

# DCP 259 Working Group Minutes

<b>Meeting Name</b>	DCP 259 Working Group
<b>Meeting Number</b>	04
<b>Date</b>	27 January 2016
<b>Time</b>	10:00am
<b>Venue</b>	Web-Conference

Attendee	Company
Peter Turner [PT] (Chair)	Northern Powergrid
Fruzsina Kemenes [FK]	RWE Innogy UK LTD
Jonathan Morris [JM]	Ofgem
Paul McGimpsey [PM]	Scottish Power
Tim Hughes [TH]	Western Power Distribution
Wayne Mullins [WM]	National Grid
Will Hammond [WH]	UK Power Networks
Claire Hynes [CH] (Secretariat)	ElectraLink

Apology	Company
Brian Hoy	ENWL
Gwen McIntyre	SSE
Neil MaGrath	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 minutes of the last meeting were approved with minor amendments. The Working Group updated the open and closed actions as set out in Appendix A.

**Action 03/04:** The Working Group discussed WM’s e-mail on the steps in the refund process of National Grid’s security mechanism which acts as Attachment 1. Members asked what were in National Grid’s view sufficient steps to recover the debt by the DNO. WM listed some items that would count as evidence of attempting to recover the debt:

- a court summons has been issued;
- stated a claim with the administrator;
- a bankruptcy or wind up order has been issued;
- application to a court for a judgement on a claim,
- the debt falls above a certain threshold (the CUSC states the steps the DNO should take); and
- Contacting the customer and payment reminder notices.

The group agreed to ask the DCUSA legal advisor a question on whether there are any confidentiality issues that would prevent the DNO from justifiably sharing Customer information to show that they had sufficiently chased the debt with National Grid. The group referenced the general restrictions on disclosure of information under Section 105 of the Electricity Act.

#### **ACTION 04/01: ELECTRALINK & PT**

The group considered the previous meeting's question on whether at Ofgem's annual review if they disapprove of National Grid's decision to reimburse a DNO through the CMP 223 security mechanism and refuse to provide the funding to National Grid to cover it, can National Grid claim it back from the DNO? WM advised that as there is no retrospective recovery mechanism set out in the CUSC, National Grid will not be able to recover it.

## **2 REVIEW OF THE DCP 259 DRAFT LEGAL TEXT**

---

- 2.1 The Working Group reviewed and amended the DCP 259 draft legal text which acts as Attachment 2.
- 2.2 The Working Group debated whether the additional words of *"attributed to your connection"* in proposed Clause 5.44A were necessary. One member suggested that the wording provided a clear indication to both the generator and the distributor that the relevant agreed liability and security in line with the CUSC should be applied to all DG connections. This member was satisfied with later amendments to the text as it is clearly set out in the CUSC that the DNO is obliged to offer a choice to downstream generators of fixed or actual liability for the project work every 6 months.
- 2.3 Another member suggested the wording *"attributed to your project"*. Members advised that the charge for works that you might be applying could be possible for more than one project. Members considered the scenario where there was an upgrade to a transformer at a grid supply point and the DNO had issued offers to four or five Parties that are dependent on that work. The offer would be based on the attributed cost to connect but the DNO would be unable to predict if a party will take up the offer. The DNO would consider the worse case scenario which is the fatality of the works (£2 million) and then the terms would change once the other Parties positions have been confirmed. Once the five parties have signed on to their connection offers then the costs are apportioned between the parties. The project work is broken down in to phases and parties pay to meet milestones in the project through a contractual mechanism. The security being held by the DNO for one party covers a phase of the work but does not cover the cost of the remaining phases of that project if the party terminates. On one parties termination, the cost of the remaining project phases is apportioned between the remaining parties. In this scenario the remaining parties are impacted by an increase in cost for the next phases of the project to cover the monetary gap of the terminated party. Members considered that this was a risk that developers consider when they choose whether to fix or not fix their attributable liability. The group agreed the final wording of *"we will reflect such costs in our charges to you"...*
- 2.4 The Working Group agreed to reference CUSC Clause 16.5 page 212 on the recovery of the cancellation charge in the change report as set out below:
 

16.5 *In order for the User to make an application for payment of a Cancellation Charge Shortfall the following conditions must have been met and evidence of this provided to The Company by the User with the application.*

- i) *that the User asked the Developer whether or not it wishes the User to elect for the Fixed Cancellation Charge and elected accordingly; and*
- ii) *(in respect of its liability for the Cancellation Charge as it relates to this Contruction Agreement) for each Security Period the User only sought security from the Developer for the amount as set out in the Cancellation Charge Secured Amount Statement for that Security Period]*

- 2.5 The secretariat agreed to provide the draft legal text and legal advice questions to Working Group members for final review by the 29 January 2016. The finalised text will be submitted to the DCUSA legal advisor to review for a period of one week.

**ACTION 04/02: ELECTRALINK**

- 2.6 PT agreed to write the draft change report and circulate it to Working Group members for a final review in line with action 03/05.

### **3 NEXT STEPS**

---

- 3.1 The DCP 259 Working Group agreed the next steps as follows:
- The Working Group agreed to meet on the 08 February 2016 at 9:00am to review comments from the legal advisor on the legal text and to finalise the DCP 259 draft change report.

### **4 ANY OTHER BUSINESS**

---

- 4.1 There were no items of any other business.

### **5 NEXT MEETING**

---

- 5.1 The next meeting is scheduled for 9:00am on 08 February 2016 via web-conference.

### **ATTACHMENTS**

---

- Attachment 1 – Outlook E-mail Action 03/04
- Attachment 2 – DCP 259 Draft Legal Text D with Working Group Comments

**APPENDIX A: SUMMARY OF ACTIONS****NEW AND OPEN ACTIONS**

Action Ref.	Action	Owner	Update
03/05	Provide a first draft of the DCP 259 change report for the review of the Working Group.	ElectraLink & Peter Turner	On-going.
04/01	Ask the DCUSA legal advisor a question on whether there are any confidentiality issues that would prevent the DNO from justifiably sharing Customer information to show that they had sufficiently chased the debt with National Grid.	ElectraLink & Peter Turner	
04/02	Provide the draft legal text and legal advice questions to Working Group members for final review by the 29 January 2016	ElectraLink	

**CLOSED ACTIONS**

Action Ref.	Action	Owner	Update
03/01	PM agreed to reword Clause 5.44D of the draft legal text.	Paul McGimpsey	Completed. The amended legal text was considered at this meeting. Please see Attachment 2.
03/02	Recommend to the DCUSA Panel that this change is treated as a Part 1 Matter	ElectraLink	Completed. The DCUSA Panel agreed for this change to be treated as a Part 1 Matter.
03/03	Undertake further reading on CMP 223 ahead of the next meeting	All	Completed. Peter Turner provided a CMP223 summary note to the group prior to the meeting.
03/04	Provide an overview of the steps in the refund process of National Grid's security mechanism.	Wayne Mullins	Completed. Wayne Mullins circulated the steps in the refund process to the group via e-mail on the 19 January 2016. Please see Attachment 1.