

# DCP 248 Working Group Minutes

<b>Meeting Name</b>	DCP 248 Working Group
<b>Meeting Number</b>	03
<b>Date</b>	4 November 2015
<b>Time</b>	13:00
<b>Venue</b>	Web-Conference

Attendee	Company
George Moran [GM] (Chair)	British Gas
Dave Wornell [DW]	WPD
Paul Bedford [PB]	Opus Energy
Andrew Neves [AN]	Engage Consulting
Bethany Hanna [BH]	Ofgem
Helen Fosberry [HF]	Eon Energy
Peter Waymont [PW]	UKPN
Maria Hesketh [MH]	Scottish Power
Peter Gray [PG]	SSE
Lauren Nicholls [LN]	ElectraLink
Rosalind Timperley [RT] (Secretariat)	ElectraLink

Apologies	Company
Lee Wells [LW]	Northern Powergrid
Richard Vernon [RV]	Npower
Donald Preston [DP]	SSEPD

## 1 ADMINISTRATION

- 1.1 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 Working Group agreed the minutes of the previous meeting with no comments.
- 1.3 The Group reviewed the open actions; updates on all actions have been provided in Appendix 1.

## 2 REVIEW OF CONSULTATION DOCUMENT

- 2.1 The Working Group walked through the draft DCP 248 consultation document. The latest version of the document, with amendments agreed at the meeting shown as tracked changes, has been provided as Attachment 1.

### Alternative Approach

- 2.2 During the review of the document the Working Group considered the suggestion that DNOs could set initial Maximum Import Capacity (MIC) values based on Maximum Demand for 12 months and then at the end of this period agree an enduring MIC. It was noted that a benefit of this approach is that it will work for customers that do not engage with their Supplier in a way that the currently proposed DCP 248 approach would not. The proposal will have the

same outcome as the current DCP 248 proposal in that it will protect customers from inappropriate capacity charges.

2.3 In response, it was cautioned that in over 50% of cases, the DNOs do not have a Maximum Demand figure that they could use.

2.4 The Group considered whether there were any other alternative approaches and agreed that the potential options that could be taken forward are:

1. The DCP 248 approach
2. The MIC could be set to zero for the first month with an excess capacity charge, after which the first month's data could be used. This would apply to all customers regardless of whether the DNO has a Maximum Demand value for them.
3. Maximum Demand data could be used, such that the customer would be charged an excess capacity charge based on their maximum demand each month. At the end of the 12 month period the customer could then agree a MIC value with the DNO or, if the customer does not engage, the DNO would have sufficient data to determine a value. Under this approach there would be no retrospective credit or rebilling. Where a Maximum Demand value is not available:
  - A national average could be used;
  - The value could be set to zero; or
  - The load factor and annual consumption data could be used to create an estimated value.

2.5 It was agreed that the DCP 248 consultation document should be updated to capture these alternative options.

**Action 03/01:** ElectraLink

2.6 GM took an action to produce worked examples of these options for inclusion in the consultation document.

**Action 03/02:** GM

#### DCP 161 'Excess Capacity Charges'

2.7 It was highlighted that when DCP 248 was raised, customers were expected to be incurring much higher excess capacity charges from 1 April 2016 as a result of DCP 161. The deferment of the implementation of DCP 161 to April 2017 means that this is no longer the case.

#### Customers that are Currently Migrating

2.8 It was highlighted that there are customers that will be moving measurement class in November 2015. It was questioned whether those customers that migrate before DCP 248 is implemented would also benefit from a 12 month grace period. In response, it was suggested that it would make sense for DNOs to take a flexible approach to allowing those customers to benefit from the protection that DCP 248 provides.

2.9 An attendee queried how the alternative proposed approaches would work for customers that migrate before DCP 248 is implemented. It was suggested that DNOs could write to the customers asking them if they would like to use the approach implemented by DCP 248.

Invoice costs

- 2.10 It was queried whether any analysis was done on the associated costs of issuing invoices as part of P272. This information would be useful when considering whether there should be a materiality threshold for DCP 248 related credit rebills.
- 2.11 Attendees took an action to investigate whether they have this information and can share it with the group.

**Action 03/03: All**

Materiality Threshold Analysis

- 2.12 It was observed that the materiality threshold analysis in the consultation document was not particularly easy to follow.
- 2.13 Working Group members took an action to consider how the information could be presented in a clearer format and GM agreed to provide accompanying commentary.

**Action 03/04: All & GM**

### **3 REVIEW OF DCP 248 LEGAL TEXT**

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- 3.1 The Working Group reviewed the DCP 248 legal text, which had been updated based on comments received at the previous Working Group meeting. Attendees had no comments on the updated legal drafting.
- 3.2 The Group discussed whether legal text for the alternative options should be drafted for inclusion in the consultation document. It was noted that if legal text is not prepared and the Group subsequently decide to progress one of the alternative options, then a second consultation would be needed to consult on the legal text for this option. The Group agreed that legal text should be prepared.

**Action 03/05: GM &PW**

### **4 NEXT STEPS**

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- 4.1 The Working Group agreed the work plan for the group, which has been provided as Attachment 2. The initial next steps are as follows:
- By 9 November: Electralink to update the consultation document to capture the meeting discussions and forward to GM and PW
  - By 12 November: GM and PW to prepare legal text for the alternative options and review the consultation document. The legal text and consultation document will then be circulated to the Working Group members for review
  - By 16 November: Working Group to review consultation document and legal text and provide comments
  - By 18 November: Based on Working Group comments:
    - GM and PW to update legal text; and
    - ElectraLink to update consultation document
  - On 20 November: Consultation document issued for a period of two weeks

## **5 ANY OTHER BUSINESS**

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- 5.1 No other items of business were raised.

## **6 NEXT MEETING**

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- 6.1 The next meeting is scheduled for 1pm on Tuesday 8 December via web-conference. The purpose of this meeting is to review the consultation responses.

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

Action Ref.	Action	Owner	Update
03/01	Update the DCP 248 consultation document to capture the alternative options proposed by the group.	ElectraLink	
03/02	Produce worked examples of the alternative options for inclusion in the consultation document.	GM	
03/03	Determine if you have any information that could be shared with the group regarding the cost of issuing invoices (as this may assist in materiality threshold discussions)	All	
03/04	Consider how the materiality threshold analysis could be presented in a clearer format  Provide commentary to accompany the materiality threshold analysis.	All  GM	
03/05	Prepare legal text for the alternative options	GM & PW	

**ACTIONS CLOSED AT THE MEETING**

Action Ref.	Action	Owner	Update
01/01	GM to share materiality calculations with individual DNOs.  DNOs to confirm if this data is a reasonable representation of their entire population base.	GM and DNOs	16/10/15 – It was agreed that it should also be considered whether this data can be shared with the Working Group.  It was noted that this data may help in determining what a reasonable materiality threshold is.  Closed
02/01	Update the DCP 248 legal text to state that:	ElectraLink	Closed

	<i>Where connection agreements have been entered into within the last twelve months, then the terms of that connection agreement should stand.</i>		
02/02	The DCP 248 legal text should be tightened up so that it is a one chance only to agree a retrospective change to capacity.	ElectraLink	Closed
02/03	The legal text should be updated to say that for the avoidance of doubt such revised MIC will be agreed with reference to the level of the customer's maximum demand.	ElectraLink	Closed