

# DCP 259 Working Group Minutes

<b>Meeting Name</b>	DCP 259 Working Group
<b>Meeting Number</b>	02
<b>Date</b>	17 December 2015
<b>Time</b>	10:00am
<b>Venue</b>	Web-Conference

<b>Attendee</b>	<b>Company</b>
Paul McGimpsey [PM] (Chair)	Scottish Power
Neil Magrath [NM]	UK Power Networks
Tim Hughes [TH]	Western Power Distribution
Wayne Mullins [WM]	National Grid
Claire Hynes [CH] (Secretariat)	ElectraLink

<b>Apologies</b>	<b>Company</b>
Fruszuna Kemenes	RWE Inogy UK
Peter Turner	Northern Powergrid

## 1 ADMINISTRATION

- 1.1 The minutes of the last meeting were approved without amendment.
- 1.2 The Working Group updated the open and closed actions as set out in Appendix A.
- 1.3 The Working Group reviewed the “Competition Law Dos 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.
- 1.4 The Working Group reviewed the DCP 259 Terms of Reference (ToR). All Working Group members agreed to the terms and the work plan set out in the document for the duration of the Working Group.

## 2 APPOINTMENT OF CHAIR

- 2.1 PM agreed to act as the Chair of the Working Group for the duration of this meeting.

## 3 CMP 223 USER COMMITMENT FOR RELEVANT DISTRIBUTED GENERATORS

- 3.1 WM provided a presentation on the CUSC Modification Proposals (CMPs) 192 and 223 which acts as Attachment 1.
- 3.2 Prior to CMP 192, National Grid had an arrangement to secure the forecast cost of any scheme to facilitate new generation and demand connections on the transmission system. Concerns were raised when National Grid found themselves to be over securitized.

- 3.3 CMP 192 introduced CUSC Section 15<sup>1</sup> which outlines the likely charges that will be applied if a generator or an interconnected or distributed embedded generator terminates their contract or reduces their capacity requirement.
- 3.4 There is a specific cost for work between where the generator connects and the main generator transmission system. The costs are broken down between attributable and wider.

#### Attributable

- A main transmission substation connection and the substation is a GSP and has 2 or more transmission circuits, the attributed circuit is the connected asset. National grid estimates the attributable works every six months and sends out a security statement of the project costs monthly. It is divided between the generation connected at the substation and the contribution to the need of each asset.

#### Wider

- Where a connected asset is to an existing substation. This is a non-GSP with 5 or more transmission circuits then it is captured in wider costs. The wider element rather than being based on the actual scheme costs incurred by that generator, National Grid looks at what they are paying on each transmission constraint boundary. If the generator reduces their capacity or chooses to terminate then National Grid look at the amount of MW (£ per MW the customer is liable for) in each boundary area and sum it for the area that is impacted by the generation. This gives a locational signal to the customer.

When a generator pulls out then the sum of the attributable costs and the wider cancellation charge are applied.

- 3.5 The Customer can choose to fix or pay their actual liability depending on how likely they consider they will complete the generation project.
- 3.6 Under CMP 192, National Grid undertook research on the likelihood of a generation project being cancelled and discovered that prior to the generator receiving key planning consents that 42% of projects pulled out and after receiving key planning consents that only 10% pulled out. National grid decided to require the customer to provide reducing security over the 4 years prior to the completion of the generation project.
- 3.7 Under CMP 223 National Grid undertook research on the reduction in cancellation pre and post consent for distributed generation projects. Between the trigger date and the consent the DG party will need to hold 45% security and 26% security post consent but prior to the commissioning date.
- 3.8 The new arrangements under CMP 223 will apply from the 01 April 2016. A data request will be issued to clarify which generation projects this applies to that National Grid does not have data on. National Grid will send out security statements which will detail the security that must be held for each distributed generator that has triggered a construction agreement with the DNO. The statement will set out how many megawatts at each site and whether the project has received key consents and if they have been notified whether it is fixed or actual. Unless National Grid has been otherwise advised, National Grid will assume that the generation project has not received key consents and they have not fixed. DNOs will have 5 business days to issue these statements. The DNOs will be provided with a spreadsheet

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<sup>1</sup> User Commitment Methodology

template and notified in which format the National Grid wishes to receive the information. DNO Parties are encouraged to approach National Grid to start a dialogue on ways in which this may be better approached.

- 3.9 The two main elements from the CUSC modification is the pass through mechanism and the clarification on liabilities which need to be reflected in DCUSA. As long as the DNO replicates the CUSC arrangements the DNO will be able to receive unsecured debt payments from National Grid. The DNO will need to provide evidence based proof that they have chased the debt before taking the customer to court for the debt. Once proof has been provided that the DNO is unable to obtain payment from the customer with the application to National Grid, National Grid may cover the unsecured debt. If the DNO subsequently receives payment from the liquidation of a company, National Grid must be paid back. Please see the Annex to the CMP 223 modification report for detail on this process including the debt threshold.
- 3.10 Members considered that additional text may need to be added on the Cancellation Charge to the DCP 259 draft legal text.

#### **4 NEXT STEPS**

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- 4.1 The DCP 259 Working Group agreed the next steps as follows:
- The Working Group agreed to meet on the 15 January 2016 to review and finalise the draft legal text.

**ACTION 02/01: ALL**

#### **5 ANY OTHER BUSINESS**

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- 5.1 There were no items of any other business.

#### **6 NEXT MEETING**

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- 6.1 The next meeting is scheduled for 10:00am on Friday, 15 January 2016 via web-conference.

#### **ATTACHMENTS**

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- Attachment 1 - National Grid's CMP223 - User Commitment for Relevant Distributed Generators Presentation

**APPENDIX A: SUMMARY OF ACTIONS**

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**NEW AND OPEN ACTIONS**

Action Ref.	Action	Owner	Update
01/01	Re-draft the legal text based on the meetings discussions.	PM	On-going.
02/01	All Working Group members to review the three version of the draft legal text in light of the CMP 223 presentation for the next meeting on the 15 January 2016.	All	15 January 2016

**CLOSED ACTIONS**

Action Ref.	Action	Owner	Update
01/02	Refine the wording in Clause 5.44B set out in Attachment 1.	WM	Completed. Draft legal text provided by e-mail on the 15 December 2015.
01/03	Provide a presentation on the enduring user commitment arrangements at the 17 December 2015 Working Group meeting.	WM	Completed. Presentation at this meeting.