

Minutes

Meeting Name	DCP 009 Working Group	Meeting Number	004
Meeting Date	17 December 2007	Meeting Time	15.00
Meeting Venue	Teleconference		

In Attendance

Attendee

Mike Smith
Frank Welsh
John Lawton
Mark Field
Phillip Pimble
Elizabeth Lawlor (Secretary)

Representing

Western Power Distribution
United Utilities Electricity Ltd
United Utilities Electricity Ltd
RWE Npower
RWE Npower
DCUSA Limited

1 ADMINISTRATION

- 1.1 Apologies were received from Glenn Sheern, Lorna Gibb, Mark Askew and Nicholas Rubin.
- 1.2 The minutes of the previous meeting were approved without amendment.

2 DCP 009 LEGAL DRAFTING

- 2.1 The group reviewed the two legal drafting variations for DCP 009 as provided by Wragge & Co. The group noted that both sets of drafting adequately catered for the current scenario around the treatment of the MRA, CUSC and BSC charges whereby services are part of SLC4a and recovered via Use of System Charges. However, MF suggested that in order to future proof the drafting it should cover off the possibility that future changes where ancillary services may be charged directly to suppliers.
- 2.2 FW noted that the intention of the original drafting had been to remove ambiguity and to provide suppliers with full clarity of the charges being levied. FW and JL agreed that if parties thought it added greater clarity to both reference the charges under the current scenario and to cover potential future developments they would accept that amendment. The group agreed that it wished to go ahead with the proposed amendment and worked up two possible variations of the drafting for legal review.

3 OFGEM QUESTIONS

- 3.1 The group considered the questions submitted by Ofgem and agreed to provide a formal response as follows:

What are the different charges that are levied in relation to MRA, BSC and CUSC services - i.e. are they all allowed for as part of each distributor's Price Control revenue (and therefore recovered as UoS) or are some/all charges ad hoc/transactional? How do distributors recover these costs at present?

Currently all costs associated with these services are allowed for as part of DNO's Price Control revenue, and are therefore included within our Use of System tariffs (as published in our SLC4A statements). United Utilities has contacted all DNOs on behalf of the working group and with the exception of SSE and SPM, who have yet to respond, all parties presently recover the costs through DUoS.

If costs incurred for BSC, CUSC and MRA related services are incorporated into UoS charging methodologies and are passed on through UoS charges, are they not as a result already covered by the reference in proposed para 19.2.1 to "the charges contained or referred to in the Company's Relevant Charging Statement for the time being in force pursuant to Condition 4A of its Distribution Licence"?

Agreed. The group has therefore removed reference to the BSC, MRA and CUSC from Clause 19.2.1. The group has however also considered the possibility that just in case some services in the future may not form part of the Use of System Charges there is the Legal drafting to cater for such an eventuality. This was provided under separate cover.

What benefit is derived from explicitly defining UoS Charges as including services relating to BSC, CUSC and MRA? If costs for such services are recovered outside of UoS charges, should these also be explicitly defined?

In line with the comment made above the group has removed the explicit reference to such services to avoid any confusion since we have re-instated 19.2.3 to cater for any such service that is offered external to Use of System Charges.

... [Has] the most recent proposed change to the term Relevant Charging Statement been discussed? ... At previous meetings the group considered concerns that the definition for miscellaneous services was too broad. Have the group considered whether these concerns apply in relation to the proposed changes for Relevant Charging Statement?

We have removed the term 'Miscellaneous Services' and reference to a 'Statement covering Miscellaneous Services' and replaced this with an addition to the Relevant Charging Statement stating:

"any statement prepared by a Company and for the time being in force in relation to charges for any other services offered by the Company".

Such a statement will be either backed off with the service offered within DCUSA or via bi-lateral agreements. All Working Group parties are comfortable with this approach.

4 DCP 009 CHANGE REPORT

4.1 The DCP 009 Working Group reviewed the Change Report and approved the document subject to the inclusion of:

- A more detailed evaluation of the CP against the DCUSA Objectives;
- Confirmation from British Gas that its concerns about the CP had been addressed; and
- An update to summarise the discussions of the meeting.

- 4.2 EL took an action to update the report and circulate to the group for sign off.

5 ANY OTHER BUSINESS

- 5.1 There were no additional items of business.

6 DATE OF NEXT MEETING

- 6.1 No future meetings of the DCP 009 Working Group have been scheduled.

Appendix A: Summary of Actions

This section provides details of actions placed at the meeting. The section is split into two sub-sections:

- New actions and progress against actions currently open; and
- Actions that were closed as a result of the meeting or a previous meeting.

Open Actions

Action No.	Description	Owner
04/01	Develop final version of legal drafting for Change Report based on recommendations of the group	JL /GW
04/02	Provide a formal response to Ofgem on behalf of the group	FW/ EL

Closed Actions

Action No.	Description	Owner
03/01	Update the legal drafting to fully reflect differentiate between Use of System Charges and other charges	GW
03/02	Update the change report and circulate to the group for sign off.	EL