

# DCP 228 Working Group Minutes

<b>Meeting Name</b>	DCP 228 Working Group
<b>Meeting Number</b>	02
<b>Date</b>	26 March 2015
<b>Time</b>	10:00
<b>Venue</b>	Web-conference

Attendee	Company
Chris Ong [CO] (Chair)	UK Power Networks
George Moran [GM]	British Gas
Paul Duffus [PD]	Western Power Distribution
Bethany Hannah [BH]	Ofgem
Gregory Edwards [GE]	British Gas
Andrew Enzor [AE]	Northern Powergrid
Sarah Marsden [SM]	Northern Powergrid
Claire Campbell [CC]	Scottish Power
Rosalind Timperley [RT] (Secretariat)	ElectraLink

## 1 ADMINISTRATION

- 1.1 No apologies were received.

## 2 COMPETITION LAWS DO'S AND DON'TS

- 2.1 The Working Group agreed to act in accordance with the terms set out in the DCUSA "Competition Law Dos and Don'ts" document.

## 3 REVIEW OF UPDATED CDCM

- 3.1 The Working Group discussed the DCP 228 CDCM model and impact assessment prepared by the DCUSA modelling support consultant (Attachment 1).
- 3.2 The group noted that the impact of DCP 228 across all DNO regions is broadly similar, with the exception of LPN. The impact in LPN is larger due to negative scaling in this area.
- 3.3 A Working Group member highlighted that looking across the total impact on DNOs, the Domestic revenue goes down by around £14million and the Half Hourly (HH) High Voltage (HV) tariff goes up by almost the same amount. It was questioned why the impact of the proposed DCP 228 solution predominantly increases the HH HV tariff. In response, it was suggested that this is because these customers have higher consumption volumes.
- 3.4 The group discussed the decision to set a floor price of zero, noting that due to the negative scaling in LPN this has resulted in Unit Rate 2 and Unit Rate 3 prices of £0 p/kWh. It was noted that setting a floor price at zero had been discussed and consulted upon under DCP 123<sup>1</sup> and had been agreed as the preferred approach. ElectraLink took an action to capture within the DCP 228 consultation document the reasoning for this decision.

**Action 02/01:** ElectraLink

<sup>1</sup> DCP 123 – Revenue Matching Methodology Change

- 3.5 A Working Group member highlighted that the aim of DCP 228 is to better reflect the pre-scaled price differential and queried whether the difference between the cost reflective tariffs and zero is closer to maintaining the pre-scaled differential than the baseline approach. In other words, when capping the impact of scaling, is this more cost reflective than the baseline or is it making the differential greater? CO agreed to produce some analysis looking at this area.

**Action 02/02: CO**

#### **4 REVIEW OF DCP 228 CONSULTATION DOCUMENT**

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- 4.1 The group discussed the DCP 228 consultation document and agreed that there were no additional questions that they would like to add to the document.
- 4.2 An action was taken for ElectraLink to update the consultation document to include a summary of the impact analysis.

**Action 02/03: ElectraLink**

#### **5 NEXT STEPS**

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- 5.1 The Working Group agreed that the next steps as follows:
- ElectraLink to update the DCP 288 consultation document and circulate to Working Group members for review by 2 April 2015;
  - CO to circulate negative scaling analysis by 2 April 2015; and
  - Working Group to meet on Monday, 20 April 2015 to sign off the consultation document (unless this can be done via email beforehand).

#### **6 ANY OTHER BUSINESS**

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- 6.1 There were no items of any other business.

#### **7 NEXT MEETING**

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- 7.1 The next meeting is scheduled for 10am on Monday, 20 April via web-conference. This is a provisional meeting and will be cancelled if the DCP 228 consultation document can be agreed via email.

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

Action Ref.	Action	Owner	Update
02/01	Capture in the consultation document why the DCP 123 Working Group chose to set a floor price of £0p/kWh	ElectraLink	
02/02	Prepare analysis on whether when capping the impact of scaling, is this more cost reflective than the baseline or is it making the differential greater.	CO	
02/03	Add a summary of the impact analysis to the consultation document.	ElectraLink	

**ACTIONS CLOSED AT THE MEETING**

Action Ref.	Action	Owner	Update
01/01	Prepare a modelling support specification document and circulate to Working Group for Review.	GM	