

Minutes

Meeting Name	DCP 214 Working Group
Meeting Number	01
Date	5 August 2014
Time	10:00
Location	ElectraLink Ltd, 2-3 Golden Square, Ground Floor Grafton House, London W1F 9HR

Attendee	Representing
Tony Savka [TS] (Chair)	ENWL
Amanda Rooney [AR]	Ofgem
Angus Rae [AR] (Teleconference)	SSE Distribution
Julia Haughey [JH]	EDF Energy
Keren Kelly [KK] (Teleconference)	NPower
Lisa Charlesworth [LC]	Ofgem
Peter Collinson [PC] (Teleconference)	Northern PowerGrid
Peter Waymont [PW] (Teleconference) (Part Meeting)	UK Power Networks
Stacey Buck [SB]	Brookfield Utiliites
Michael Walls [MW] (Secretariat)	ElectraLink Limited

1 ADMINISTRATION

- 1.1 Apologies were received from Kevin Woollard (British Gas).

2 REVIEW OF THE TERMS OF REFERENCE

- 2.1 The Working Group reviewed the DCP 214 Terms of Reference and all Working Group Members agreed to be bound by these terms for the duration of the Working Group.
- 2.2 It was noted to the Working Group members that the Terms of Reference is published on the DCUSA website.

3 COMPETITION LAW

- 3.1 The Working Group then reviewed the “CDCM Competition Law Dos and Don’ts” and all Working Group members agreed to the terms set out in the document.

- 3.2 It was noted to the Working Group members that the guidance is published on the DCUSA website with the meeting papers.

4 APPOINTMENT OF CHAIR

- 4.1 TS was elected as the Working Group Chair.

5 BACKGROUND AND INTENT OF DCP 214

- 5.1 DCP 214 has been raised by UK Power Networks and seeks to ensure that the recommendation made to Ofgem of a Part 1 change or the outcome of a Part 2 change truly reflects the interests (voting or otherwise) of the parties.
- 5.2 It is also thought that this CP will stimulate debate on whether the voting arrangements under DCUSA need to be modified. It was noted that the recommendation of Parties on some recent DCPs has been to “reject” on the votes by one Party category, where there was many other Parties voting; so it was thought whether this is a true reflection of the recommendations of DCUSA Parties.
- 5.3 It was also highlighted that when the intent was drafted, the “parties” was not intended to open up the debate; it should have been labelled as “Parties” which is a defined term within the DCUSA. However, if the Working Group feel that this needs to be examined it can look at this.
- 5.4 It was explained that currently the DCUSA voting is based on party categories and a Part 1 vote has to receive more than 50% acceptance from those who voted, from all party categories, in order to be recommended for acceptance.
- 5.5 Recent voting has resulted in recommendations being made to Ofgem that a DCP should be rejected, based on the votes of one or two parties who voted in a Party Category and so determined the outcome for that category. However it can be argued that such an outcome does not truly reflect parties’ views if many in that Party Category did not feel impacted sufficiently enough to even exercise their vote.
- 5.6 A non-vote should be considered in the outcome and the percentages for acceptance or rejection should reflect the interest of all parties in a category rather than just those that vote.
- 5.7 This is particularly relevant as an Ofgem decision can only be appealed if it differs from the recommendation of the Parties. To be fair and equitable that recommendation should reflect the impact on and views of all Parties and not just those who voted.

6 WORKING GROUP ASSESSMENT OF THE LEGAL DRAFTING

- 6.1 The Working Group then discussed recent examples of where the outcomes of the votes have been ‘skewed’ somewhat by the vote of one Party within a particular category. It was highlighted that DCP 195¹/195A could be an example of this in practice.

¹ Service Level Agreement for Resolving Network Operational Issues

- 6.2 It was also noted that DCPs 128², 129³ and 174⁴ also fell into the same circumstances as 195/195A.
- 6.3 LC asked if this would be an opportunity to look at the voting process holistically and whether this could be taken further than the proposed solutions – even to investigate a Change Board style of decision making as is present in some other Codes.
- 6.4 LC reiterated that DNOs have the License obligation that the decision making mechanism is to ensure that changes better facilitates the DCUSA Objectives, and any modifications need to bear this principle in mind.
- 6.5 AR queried that if a “no interest” category was introduced, how would that affect the recommendation if the overall majority did not vote or was not interested. PW highlighted that the suggestion was to stimulate debate, and all these things need to be considered.
- 6.6 JH then asked whether a two-tiered system could be introduced where the first level would remain as it is now, and then a new level which showed the overall picture of the Industry. This type of system would perhaps illustrate the overall effect, after the Party category voting – which would highlight the difference.
- 6.7 TS then felt that the Working Group should come up with some worked examples of where the current voting arrangements worked well, and some where it was felt that it has not been reflective of the Parties. The Working Group felt that 195/195A, 124⁵, 158 and 128/129 and 178 would offer good examples to show the voting arrangements.
- 6.8 LC queried whether the voting results usually coincide with the final Working Group recommendations, and whether there is a correlation between the two. The Working Group felt that this does not always hold true, as Working Group members are there as independent Industry experts, whereas when it comes to voting, it is done on a company basis.
- 6.9 LC thought this Working Group should also, as part of the analysis of this CP, examine the other Codes’ voting procedures to see if some aspects could be incorporated. LC also thought that as the intent is broad enough, it should be considered whether the way the categories were drawn up in DCUSA 7 years ago are still valid today.
- 6.10 AR noted that Franck Latremoliere sent through an email response to this CP, which would incorporate a new voting category of Interested Parties. PW highlighted that the intent of this CP was not to open the discussion about this option; however, it could be posed as a consultation question if the Working Group feels necessary.
- 6.11 It was highlighted that if it changed, it would be the only code to do so and would set a precedent. It was noted though that on other Codes the Consumer Advisory boards

² Bringing the EDCM Price Control Disaggregation (Extended Method M) under the DCUSA Open Governance Framework

³ Bringing the CDCM Price Control Disaggregation (Method M) under the DCUSA Open Governance Framework

⁴ Qualification and application of LV sub-station tariffs

⁵ Third Party Network – National Connection Terms amendment

have voting seats on Panels and that something like this may be an option to consider as well in order to address this issue.

- 6.12 The Working Group then considered how to best demonstrate the different options that may be taken forward. TS and JH felt that the complete picture should be explained when the voting takes place.
- 6.13 TS took an action to write to FL informing him that adding in another Party category of interested parties is outside the scope of the CP, and that this would need to be considered as a separate CP.

Action 01/01: TS

- 6.14 AR then thought that consideration should be given to ways to incentivise DCUSA Parties to vote. Some Working Group members also offered information that some Parties are so small that they do not understand the basics of the DCUSA, and also there are some Suppliers that are set up and registered but are not actually trading; so it may not be reasonable to expect all Parties to vote.
- 6.15 The Working Group then discussed whether it is still appropriate to vote and determine the results by Party category alone, or whether there needs to be an additional measure introduced.
- 6.16 LC also explained that the Panel have the ability to restrict who is able to vote on CPs, however, this is not used in practice and generally all Parties are able to vote on all CPs.
- 6.17 The Working Group then discussed on how best to take the CP forward. It was agreed to formulate some examples of how things could be changed and following that, work out how the calculations would be amended.
- 6.18 It was also agreed that the weightings of Part 1 and Part 2 Matters would be reviewed as part of the process of this Working Group.

7 WORK PLAN

- 7.1 The Working Group agreed the following work plan:
- ElectraLink to draft the Options and send through to the Working Group for amendments and additions
 - ElectraLink to get details of other Codes' voting arrangements for review by the Working Group and collate this into a table
 - Develop a voting spreadsheet that is anonymised so that the Working Group can look at different scenarios and the outcomes
 - Include the percentage of approvals levels for Part 1 and Part 2 as part of the agenda of this Working Group
 - Look into getting a plain English summary of the way that the current voting arrangements work for DCUSA for comparison purposes.

8 ANY OTHER BUSINESS

8.1 There were no other items of business raised at the meeting.

9 DATE/LOCATION OF NEXT MEETING

9.1 The Working Group agreed to meet at the end of August/early September, ElectraLink will send around some dates for Working Group members to choose from.

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

Action Ref.	Action	Owner	Update
01/01	TS to write to Franck Lateremoliere and inform him of the outcome of the discussion regarding his letter, and that the addition of non-Parties into the voting arrangements is outside of scope of this CP and would need to be raised separately.	TS	
01/02	ElectraLink to progress the CP through the Work Plan, and its associated actions, as agreed by the Working Group	ElectraLink	

ACTIONS AGREED CLOSED AT THE MEETING

Action Ref.	Action	Owner	Update