

DCP 243 Working Group Meeting 14

21 March 2017 at 10:00am

Teleconference

| Attendee | Company |
|---|--------------------|
| Working Group Members | |
| Simon Yeo [SY] | Western Power |
| Robert Fairbairn [RF] | Northern Powergrid |
| Dan Hickman [DH] | npower |
| Chris Ong [CO] | UKPN |
| Code Administrator | |
| Rosalind Timperley [RT] (Chair) | ElectraLink |
| Dylan Townsend [DT] (technical secretariat) | ElectraLink |

| Apologies | Company |
|-----------------|--------------------|
| Claire Campbell | Scottish Power |
| Chris Barker | ENWL |
| Donald Preston | SSE |
| Andrew Enzor | Northern Powergrid |

1. Welcomes and Apologies

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

2. Administration

- 2.1 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.

- 2.2 The minutes of the last meeting were approved as an accurate record of proceedings.
- 2.3 The Working Group reviewed the open actions. Updates on all actions are provided in Appendix 1.

3. Purpose of the Meeting

- 3.1 The secretariat set out that the purpose of the meeting, which was to agree a way forward after reviewing the DCP 243 Request for Information (RFI) responses.

4. Review of the DCP 243 RFI responses

- 4.1 The Chair reminded the Working Group of the options selected to take forward at the last meeting, these options were:
- Option A – Customer contributions calculation to be updated annually using RRP data on a rolling five-year basis
 - Option B1- carry out the same calculation as in Option A, but applied to all five years of DPCR5 (2010/11 to 2014/15), with the resulting values hard coded into the methodology to remain fixed unless a further DCP is raised. These would be calculated on a DNO specific basis.
 - Option C- effectively remove customer contributions from the CDCM (i.e. to set the input percentages to zero in the methodology).
- 4.2 One Working Group member noted that from his business' perspective, Option A would be the most cost reflective and suggested that the other responses appear to be in line with theirs. Working Group members agreed that the first-year data from the DPCR5 was an outlier and noted that it could be excluded from the data set to create a 4-year rolling average. It was noted that this could be modelled in the RFI template by updating it to exclude the first year.
- 4.3 It was noted that in the RFI template Option B is columns labelled 'L' through to 'T' which is the DPCR5 average and that further down in the template is the latest 5-year average which is what Option A seeks to do. One Working Group member noted that if output is amended for Option B then the input would need to be excluded for the first year.
- 4.4 One Member cautioned that the data at HV can be based on a very low number of schemes which would then be applied to all LV network customers. An example is if one customer has an 80% or 90% discount, then the discount is not reflective of the wider picture but would be utilised and the member believes this isn't the most appropriate approach.
- 4.5 One member raised concerns around the RFI data and that there is no data submitted at the LV Substation level and as such no percentage coming through in the template. The Working Group noted that there is no differentiation with the mapping at the moment and this means that a percentage split might be needed to decide how to allocate between LV network and LV Substation.
- 4.6 Working Group members took an action to speak to their internal connection teams to understand how the volumes for LV networks and LV substation are reported. It was questioned if there is

another RRP table that could give a percentage apportionment. It was also suggested that the LV / HV split should be discussed with internal colleagues to address how a value for this could be split.

ACTION 14/01: DNO Working Group members to speak to their internal connection teams to understand how the volumes for LV networks and LV substation are reported. Also, discuss the LV / HV split with internal colleagues to address how a value for this could be split.

- 4.7 One Working Group member noted that if a full costing model that included all costs was developed under the CDCM review then Customer Contributions may not be needed. It was noted that Independent Connections Provider (ICP) data is not currently included and it was thought that it will need to be. Another member noted looking at the volume of data that is excluded that their belief is that not a lot of data is being excluded.
- 4.8 The group agreed that Option A would be the preferred option if the LV substation data is readily available. If it is not, and thus a number of assumptions are needed for the calculations, then option C may be preferable.
- 4.9 The Working Group noted concerns that removing customer contributions would nullify the effects of DCP 161 'Excess Capacity Charges' and undo the work on reflective UoS charges which would not be desirable. It was noted that the next consultation document should highlight that if the CDCM review moves to a total cost model then the group feel the customer contributions could be removed as under these circumstances DCP 161 would not be impacted.

**ACTION 14/02: ElectraLink to highlight the following in the consultation document:
If the CDCM review moves to a total cost model then the group feel the customer contributions could be removed as under these circumstances DCP 161 would not be impacted.**

- 4.10 One member noted that a very few jobs are being connected at the LV substation level so the only way that the Customer Contributions could be accounted for was to mirror another value.
- 4.11 The group discussed whether DCP 243 should be placed on hold until the CDCM review group has further progressed. It was suggested that if the issues with option A around the HV/LV split can be addressed then this option is considered a good solution to replace what is in the existing methodology. This solution could then be fed into the CDCM review group.
- 4.12 The group agreed that option B should be ruled out entirely. It was also noted that it would be difficult to justify Option C against the DCSUA objectives as it would remove the excess capacity charges introduced by DCP 161 'Excess Capacity Charges' and this would not be desirable.
- 4.13 The Chair asked for the group to decide how they would like to progress. The group was asked what should be included in the consultation and if legal text can be included so no further consultations are required. The Group agreed that the consultation should include a review of the previous consultation questions and the decisions that were made. The Working Group also agreed that it would be beneficial to have all RFI data back from DNOs. ElectraLink took an action to chase the DNOs who hadn't submitted RFI data.

ACTION 14/03: ElectraLink to chase the DNOs who hadn't submitted RFI data and request for data to be submitted.

5. Work Plan

- 5.1 The DCP 243 Working Group agreed that the Secretariat should amend the Work Plan and circulate prior to the next meeting. The updated Work Plan is set out in Attachment 1.

ACTION 14/04: ElectraLink to update DCP 243 Work Plan and circulate with meeting minutes.

6. Agenda Items for the next meeting

- 6.1 The Working Group agreed that the agenda for the next meeting should include a review of the previous consultation questions and the decisions that were made. A draft consultation document should also be prepared summarising the decisions of the group on which option to take forward ensuring that previous conclusions are covered off.

ACTION 14/05: ElectraLink to draft consultation document to include current and previous Working Group discussions and conclusions ensuring previous consultations are covered off.

7. Any Other Business

- 7.1 There were no items of any other business discussed.

8. Date of Next Meeting: 24 April 2017

- 8.1 The Working Group agreed to have the next meeting on Monday, 24 April 2017 at 2:00pm and for the meeting to be via web conference for the purpose of reviewing the draft consultation document.

Attachments

Attachment 1 – DCP 243 Work Plan

New and open actions

| Action Ref. | Action | Owner | Update |
|-------------|---|---------------------------|--------|
| 14/01 | Speak to their internal connection teams to understand how the volumes for LV networks and LV substation are reported. Also, discuss the LV / HV split with internal colleagues to address how a value for this could be split. | DNO Working Group members | |
| 14/02 | Highlight the following in the consultation document: If the CDCM review moves to a total cost model then the group feel the customer contributions could be removed as under these circumstances DCP 161 would not be impacted. | ElectraLink | |
| 14/03 | Chase the DNOs who hadn't submitted RFI data and request for data to be submitted. | ElectraLink | |
| 14/04 | Update DCP 243 Work Plan and circulate with meeting minutes. | ElectraLink | |
| 14/05 | Draft consultation document to include current and previous Working Group discussions and conclusions ensuring previous consultations are covered off. | ElectraLink | |

Closed actions

| Action Ref. | Action | Owner | Update |
|-------------|---|--------------|-----------|
| 12/01 | Further consider how customer contributions relating to multiple voltage levels will be treated. | All | Completed |
| 12/04 | Add in the latest ED1 table and provide to the Working Group by the next meeting. | Andrew Enzor | Completed |
| 13/01 | Update RFI template to include relevant counts of included and excluded jobs and circulate to Working Group by 3 February 2017. | Andrew Enzor | Completed |
| 13/02 | Update DCP 243 Work Plan and circulate with meeting minutes. | ElectraLink | Completed |