DCP 361 Working Group Meeting 04

23 March 2020 at 10:00am
Teleconference

Attendee	Company
Working Group Members	
Ben Tucker [BT]	Good Energy
Chris Barker [CB]	Electricity North West
Chris Ong [CO]	UK Power Networks
Claire Campbell [CC]	Scottish Power Energy Networks
Dave Wornell [DW]	Western Power Distribution
David Fewings [DF]	Inenco
Eleanor Wood [EW]	Ofgem
Elizabeth Alkins [EA]	Ovo Energy
Helen Inwood [HI]	npower
Josephine Lord [JL]	Cornwall Insight
Julia Haughey [JH]	EDF Energy
Kara Burke [KB]	Northern Powergrid
Karl Maryon [KM]	Haven Power
Mark Jones [MJ]	UK Power Networks
Oliver Bubb-Humphreys [OBH]	CEPA
Paul Duffus [PD]	Western Power Distribution
Paul Farmer [PF]	Shell Energy
Tony Collings [TC]	Ecotricity
Apologies	
Gordon McFadzeon	TNEI
Kayt Button	Ofgem
Lee Wells	Northern Powergrid
Code Administrator	
John Lawton [JT] (Chair)	ElectraLink
Dylan Townsend [DT] (Technical Secretary)	ElectraLink

Hollie Nicholls [HN] (Administration Support)	ElectraLink

1. Administration

1.1 The Chair welcomed the members to the meeting.

1.2 The Working Group reviewed the "Competition Law Guidance". All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.

2. Purpose of the Meeting

2.1 The Chair set out that the purpose of the meeting was to continue to develop the legal text and discuss the modelling requirements with the DCUSA Modelling Provider.

3. Review and Development of Draft Legal Text

3.1 The Chair walked the Working Group through the comments that were outstanding in the draft legal text and amendments were made during the meeting.

Schedule 16

3.2 The Working Group discussed the embedded comments on paragraph 70 of Schedule 16. When DCP 268[1] was approved, there no longer was a concept of non-half hourly and half hourly unmetered supply, therefore the paragraph needed updating. The Chair was concerned over whether the amendment to the text was in the vires of this Working Group, but it was agreed that a full stop should be included after "…unit rate" and the rest of the text should be deleted. A note should be included on the DCUSA Panel housekeeping log that if the amendment is not approved it would need to be picked up later. It was also suggested that, within the consultation document, the resultant amendment makes reference to the omission within DCP268 relating to the merger of 'non-half-hourly' and 'half hourly unmetered supplies' to 'unmetered supplies' and as such there was no need to aggregate the two. In addition, due to the removal of the storage tariffs meant that all references to aggregation to the network level could be removed.

ACTION 05/01: The Secretariat to include the update to paragraph 70 of Schedule 16 to the DCUSA Panel Housekeeping Log so that it can be picked up if the amendment is not approved under the vires of this Working Group.

3.3 The Chair also noted that a footnote had been added within paragraph 92 to explain where the new schedule comes from and catered for by DCP358[2]. In addition, the Working Group also confirmed that they were comfortable with the amendments made by a member of the Working Group prior to the meeting. These included extra text to ensure that it was clear what residual was being recovered from unmetered supplies in paragraph 92C. The Chair questioned whether the text included in paragraph 92C made sense to the DCUSA Modelling Provider to which they confirmed that it did.

3.4 The Working Group discussed paragraph 94 and the two options that have been put forward. Option 1 removes the paragraph and adds "Not Used" whereas, Option 2 replaces the old text with a new paragraph that caps any potential negative residual fixed charges to zero and then applies any remaining amounts to the unit rates. Due to the inclusion of two options, it will mean that the Working Group will require two modelling requests being sent to the Modelling Service Provider. The Working Group also discussed the need to account for increased fixed charges relating to Supplier of Last Resort (SoLR) and Use of System Bad Debt. The Modelling Service Provider agreed that the SoLR and Bad Debt costs need to be considered when completing the negative constraint step in the model.

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[1] DCP 268 'DUoS Charging Using HH Settlement Data'

[2] DCP358 - Ofgem Targeted Charging Review Implementation: Determination of Banding Boundaries

3.5 The Working Group also discussed the definition that has been included for "Final Demand Site". It was noted that currently, the definition relies on other definitions being agreed within the development of DCP 359[3]. As these definitions are not being used in the main body text of DCUSA, they should be included here, however, it was agreed that the definition would be updated to "as defined within Schedule [XX]". This definition will also be updated within Schedules 17 and 18.

3.6 The Modelling Service Provider questioned whether the related MPAN and non-domestic aggregated tariff should be identical unless there is a negative fixed adder and unit rates for the related MPANs is equal to the aggregated tariff. One Working Group member explained that the related MPAN shouldn't have any residual unit attached to it at all. The new world will be recovering a residual charge per site so there shouldn't be any residual charges on an MPAN basis.

3.7 The Modelling Service Provider also questioned whether they should aggregate final demand when they add up the final demand and allocate the residual charge between tariffs. Would there be an issue with who the residual charge is collected from whether it be from everyone or just the people it relates to? Is there a distinction between the volume of the related site when it is taken into account or if the volume is spread across the whole group? One Working Group member explained that it is difficult to determine which MPAN should be allocated to related MPAN, however, the DNOs should be able to come up with something. The Chair stated that the Faster Switching Programme is considering identifying the relationship between related MPANs and their primary MPAN. The Modelling Service Provider suggested that there would need to be a change to the legal text to say that the amount of residual charge for each band should be apportioned to the sum of related MPANs where a related MPAN exists i.e. the related MPANs should be allocated to the appropriate band based on their primary MPAN. This should be included within the first bullet of paragraph 92 of Schedule 16.

Schedule 17

3.8 The Chair discussed the first comment left by a Working Group member that states that step 5 (SOLR and eligible bad debt) is missing after paragraph 1.8 in both Schedule 17 and Schedule 18. This needs to be included in the DCUSA Panel Housekeeping Log rather than being covered under this Change Proposal.

ACTION 05/02: The Secretariat to include the missing step after paragraph 1.8 in both Schedule 17 and Schedule 18 to the DCUSA Panel Housekeeping Log.

3.9 The Working Group discussed the post meeting note that was included within paragraph 16.1 of Schedule 17 and agreed that there was no action to be taken.

3.10 The Working Group reviewed the comment left in paragraph 18.2 which stated that the paragraph had been amended to point Parties to the relevant paragraph (18.18). The Working Group reviewed paragraph 18.18 and agreed that the included wording makes it clear that the residual fixed charge adder will be applied to the fixed charge adder.

3.11 The Working Group also discussed paragraphs 18.21 and 18.21a. Paragraph 18.21 is being removed and replaced by "Not used" and so the Working Group discussed whether to remove the paragraph completely and renumber 18.21a to 18.21. The Chair suggested that it should be left as 18.21a and the DCUSA Legal Advisor can determine the most appropriate numbering.

3.12 The Working Group discussed paragraph 19.4 where the Modelling Service Provider suggested that there should be an inclusion to ensure consistency with the fixed charge assets and the residual fixed charge. The Working Group discussed that both options have been included in 18.18 but for consistency, they should be included in 19.4 too. Therefore, the text was updated to include "…and a residual fixed charge in p/day…". It was also suggested that the actual calculation should be included in paragraph 19.5 to ensure that the methodology is the same.

[3] DCP 359 'Ofgem Targeted Charging Review Implementation: Customers - who should pay?'

3.13 The Working Group also reviewed paragraph 26.11 and the inclusion of how scaling down is used because it is a path based on a users' capacity, however, moving to the new world, there is potential that the residual charge should also be scaled down. Therefore, it was suggested that the "…20% share of residual…" should be removed. One Working Group member was not entirely comfortable with that suggestion as it would put LDNOs at a disadvantage. It was agreed to retain, and a consultation question would be included in this area.

3.14 The Working Group agreed that all amendment to Schedule 17 should be replicated in Schedule 18.

ACTION 05/03: The Secretariat to update the legal text to reflect the discussions held.

4. DCP 361 Modelling Request Requirements

4.1 The Modelling Service Provider noted that copies of the DCP 358, 359 and 360 solutions should be provided as attachments to the DCP 361 modelling requests to ensure that the Modelling Service Provider have the complete package of Targeted Charging Review Change Proposals.

4.2 The Modelling Service Provider explained that revenue matching is the tricky aspect of the modelling request and so they have been taking the assumption that they do this the same way as they are currently. Also, for the impact assessment, the Modelling Service Provider are using the assumption that there are four charging bands plus a no residual band, e.g. storage. There was also a question asked regarding the residual MPAN numbers and whether they need to use the same as the aggregate MPAN tariff numbers. If these assumptions are okay, then all they would need is the draft legal text, aggregate MPAN numbers and that the assumptions are all okay. The Secretariat requested that the assumptions are sent over in writing so that they can be included in the modelling requests.

4.3 The Working Group agreed that they are happy for the Secretariat to draft the modelling requests and submit them to CEPA/TNEI on behalf of the group.

ACTION 05/04: The Secretariat to draft the modelling requests and submit them to the modelling service provider.

5. DCP 361 Consultation Questions

5.1 The Chair confirmed that all the standard consultation questions will be included in the document but requested whether the Working Group had any specific ones that they wished to include.

5.2 The following were put forward:

- Do Parties agree with the approach taken by the Working Group to produce the table within the CDCM and include pre-revenue matching tariffs?
- Do Parties believe that final tariff names should be included within the table?
- Do Parties prefer Option 1 or Option 2 within Schedule 16 of the legal text?
- What would the potential impact of removing the 20% share of residual have on LDNO Parties?

ACTION 05/05: The Secretariat to draft the consultation document for review at the next DCP 361 Working Group meeting.

6. Work Plan

6.1 The Working Group reviewed the DCP 361 Work Plan and agreed the following next steps for the CP. An updated Work Plan can be found as Attachment 1.

- The Secretariat to update the draft legal text to reflect the discussions held;
- The Secretariat to continue to draft the DCP 361 consultation document for review and agreement at the next Working Group meeting; and
- The Secretariat to draft the two modelling requests required to progress DCP 361 and send these to the modelling service provider.

7. Agenda Items for the Next Meeting

7.1 At the next meeting the Working Group will review the draft consultation document and ensure they are comfortable with the updated drafting of the legal text.

8. Any Other Business

8.1 There were no further items of AOB, and the Chair closed the meeting.

9. Date of Next Meeting

9.1 The date of the next meeting is scheduled for 06 April 2020 and will be held via teleconference.

10. Attachments

- Attachment 1 – DCP 361 updated work plan

New Actions

Ref.	Action	Owner	Update
05/01	The Secretariat to include the update to paragraph 70 of Schedule 16 to the DCUSA Panel Housekeeping Log so that it can be picked up if the amendment is not approved under the vires of this Working Group.	ElectraLink	
05/02	The Secretariat to include the missing step after paragraph 1.8 in both Schedule 17 and Schedule18 to the DCUSA Panel Housekeeping Log.	ElectraLink	
05/03	The Secretariat to update the legal text to reflect the discussions held.	ElectraLink	
05/04	The Secretariat to draft the modelling requests and submit them to the modelling service provider.	ElectraLink	
05/05	The Secretariat to draft the consultation document for review at the next DCP 361 Working Group meeting.	ElectraLink	