP 266. The Working Group discussed if it would be beneficial to highlight the issue within the consultation and ask a question with the aim of confirming if Parties have a view on an appropriate course of action.
- 2.4 The Working Group discussed that along with the '0 volumes' issue it would be beneficial for further work be undertaken on previously identified issues which were noted as being 'negative discounts' and 'LDNO EHV generation approach'. GM agreed to take this as an action and provide the information to the Working Group. The Working Group agree that once the three issues have been considered in full that a secondary request can be submitted to the modelling consultant to amend the original model and answer any questions on the issues if needed.

**Action 07/01: George Moran to provide information on negative discounts and LDNO EHV generation approach and 0 volumes issues to the Working Group.**

- 2.5 The Working Group agreed that further investigation is needed prior to taking any further action and requested the Secretariat obtain the suite of models that the modelling consultant have used to produce the impact assessment and to circulate these to the group. The Working Group will then review the impact assessment again alongside the CDCM, EDCM and GM Models.

**Action 07/02: ElectraLink to obtain the suite of models that the modelling consultant used to produce the impact assessment. The Working Group to then review the impact assessment alongside these.**

- 2.6 The Working Group agreed that it would also be beneficial to be provided with the documentation relating to the request for modelling that was originally sent to the modelling consultant.

**Action 07/03: ElectraLink to forward the original request for modelling to the Working Group so it can be confirmed what was requested at the time.**

- 2.7 One Working Group member requested a summary be pulled together to showcase what the Working Group had done in regard to the assumptions for the modelling request. RF took an action to complete this from a Northern Powergrid perspective.

**Action 07/04: Robert Fairbairn to produce a summary to showcase what the group have done in regard to the assumptions for the modelling request.**

### 3. Review of DCP 266 Legal Text

- 3.1 The Working Group reviewed and amended the draft legal text for DCP 266. The document capturing the amendments made during the meeting acts Attachment 2 to the minutes.
- 3.2 During the review, references within the legal text to IDNO were updated to LDNO and the Working Group noted that if DCP 252 is not approved then a housekeeping change will need to be raised to correct the references.
- 3.3 It was noted that the below sentence from paragraph 46A of the legal text may be impacted should DCP 268 be approved due to tariff name changes being introduced by DCP268.

“For this purposed the Domestic Two Rate and Domestic Restricted tariffs will be aggregated and the Small Non-Domestic Two Rate and Small Non-Domestic Restricted tariffs will be aggregated.”

The Working Group agreed that a comment should be added to the consultation to explain the potential impact that DCP268 may have on this change proposal.

**Action 07/05: ElectraLink to add a comment to the consultation to explain the potential impact of the approval of DCP 268 on paragraph 46A of the legal text for DCP 266.**

### 4. Review of DCP 266 Draft Consultation

- 4.1 The Working Group reviewed the DCP 266 draft consultation document which had been circulated prior to the meeting. The updated version of the draft consultation document which captures the discussion and amendments agreed by the Working Group acts as Attachment 3 to the minutes.
- 4.2 The Working Group also highlighted that the approach used for and the reasons why the 07/08 data does not need to be used should be included within the proposal. One Working Group member agreed to circulate what they had written in regard to this.

**Earlier Action 03/01: George Moran agreed to circulate what has been drafted in regard to the approach used for and the reasons why 07/08 data is not being included in the proposal.**

- 4.3 Within Section 4 of the consultation document, the Working Group agreed that the impact assessment outcomes, including the set of questions, should be included here. The full Impact Assessment and Models should be included as an Attachment to the consultation document. The potential housekeeping change will need to be highlighted within this section to make Parties aware that there are potential consequential impacts that relate to DCP 252 and 268, dependent on

whether they are implemented. The Working Group noted that the proposed legal text section should be updated to reflect the discussions held in this meeting.

**Action 07/06: ElectraLink to update the consultation document with the following**

- **Impact assessment outcomes, including the set of questions**
- **The full Impact Assessment and Models should be included as an Attachment**
- **The potential housekeeping change will need to be highlighted**
- **The potential consequential impacts that relate to DCP 252 and 268**
- **The proposed legal text section should be updated to reflect the amended legal text**

## 5. Review of Work Plan

5.1 The Working Group reviewed the Work Plan and agreed that the following next steps should be taken:

- ElectraLink to circulate what was originally requested from the Modelling Consultant and the Working Group to then decide what they want the modeller to do in regard to the CDCM, EDCM and Model GM.
- GM to confirm EDCM LDNO discounts greater than 100% and feedback to Working Group.
- Modelling update request issued once the Working Group are comfortable that all potential issue areas have been covered off.
- The consultation document will continue to be drafted excluding the Impact Assessment section, which will need to be completed once updated Impact Assessment is available.

5.2 An amended version of the work plan can be found as Attachment 4

**Action 07/07: ElectraLink agreed to update the Work Plan according to the discussion held and then circulate to the Working Group.**

## 6. Any Other Business

6.1 There were no items of AOB and the Chair closed the meeting.

## 7. Date of Next Meeting – w/c 31st July 2017

7.1 The Working Group agreed for the next meeting to be conducted via web-conference week commencing 31<sup>st</sup> July 2017. The date will be confirmed via Doodle Poll.

## 8. List of Attachments

- Attachment 1 – DCP 266 Impact Assessment
- Attachment 2 – DCP 266 Draft Legal Text
- Attachment 3 – DCP 266 Draft Consultation
- Attachment 4 – DCP 266 Work Plan

## Appendix A – Actions

### New and open actions

Action Ref.	Action	Owner	Update
01/03	<p>Points for consideration during the consultation</p> <ul style="list-style-type: none"> <li>Clarify why the new proposed calculation method is better and demonstrate that the CP meets the DCUSA objectives.</li> <li>Impact Analysis to be carried out as part of the CP development process.</li> <li>Consider issues with the existing PCDM, calculation method within the model</li> </ul> <p>Clarify that the CP does not intend to change what the IDNOs charge to their customers, there is no intent to change the end user tariff.</p>	All	20/06/2017 - Ongoing
03/01	Update the consultation with a high-level explanation of the PCDM costs calculations. Setting out at a high level why not using is it feasible to used allowed revenue for the upcoming charging year. From 07/08 charging year.	George Moran	20/06/2017 - Ongoing
06/04	Include question within consultation asking parties for their views on how incentives should be treated and if that they view suggests a change to the current approach then rationale is to be provided.	ElectraLink	20/06/2017 - Ongoing
06/07	Review paragraph 45 of the legal text to confirm whether further amendments are required to this paragraph	George Moran	20/06/2017 - Ongoing
06/08	Send updated legal text to the modelling support consultant and ask them to confirm if their model aligns to the legal text	ElectraLink	20/06/2017 - Ongoing
06/09	Ask the modelling support consultant if the Working Group could have an input sheet that is a cut and paste from the CDCM and one that is from the current method M. For practically of populating	ElectraLink	20/06/2017 - Ongoing

07/01	Provide information on negative discounts and LDNO EHV generation approach and 0 volumes issues to the Working Group.	ElectraLink	
07/02	Obtain the suite of models that the modelling consultant used to produce the impact assessment. The Working Group to them review the impact assessment alongside these.	ElectraLink	
07/03	Forward the original request for modelling to the Working Group so it can be confirmed what was requested at the time	ElectraLink	
07/04	Produce a summary to showcase what the group have done in regard to the assumptions for the modelling request.	Robert Fairbairn	
07/05	Add a comment to the consultation to explain the potential impact of the approval of DCP 268 on paragraph 46A of the legal text for DCP 266.	ElectraLink	
07/06	Update the consultation document with the following: <ul style="list-style-type: none"> <li>• Impact assessment outcomes, including the set of questions</li> <li>• The full Impact Assessment and Models should be included as an Attachment</li> <li>• The potential housekeeping change will need to be highlighted</li> <li>• The potential consequential impacts that relate to DCP 252 and 268</li> <li>• The proposed legal text section should be updated to reflect the amended legal text</li> </ul>	ElectraLink	
07/07	Update the Work Plan according to the discussion held and then circulate to the Working Group.	ElectraLink	

## Closed actions

Action Ref.	Action	Owner	Update
06 /01	Circulate new CDCM and EDCM models to the Working Group	ElectraLink	20/06/2017 - Completed
06/02	Ask the modelling support consultant if the risk of negative discounts occurring being removed from this new model? If not, what sort of circumstances could result in a negative discount?	ElectraLink	20/06/2017 - Completed
06/03	Ask the modelling support consultant if they could provide a high-level overview of the calculation steps in the "G-Calc" sheet	ElectraLink	20/06/2017 - Completed
06/05	Confirm with the modelling support consultant if the revenues 1315 item has this been mislabelled and is this not really 07/08 prices.	ElectraLink	20/06/2017 - Completed
06/06	Send out table 1001 to Working Group and include items that the Working Group believe are incentives. Working Group members to respond with thoughts on incentive items. ElectraLink to provide information to the modelling support consultant	ElectraLink	20/06/2017 - Completed