

# DCP 169 Working Group Minutes

<b>Meeting Name</b>	DCP 169 Working Group Meeting
<b>Meeting Number</b>	07
<b>Date</b>	3 June 2015
<b>Time</b>	10:00
<b>Venue</b>	Web-conference

Attendee	Company
Jonathan Wisdom [JW] (Chair)	Npower
Bernard Kellas [BK]	SSE Supply
Brian Harris-Ross [BHR]	EDF
Andy Pace [AP]	ENWL
Clare Hayton [CH]	ENWL
John Leonard [JL]	ENWL
Chris Ong [CO]	UK Power Networks
Dave Wornell [DW]	WPD
Emma Clark [EC]	SSE Distribution
Julia Haughey [JH]	EDF Energy
Sarah Marsden [SM]	Northern Power Grid
Karl Maryon [KM]	Haven Power
Bethany Hanna [BH]	Ofgem
Rosalind Timperley [RT] (Secretariat)	ElectraLink Limited

## 1 ADMINISTRATION

- 1.1 Apologies were received from George Moran (British Gas) and Wendy Mantle (SPEN).
- 1.2 The Working Group reviewed the open actions. Updates on all actions are provided in Appendix 1.
- 1.3 All Working Group members agreed to the terms set out in the "Competition Law Dos and Don'ts" document.

## 2 RECAP ON PROGRESS OF DCP 169

- 2.1 The Working Group chair provided attendees with a recap on DCP 169, noting that the CP seeks to introduce Seasonal Time of Day (STOD) tariffs. When the CP was initially discussed there was significant concern about the impact of the change. It was identified that the approach to scaling within the CDCM was a significant factor behind this impact.
- 2.2 The group had previously agreed to wait until DCP 123 (Revenue Matching Methodology Change) had further progressed, as this would change the approach to scaling in the CDCM. DCP 169 was therefore placed on hold to await the outcome of DCP 123. DCP 123 was subsequently rejected by the Authority.
- 2.3 A further CP (DCP 228 - Revenue Matching in the CDCM) has now been raised seeking to amend the approach to scaling in the CDCM. DCP 228 is at the stage of producing a Change Report for submission to the July 2015 DCUSA Panel meeting.

- 2.4 It was explained this meeting of the DCP 169 Working Group has been arranged to consider whether now is the appropriate time to re-commence work on the CP.

### **3 DISCUSSION ON WAY FORWARD**

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- 3.1 It was observed that there were a number of open actions for the group to consider; the action log is provided in Appendix 1.
- 3.2 An attendee asked whether DCP 169 seeks to make STOD tariffs mandatory for all DNOs. In response, it was confirmed that in the interests of maintaining a common methodology the Working Group had previously agreed that the approach across all DNOs should be the same.
- 3.3 It was observed that the impact assessment for DCP 169 had been carried out prior to the implementation of DCP 179 (Amending the CDCM Tariff Structure). A new impact assessment on DCP 169 will therefore need to be carried out.
- 3.4 The group noted that the impact of DCP 178 (Notification Period for Change to Use of System Charges) will also need to be considered. A concern was expressed that DNOs will need to predict volumes further in advance under DCP 178 and, in addition, under DCP 169 a larger proportion of revenue will be re-covered in the winter period, meaning that there is a greater risk of over/under recovery.
- 3.5 It was agreed that realistically the earliest implementation date for the CP would be 2018, as 15 months' notice will need to be given.
- 3.6 The group agreed to initially look at the principles of the DCP 169 and then once the outcome of DCP 228 is known, to assess the impact of the CP. An attendee highlighted that this approach has the benefit of delaying the impact assessment until the national pricing document from Ofgem is due to be published.
- 3.7 It was agreed that a consultation document should be prepared asking the following questions:
1. Should it be compulsory for all DNOs to adopt STOD?
  2. Should the STOD period have to be consistent with the Super Red and Black timebands?
  3. Do Parties anticipate that cash flow volatility will be exacerbated by DCP 169? And will this have a significant impact on you as an industry participant?
  4. Do you feel that DCP 169 should be extended to domestic customers, or should Domestic customers remain on Time of Use tariffs?
  5. If the CP were to extend to domestic customers, do we expect domestic customers to have tariffs that reflect this structure under Smart Metering?
  6. If Domestic customers are not included within the scope of the CP, would the CP still have the impact of reducing investment at peak load times in the distributor networks?
  7. What consumer benefits do you expect to occur as a result of DCP 169?
  8. Should DCP 169 adopt a 'whole day' or 'whole month' principle (i.e. can a timeband end in the middle of the month or should it exist for whole months)?
  9. Should the legal text specify the months that the seasonal timebands will apply to (i.e. should the months be consistent across DNOs)?

3.8 CO took an action to update the previous DCP 169 consultation document to capture these questions and provide supporting background information. It was agreed that the consultation should also capture the following points:

- Explain why Time of Day (TOD) is currently causing an issue and why STOD will increase this, i.e. STOD will increase the risk of cash flow volatility; and
- List out the benefits of the CP as well as the implications on cash flow and volatility; and
- Highlight that since DCP 169 was raised, DCP 178 has been accepted and DCP 179 now extends to smart metering. There is therefore greater volatility as DNOs need to forecast further in advance for shorter time periods. This may result in increased over and under recovery.

**Action 07/01: CO**

3.9 It was noted that DNOs could reply to Ofgem confidentially regarding any concerns that they may have regarding the impact of DCP 169 on cash flow volatility, as they may not wish to share such information with the Working Group.

3.10 The group discussed whether STOD should be included within the DCP 169 legal text as a defined term. It was noted that if it was to be included, then TOD should probably also be included. ElectraLink took an action to seek guidance from the DCUSA legal advisor on this query.

**Action 07/02: ElectraLink**

#### **4 WORK PLAN**

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4.1 The next steps for DCP 211 were agreed as follows:

- CO to update consultation document by 9 June 2015;
- Working Group members to review the updated consultation document by 19 June 2015 and provide comments;
- ElectraLink to provide a consolidated comments version of the document to Working Group members by 20 June 2015 for further review; and
- Working Group to next meet on 7 July 2015.

#### **5 ANY OTHER BUSINESS**

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5.1 There were no items of any other business.

#### **6 NEXT MEETING**

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6.1 The next meeting of the Working Group is scheduled for Tuesday 7 July 2015 at 10am via webinar.

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

Action Ref.	Action	Owner	Update
01/01	Progress the CP as outline in the work plan	ElectraLink	On going
04/01	<p>Consider the following in relation to the DCP 169 legal text:</p> <ul style="list-style-type: none"> <li>• Is any refinement needed to the legal text once it is decided whether 'Whole day' or 'Whole month' time bands are the preferred option?</li> <li>• Review the text against paragraph 41 of Schedule 16 which states that red, amber and green time bands will apply throughout the year.</li> <li>• Remove the speech marks from the end of the proposed legal text</li> <li>• Should 'seasonal time of day' be a defined term and if not then ensure that it is not capitalised.</li> <li>• Should the legal text specify the months that should be used for seasonal time of day tariffs</li> </ul>	All	Ongoing
04/02	The Working Group also noted that the DCP066/126 forecast templates should not in be impacted by DCP 169 but agreed to keep this area under consideration.	All	Ongoing
04/03	One consultation respondent highlighted that there is	All	The Working Group agreed to keep this action as

	a risk that DNOs may apply for derogations should DCP 169 be approved. The Working Group agreed that further discussion on this area was required.		ongoing, but also to have it feature as a consultation question
07/01	Prepare an updated DCP 169 consultation document	CO	
07/02	Seek guidance from Wragges on whether STOD should be a defined term (and, if yes, then should TOD also be defined?)	ElectraLink	To be completed when the DCP 169 legal text is issued to Wragges

**ACTIONS AGREED CLOSED AT THE MEETING**

Action Ref.	Action	Owner	Update
05/01	ElectraLink to facilitate the discussions between the DCP 123 and DCP 169 Proposers and Chairs about the feasibility of combining into one Working Group.	ElectraLink	Closed