

# DCP 160 Working Group Minutes

<b>Meeting Name</b>	DCP 160 Working Group
<b>Meeting Number</b>	05
<b>Date</b>	22 January 2015
<b>Time</b>	10:00
<b>Venue</b>	Hudson House, 8 Tavistock Street, London, WC2E 7PP.

Attendee	Company
George Moran [GM] (Chair) (teleconference)	British Gas
Chris Ong [CO]	UK Power Networks
Claire Campbell [CC] (teleconference)	Scottish Power
Bethany Hanna [BH]	Ofgem
Dave Wornell [DW] (teleconference)	Western Power Distribution
Pat Wormald [PW]	Northern Powergrid
Claire Hynes [CH] (Secretariat)	ElectraLink

Apologies	Company
Robert Garner [RG]	ENWL

## 1 ADMINISTRATION

- 1.1 The minutes of the last meeting were approved without amendment.
- 1.2 The group reviewed the open actions. Updates on all actions are set out in Appendix A.
- 1.3 The Working Group agreed to be bound by the Competition Laws Do's and Don'ts for the duration of the meeting.

## 2 BACKGROUND AND HISTORY OF THE DCP 160 CHANGE PROPOSAL (CP)

- 2.1 The Working Group considered the *Background and history to DCP 160* paper (Attachment 1) which charted the discussions on various issues under the DCMF MIG and CPs that were raised which have impacted the DCP 160 CP. In conclusion this paper suggests that the following questions be included in a consultation:
  - *"Should NHH customers be treated differently to HH customers?"*
  - *Is the CP still relevant?*
  - *If it is, how would a value be derived?*
  - *How does the CDCM allocate capacity for NHH and HH tariffs - GM to document in more detail?*
  - *If the engineering principles behind network design take account of HH capacities, but use diversified maximum demand for NHH, why do we need to change?"*

## 3 NHH AND HH ARRANGEMENTS

- 3.1 The Chair walked Working Group members through the *Treatment of Capacity in the CDCM* paper (Attachment 2). The approach taken when drafting this paper was to focus on the

methodology's words and extract the relevant sections from the methodology and add some comments. The paper also put in to plain English how the NHH and HH tariff calculations are derived in the CDCM model.

- 3.2 One member advised that when DNOs are planning their networks the DNOs use the agreed capacities for HH customers for network planning but for NHH customers they use maximum demand assumptions.
- 3.3 The Working Group followed back the calculation used in the model for NHH customers and concluded that there was some capacity elements in this calculation. The Working Group considered whether these elements are sufficient and whether a change is justified for NHH calculations in order to bring them in line with the treatment of HH calculations.
- 3.4 The Working Group agreed to draft a DCP 160 consultation for issue to Parties for a period of three weeks and include the following items:
  - Intent of CP and main principles;
  - Concept of Spare Capacity:
    - Sum of agreed capacity is x;
    - Sum of the maximum demand capacity is y;
    - Spare Capacity is  $x/y$ .
  - Business justification: *"All tariffs need to be applied on a consistent cost relative basis for both existing and new tariffs"*.
  - Set out the fact that NHH customers pick up on an element of capacity but it is hidden in their fixed charge.
  - Current network planning arrangements for HH and NHH customers on the network.
  - Charging: Draw out the differences in design from the paper acting as Attachment 2 and ask the question whether NHH customers should be treated any differently.
  - Questions:
    - Statement : All tariffs need to be applied on a consistent cost relative basis for both existing and new tariffs. Do you agree with this statement?
    - Do you understand the standing charge factors?
    - The planning process for NHH customers is based on MD which for HH customers is agreed capacity, do you consider the current process correct for applying tariffs as set out under the CDCM?
    - There is a perception that there is notional spare capacity created by HH customers. Is this correct?
    - If you think that NHH customers should be picking up some proportion of this notional spare capacity, is the proportion suggested in this CP appropriate?
    - Are customers happy paying for spare capacity or are they paying for reserved non-used capacity?

- Do you agree that HH customers are paying for spare capacity whereas NHH customers are not?
- If you consider that NHH customers are not using the reserved non-used agreed capacity, is there another factor that should be used?

#### **4 NEXT STEPS**

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4.1 The DCP 160 Working Group agreed that the next steps were as follows:

- Draft a DCP 160 consultation document and circulate to the Working Group for review.

**ACTION 04/01: ELECTRALINK & GM**

- Draft a section of the consultation on the DNOs network planning process for HH and NHH customers.

**ACTION 04/02: PW**

#### **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 DCP 160 Working Group meeting is scheduled as a teleconference at 10:00am on the 03 March 2015.

#### **ATTACHMENTS**

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- Attachment 1 - Background and History to DCP 160;
- Attachment 2 - Treatment of Capacity in the CDCM.

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

Action Ref.	Action	Owner	Update
01/01	Review the CDCM Model with a view to understand the following points: <ul style="list-style-type: none"> <li>• How is HH customers' capacity derived?</li> <li>• How is NHH customers' capacity derived?</li> <li>• How would the proposed DCP 160 solution be implemented in the CDCM?</li> </ul>	All	
04/01	Draft a DCP 160 consultation document and circulate to the Working Group for review.	Electralink and George Moran	
04/02	Draft a section of the consultation on the DNOs network planning process for HH and NHH customers.	Pat Wormald	

**ACTIONS AGREED CLOSED AT THE MEETING**

Action Ref.	Action	Owner	Update
01/02	Produce a draft of what changes are believed to be required to the CDCM for DCP 160, for discussion at the next working group meeting	Oliver Day	Closed.
03/02	A clear explanation on the current arrangements for HH and NHH. This action is inclusive of the	George Moran	Completed. A paper on the NHH and HH arrangements is discussed at this meeting.

	action 01/01 questions on how the capacities are calculated.		
03/03	A concise summary of the history of the change and how the topic progressed from discussions in the DCMF MIG.	Pat Wormald	Completed. A paper on the history and background of the CP is considered at this meeting.