

# DCP 251 and DCP 252 Working Group Minutes

<b>Meeting Name</b>	DCP 251 and DCP 252 Working Group
<b>Meeting Number</b>	10
<b>Date</b>	15 August 2016
<b>Time</b>	10:00
<b>Venue</b>	Teleconference

<b>Attendee</b>	<b>Company</b>
John Lawton [JL] (Chair)	ElectraLink
Anika Brandt [AB]	SSE
Chris Allanson [CA]	Northern Powergrid
Keith Burwell [KB]	Ofgem
Mike Harding [MH]	Brookfield Utilities
Pat Wormald [PW]	Northern Powergrid
Rosalind Timperley[RT] (Secretariat)	ElectraLink
<b>Apologies</b>	<b>Company</b>
Chris Ong [CO]	UK Power Networks

## 1 ADMINISTRATION

- 1.1 It was confirmed that attendees had read the “Competition Law Dos and Don’ts” and all attendees agreed to be bound by the Competition Law for the duration of the meeting.
- 1.2 The Working Group agreed the minutes of the previous meeting as an accurate record.
- 1.3 Please refer to Appendix A for an update on all of the actions.

## 2 REVIEW AND POPULATION OF THE PNO STRUCTURE TEMPLATES

### Review of Templates 1 and 1a

- 2.1 It was noted at the previous WG meeting it had been agreed that the group needed a way to demonstrate Private Network Operator (PNO) and Independent Distribution Network Operator (IDNO) scenarios to show what is the same and what is different for use in the next consultation document. CA explained that he had produced two versions of the template - template 1 has diagrams next to each other whilst 1a has the diagrams under each other so that there is room for commentary down the side (the templates are provided as Attachment 1 and Attachment 2). Attendees noted their preference for template 1a.

### Review of Bubble Diagrams

- 2.2 The group then reviewed bubble diagrams which had been prepared by CA (provided as Attachment 3).
- 2.3 It was queried whether in instances where there is partial competition in supply, or full competition in supply, is the PNO obliged to charge DUoS or is it entirely optional? In response, KB noted that Ofgem’s guidance states that Ofgem must approve the methodology “if the PNO chooses to apply charges”, i.e. it is optional.
- 2.4 It was suggested that the following amendments should be made to the bubble diagrams:

- For completeness, the bubble diagrams should include two scenarios for PNOs, namely one where the PNO chooses to charge DUoS and one where it chooses not to.
  - “PNO MPAN” should say “PNO Boundary MPAN”
  - “INDO” should be “IDNO” on slide 2
- 2.5 It was also suggested that the bubble diagrams and information in template 1a should be combined into a signal spreadsheet for ease of use. CA took an action to update the bubble diagrams and create the combined spreadsheet accordingly.

**Action 10/01: CA**

#### **Provision of Services**

- 2.6 MH flagged that the IDNO is substituting the total service that the DNO would otherwise have to provide. It is not just an asset related cost but is about whole services, such as the provision of Metering Point Administration Services (MPAS). This is not the case for PNOs.
- 2.7 JL noted that Distribution Licence paragraph 35.3 states “on application made by any person” the Distributor must enter into an agreement for the provision of MPAN services. The group considered what this would mean in a scenario where an airport shop wished to take advantage of competition in Supply. The shop would require an MPAN and to obtain one “any person” could ask the DNO, IDNO or DNO operating out of area to provide an MPAN, this could mean the shop or the PNO. It was noted that IDNOs or DNOs operating out of area can choose to offer MPAS services but they are not obliged to.
- 2.8 MH advised that on the 1<sup>st</sup> slide of the bubble diagram, it needs to be clear that for PNO networks the DNO is provider of the MPANs, whilst for the IDNO networks the MPAN is provided by the IDNO.

**Action 10/02: CA**

#### **Charging for Private Network Provision**

- 2.9 It was noted that on the DNO and IDNO side, the DNOs and IDNOs take the risk of the Supplier becoming insolvent. The DNO and IDNO need to co-ordinate DUoS billing between themselves and the Suppliers. The billing will be to the boundary MPAN where there is a PNO.
- 2.10 It was queried whether a DNO is entitled to charge DUoS for a MPAN not on its system. In response, it was noted that the DNO is because the DNO’s network has been utilised to provide energy up to the PNO boundary. However, it could be questioned what is fair and reasonable. It was noted that this is outside of the scope of the Working Group, but the group could make a recommendation on this. It was noted that this matter is on the Working Group’s issues log.
- 2.11 The calculation and the billing of DUoS will be the distributors responsibility and will be billed to the PNO. For this CP the obligation will be for the distributor to bill in whichever way is appropriate.
- 2.12 CA queried whether the intent of this change to determine that DUoS should be charged on private networks, or is the Working Group to also design the mechanism for how the charges work. In response, the proposer noted that the intent of the CP is such that if the PNO is providing on an equivalent basis to the DNO then they should be entitled to charge DUoS. The DNO would need to determine how they would charge the DUoS via a bilateral agreement with the PNO.

### **3 DRAFTING OF THE NEXT CONSULTATION**

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- 3.1 Working Group members were asked to consider what they would like to capture in the next consultation document. In particular, should it be for the industry to decide whether there is undue discrimination or should a Working Group view be provided.
- 3.2 In response, it was suggested that a Working Group view should be provided and the consultation should ask respondents to comment on that view. Working Group members took an action to consider whether they believe undue discrimination is taking place for inclusion in the consultation document.

**Action 10/03: All**

- 3.3 It was agreed that the following questions should be included in the consultation document:
- Do the templates and diagrams provide you with sufficient information to understand the issue?
  - Do you agree with the Working Group's comparison of the differences between DNOs, IDNOs and PNOs, as set out in the diagrams?
  - Do you agree with the view of the Working Group? If not, are there areas that the Working Group has missed which might have resulted in a different view?
  - Even if it were the case that undue discrimination is taking place, due to the nature of how IDNO tariffs were developed, is it appropriate to calculate IDNO and PNO tariffs using the same approach?
- 3.4 It was highlighted that If the DNO is charging a boundary tariff to a PNO, then the capacity charges are a diversified tariff. If you are charging end customers on the PNO then it is not a diversified tariff in terms of Maximum Demand. The IDNO portfolio tariffs are based on the demand of each customer, and thus, are not diversified. It was noted that this needs to be captured within the templates.

**Action 10/04: CA**

- 3.5 It was also suggested that the term "Qualifying Network Operator" should be defined in the consultation and views on the definition sought. It was noted that identifying whether undue discrimination has taken place should help to create the definition, by enabling the group to base the definition on whether undue due discrimination has taken place.

## **4 REVIEW OF ISSUES LOG**

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- 4.1 The Working Group walked through their issues log and added updates to it. The latest version of the issues log, which includes the updates added at the meeting, is provided as Attachment 4.

## **5 NEXT STEPS AND WORK PLAN**

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- 5.1 The Working Group updated their work plan; the latest version of the plan is provided as Attachment 5. In terms of the initial next steps:
- CA agreed to update the templates and bubble diagrams to produce a diagram for each scenario; and
  - ElectraLink took an action to prepare a draft consultation document.

## **6 ANY OTHER BUSINESS**

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- 6.1 There were no further items of business raised.

## **7 NEXT MEETING**

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7.1 The next meeting is scheduled for 5 September at 2pm via webinar.

## **8 ATTACHMENTS**

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- Attachment 1 – Comparison Template 1
- Attachment 2 – Comparison Template 1a
- Attachment 3 - Bubble diagram
- Attachment 4 – Issues Log
- Attachment 5 - DCP 251 & DCP 252 Work Plan

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

Action Ref.	Action	Owner	Update
10/01	<p>Update the bubble diagrams as follows:</p> <ul style="list-style-type: none"> <li>include two scenarios for PNOs, namely one where the PNO choses to charge DUoS and one where it chooses not to.</li> <li>“PNO MPAN” should say “PNO Boundary MPAN”</li> <li>“INDO” should be “IDNO” on slide 2</li> </ul> <p>Also, the bubble diagrams and information in template 1a should be combined into a signal spreadsheet for ease of use.</p>	Chris Allanson	
10/02	Update the 1st slide of the bubble diagram to be clear that for PNO networks the DNO is provider of the MPANs, whilst for the IDNO networks the MPAN is provided by the IDNO.	Chris Allanson	
10/03	Determine if undue discrimination is taking place so that this view can be captured in the consultation document.	All	
10/04	Capture within the diagrams that if the DNO is charging a boundary tariff to a PNO, then the capacity charges are a diversified tariff. If you are charging end customers on the PNO then it is not a diversified tariff in terms of Maximum Demand. The	Chris Allanson	

	IDNO portfolio tariffs are based on the demand of each customer, and thus, are not diversified.		
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**CLOSED ACTIONS AT THE MEETING**

Action Ref.	Action	Owner	Update
09/01	To compile the templates for highlighting differences between PNO's and IDNO's, their provided services and contractual arrangements for the next Working Group.	Chris Allanson & Patricia Wormald	Closed