WG Member	What is your view regarding the issue raised with the Definition of "Designated Property" and the potential need for a new Schedule similar to Schedule 29?
Nigel Kempson (WPD)	I have been through Schedule 29 (Calculation for the discount rates for LDNOs) and I agree we need something very similar for CDCM Private Networks. I think the legal text should be almost the same – the differences being captured in the "Allocation Rules Table". The PNO's should receive a lower discount than the licenced IDNO's to account for the fact that costs such as MPAS services remain with the DNO. Unfortunately I cannot see how to subtract the costs for these services off the discount rate for the PNO's. Some of the other costs seem to be based on models from 2007/8 and I do not see how to add 2019 costs to the tables/methodology. Would the modellers have a better idea? Possibly extending the discount rate calculation in the PCDCM.
Chris Barker (BUUK)	Designated Properties are defined in standard licence condition 13A.6 of the electricity distribution licence, and should provide the basis of any definition. May therefore not need a specific schedule for this area. But on this area it should also be noted that Paragraphs 24 and 25 of Schedules 17 and 18 cover the charging to IDNOs where they connect at EHV.

WG Member	For both the rebate and the tariff solution it is indicated that no residual charges will apply. What is the rationale for this?
Nigel Kempson (WPD)	I think the first thing to say is that all the DNO charging methodologies incorporate residual charges and WPD can think of no reason as to why they would not apply to tariffs for private networks. I personally wonder if the idea of dropping residual charges has crept in because it is not uncommon nowadays for a developer to add a battery to share a connection at an existing site, thereby creating a "private network". In this scenario there might be complications for DCP328 if DCP341 & 342 go through. In my view we cannot second guess whatever might happen to the battery tariffs so we should not consider this possibility for DCP328.

Kara Burke (NPg)	Andrew Enzor (original proposer) says that the reasoning for this was that if you follow Ofgem's argument that residual charges are for recovery of DNO's sunk costs, then it makes sense for them to be allocated entirely to the voltage tiers which the DNO is operating (i.e. no revenue assigned to the PNO). But he also said that the justification really depends on what you think the residual is for – which he doesn't think the industry yet agrees on.
Chris Barker (BUUK)	There is a broader issue about how **Residual Charges** should be allocated between upstream and downstream networks. While out of scope of this change proposal, Ofgem are currently undertaking SCRs into residual charging and on future Access and Forward looking charges. This will determine more clearly what is in (or out of) the residual component. And as stated in previous comments it is still not widely agreed what the residual charge actually recovers. There is a danger of models not accurately reflecting: 1. Where and how the company currently spends capex 2. How operational costs are incurred across the network 3. How the fixed costs of operating the network

WG Member	Any other comments?
Chris Barker (BUUK)	As we go into the next stages of this change proposal it may be good to provide a few real world examples as to how the mod would work in practice. This would also be useful in providing further insight into areas previously identified, such as if PNOs are to receive discounted DUoS, but receive services from the DNO, then there would be a need to publish charges for the services that the DNO provides. In calculating any discount the DNO, we would need to understand/ determine the costs of providing the ancillary services that have to be managed as a licensee: • Registration activities • Maintenance of MDD • Publication of loss adjustment factors • Billing and DUoS collection • Vulnerable needs register • Costs of maintaining systems and processes for and on behalf of the private network operator • Call handling in a loss of supply emergencies (How would DNOs differentiate)

	And as previously highlighted given that for IDNOs, the DNO bills the IDNO for UoS to its boundary, with the IDNO being responsible for billing suppliers for the all the way DUoS and for paying the DNO their share; it is not entirely clear nor justified why the DNO bills the suppliers for the use of a private network when it does not do so for IDNO metering points. It would be useful for the working group to set out why it is reasonable for the DNO to apply a discriminatory approach in favour of PNOs compared to that employed by DNOs in respect of IDNOs.