

DCP 238 Working Group Minutes

Meeting Name	DCP 238 Working Group
Meeting Number	01
Date	19 May 2015
Time	14:00
Venue	Teleconference

Attendee	Company
Pat Wormald [PW] (Chair)	Northern Powergrid
Andy Pace [AP]	ENWL
Angus Rae [AR]	SSE Distribution
Beth Hanna [BH]	Ofgem
Chris Ong [CO]	UK Power Networks
Claire Campbell [CC]	SP Energy Networks
Simon Yeo [SY]	Western Power Distribution
Michael Walls [MW] (Secretariat)	ElectraLink

1 ADMINISTRATION

- 1.1 There were no apologies received for the meeting.
- 1.2 PW was appointed as Chair of the Working Group.

2 COMPETITION LAWS DO'S AND DON'TS

- 2.1 The Working Group agreed to be bound by the Competition Laws Do's and Don'ts during the course of the Working Group.

3 REVIEW THE TERMS OF REFERENCE

- 3.1 The Working Group reviewed the Terms of Reference (ToR) as set out by the DCUSA Paenel. MW explained that in addition to the standard ToR that all working groups must abide by, there is now an additional requirement – the Working Group Timetable/Work Plan.
- 3.2 It was noted that this plan will need to be completed, and updated if the Working Group realises that it will not adhere to the original plan. This work plan will also need to be submitted to the DCUSA Panel and also an updated version of this would need to be submitted for any timetable extension requests.
- 3.3 The Working Group reviewed and completed the Work Plan/Timetable and this is included as Attachment 1.

4 BACKGROUND AND INTENT OF DCP 238

- 4.1 PW explained that the intent of DCP 238 is to amend the legal text in Section 2A to ensure the obligation to provide 15 months notice of charges only applies to Use of System (UoS) charges.

It was noted that DCP 178 'Notification period for change to use of system charges' was intended to create an obligation on DNOs to provide 15 months notice when amending UoS

charges. The legal text that has been accepted inadvertently extended this obligation to include other charges such as Meter Asset Provision (MAP), Meter Point Administration Services (MPAS) and Miscellaneous Charges. This was not the intent of the original change proposal and potentially causes problems for DNOs in meeting their licence obligations as follows:

- It creates a conflict between DCUSA and the Distribution Licence for MAP where prices are capped within the CRCs by reference to the average change in RPI between Jul and Dec. This value is only known in February for the following year and if DNOs are obligated to provide 15 months notice then this value will not be known and a DNO could inadvertently set prices that do not comply with the CRCs.
- A further issue is the revenue protection prices published in the Miscellaneous Charging Statement. The revenue protection market is competitive and DNOs are permitted to make a reasonable margin on the costs of providing this service. If prices are set 15 months ahead, it will remove the DNOs ability to amend prices and ensure they are not recovering an inappropriate margin. As revenue protection is a competitive market, this could be seen as anti-competitive if the prices charged resulted in an excessive or negative margin.

4.2 The DCP 223 Working Group discussed the CP and agreed that a consultation should be drafted and issued shortly to garner industry views.

4.3 BH noted that whilst Ofgem are aware of why this CP is being raised, they would like to understand why the charges included within this CP cannot be included with the 15 month notice. It was requested that some additional text be included within the consultation to explain this reasoning.

Action 01/01: ElectraLink

4.4 The Working Group also indicated that additional text should be included for the DCUSA Objectives section in order to bolster the rationale behind the CP.

Action 01/02: ElectraLink

4.5 It was agreed that along with the standard consultation questions, that a specific question should be asked that states "Do you feel there are any additional charges that should not be subject to the 15 month notice and that should be included within this CP". ElectraLink took an action to include this question within the draft consultation document.

Action 01/03: ElectraLink

5 WORK PLAN AND TIMETABLE

5.1 The DCP 238 Working Group agreed that the next steps as follows:

- ElectraLink to draft a consultation for the Working Group to review by 27 May 2015
- Working Group to review and submit final comments on the draft consultation by 3 June 2015
- ElectraLink to issue the consultation on 5 June for a period of two weeks
- Consultation ends on 19 June, ElectraLink to circulate the collated responses by 22 June 2015
- Working Group to meet to discuss the consultation responses on 24 June 2015

6 ANY OTHER BUSINESS

6.1 There were no items of any other business.

7 NEXT MEETING

7.1 The Working Group will next meet on 24 June 2015 via teleconference/webinar in order to review the consultation responses.

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

Action Ref.	Action	Owner	Update
01/01	Ofgem requested that some additional text be included within the consultation to explain why the charges included within this CP cannot be included with the 15 month notice period.	ElectraLink	
01/02	The Working Group requested that additional text should be included within the consultation for the DCUSA Objectives section in order to bolster the rationale behind the CP.	ElectraLink	
01/03	It was agreed that along with the standard consultation questions, that a specific question should be asked that states "Do you feel there are any additional charges that should not be subject to the 15 month notice and that should be included within this CP".	ElectraLink	

CLOSED ACTIONS

Action Ref.	Action	Owner	Update