

DCP 388 Working Group Meeting 01

18 June 2021 at 12pm - 2pm

Web-conference (MS Teams)

Attendee	Company
Working Group Members	
Chris Barker	Electricity North West
Chris Ong	UKPN
Claire Campbell	SP Energy Networks
Dave Wornell	WPD
Edda Dirks	SSE Generation
Giao Le	SSEN
Helen Tsang	EDF Energy
James Jones	SSEN
Kara Burke	Northern Powergrid
Karl Maryon	Haven Power
Lee Stone	E.ON
Lee Wells	Northern Powergrid
Mark Jones	SSE Business Energy
Ryan Roberts	Energy Potential
Thomas Cadge	BUUK Infrastructure
Tom Chevalier	Power Data Associates
Pamela Howe	Northern Powergrid
Observers	
Shannon Murray	Ofgem
David Fewings	Inenco
Code Administrator	
Dylan Townsend [DT] (Technical Secretariat)	ElectraLink
John Lawton [JL] (Chair)	ElectraLink

1. Administration

- 1.1 The Chair welcomed the members to the meeting.
- 1.2 The Terms of Reference for the meeting were reviewed and the Working Group agreed that these were a fair and accurate representation of the Working Group's objectives and agreed to be bound by them for the duration of the Working Group. The Secretariat noted that there were no additional items which the Panel required the Working Group to consider and report on.
- 1.3 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.
- 1.4 The Chair set out that the purpose of the meeting was to review and analyse the Change Proposals (CPs) and to start to develop potential solutions, alongside agreeing any next steps.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting was to review and analyse DCP 388 'Amendments to Facilitate Appropriate Residual Charging for Sites with a Mix of Final and Non-Final Demand' and to discuss the potential solutions, alongside agreeing any next steps.

3. Background of DCP 388

- 3.1 The Chair asked the Proposer to provide a background of DCP 388 to the Working Group.
- 3.2 LS provided the Working Group with an overview of the purpose of DCP 388, starting with confirming that it had been raised as a consequence of a difference between the approved solutions developed for DCP 359 '*Ofgem Targeted Charging Review Implementation – Customers: Who should Pay?*'¹ and that of CUSC Modification Proposal (CMP) CMP334 '*Transmission Demand Residual – consequential definition changes (TCR)*'².
- 3.3 LS noted that Ofgem's TCR Direction included references to the need to consider consumers connected to private wire and complex sites. DCP 359 was brought forward to modify the DCUSA to introduce definitions for the new terms for 'Final Demand' and 'Single Site'. It was also to deal with the requirement set out in the Direction which stated:

"Further arrangements

30) **appropriate arrangements to develop the following:**

.....

- c. *any consequential changes that may be required in relation to residual charges for Independent Distribution Network Operators (IDNOs), consumers connected to private wire and complex sites, noting that the Authority expects that the IDNO charging regime (which operates via a Relative Price Control) to continue to function as it does today; and*

..... "

¹ <https://www.dcusa.co.uk/change/ofgem-targeted-charging-review-implementation-customers-who-should-pay/>

² <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp334>

- 3.4 It was noted that the DCP 359 Working Group de-scoped complex sites and private networks, agreeing that DCP328 ‘*Use of system charging for private networks with competition in supply*’³ was best placed to deal with those arrangements once DCP359 has been implemented. However, in its final decision on DCP 359, published on 30th September 2020⁴, Ofgem outlined that “*if the proposed solution for DCP328 does not apply to complex sites (that are not part of private networks), we would expect a party to propose a modification to address residual charging for such complex sites.*”.
- 3.5 LS explained that the term ‘Complex Site’ has now been determined to mean ‘mixed use sites’ and that DCP 388 has been raised, in part, due to similar changes being raised to the CUSC to deal with the same issue. It was noted that the CUSC changes (CMP 363 and CMP 364)⁵ have been raised as a result of Ofgem’s decision on CMP334. This was because Ofgem set out the following in their CMP334 decision:

“Private wires / complex sites

In the TCR Direction, we directed (paragraph 33.c) that ‘appropriate arrangements to develop any consequential changes that may be required in relation to residual charges for [...] consumers connected to private wires and complex sites.’ At the Workgroup Consultation stage, two respondents raised concerns that the definitions in the proposals for CMP334 and DCP359 do not work for complex sites.

We agree that the Workgroup has failed to bring forward a proposal that covers private wires and complex sites. The Workgroup indicated in the CMP334 FMR that changes to private wires and complex sites would be dealt with through DCP328, not this modification. DCP328 is only applicable to distribution-connected customers, and therefore would not cover transmission-connected customers. As a result, our view is that this obligation of the TCR Direction has not been discharged and will continue to apply notwithstanding our decision on this proposal. This is addressed further below in the “Other Issues” section of this letter.”

4. Working Group Review / Discussion on DCP 388

- 4.1 The Working Group agreed that it would be prudent to review the information contained in the Change Proposal form, including the proposed legal text that had been included. It was noted that this review would flush out any potential issues or points for further discussion.
- 4.2 The Chair sought clarity on the terminology being used in DCP 388 as compared to the language used in the Ofgem decision and direction documents. More specifically, on what a ‘Mixed Use Site’ is as well as what the term ‘Non-Final Demand’ means, as it was noted that neither had been defined within the original documentation related to the TCR. Members discussed these items, and the general consensus was as follows:

³ <https://www.dcusa.co.uk/change/use-of-system-charging-for-private-networks-with-competition-in-supply/>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/dcp359-ofgem-targeted-charging-review-tcr-implementation-customers-who-should-pay>

⁵ <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp363-cmp364>

- The TCR Direction referred to complex sites, but Ofgem have subsequently set out (within the consultation issued on their minded-to decision and impact assessment CMP343⁶) that they now use the term ‘mixed use sites’ as ‘complex sites’ is used in the BSC for another purpose.
- In that same document, Ofgem used ‘Mixed use sites’ to refer to sites with a mixture of Final Demand and ‘non-Final Demand’ and although it isn’t actually defined itself, it could basically be described as demand that isn’t classed as Final Demand.

- 4.3 Members discussed some concerns related to the CP, which included that the potential solution being developed under the CUSC arrangements might be practical and appropriate for transmission-connected sites where the residual is allocated relative to consumption that is based on available metered data, the same approach would be impractical for distribution-connected sites. This is primarily because the residual charging boundary is determined by a customer’s Maximum Import Capacity (MIC) and sites with no MIC (non-half hourly (NHH) settled) have been allocated to a charging band based on Estimated Annual Consumption (EAC) data provided by NHH Data Aggregators (NHHDA). It has been noted that this data isn’t comprehensive (i.e., there are missing MPANs) and is also subject to significant volatility in EAC between the quarterly reports provided for the same MPANs. Further to those points, it was also noted that it is the only way distributors can obtain disaggregated MPAN level data for the foreseeable future.
- 4.4 One member explained that distributors currently do not receive metered consumption per MPAN for half hourly (HH) settled sites without a MIC, and instead have relied upon ad-hoc reports provided by ElectraLink. However, it was noted that these reports are also missing MPANs.
- 4.5 One Working Group member considered it to be impractical to implement a consistent solution between transmission-connected and distribution-connected Final Demand Sites, and therefore questioned the appropriateness of what (and how) DCP388 seeks to achieve.
- 4.6 The Chair asked the Working Group to turn their minds to the proposed legal text as set out in the Change Proposal form, which is set out below for reference:

Create new definitions to the table contained in paragraph 8.2 of Schedule 32 as follows:

“Mixed Use Sites” shall be defined as Single Sites that meet both “Final Demand” and “Non-Final Demand” criteria, that final and non-final demand can be separately identified by metering and a certificate has been provided to the DNO/IDNO Party.

- 4.7 The Working Group agreed that the term ‘Non-Final Demand’ would need to be defined as part of the development of DCP 388 as it is not currently defined in the DCUSA.

⁶ <https://www.ofgem.gov.uk/publications-and-updates/cmp343-consultation-minded-decision-and-impact-assessment>

- 4.8 Members agree that the topic of ‘metering’ will need quite a bit more discussion to determine, what type of metering could be used, as it was noted that there are ongoing discussions under CMP363/364 as to whether settlement or operational metering should or could be used.
- 4.9 Members also agreed that further discussion was needed with respect to the certification requirements as although such an approach may be easier to apply to sites with capacity-based charges, it may prove rather more difficult to apply to sites with consumption-based charges. Further to this, it was noted that such a solution would be likely based on trust and some members expressed concerns related to the possibility of incentivising gaming opportunities and ultimately undermining what the TCR was trying to resolve.
- 4.10 With respect to the requirements of the certificate itself, the Proposer noted that their view was that it is likely to be different to the current certificate although may be quite similar in nature.
- 4.11 The Chair questioned whether consideration needed to be given as to whether, for sites that have a MIC, the ‘Installed Capacity’ or the ‘Agreed Capacity’ of a generator should be used to determine what proportion of the capacity should be excluded for the purposes of determining the applicable residual charging band. Members discussed this point; however, it was noted that agreement was not reached during the meeting.
- 4.12 The Chair suggested that the Secretariat could take an action to explore what information is expected to be provided to a DNO/IDNO by a customer who is wanting to connect generation/storage to a site. It was noted that this may assist in ascertaining what data is available to DNOs/IDNOs so as to be able to separately account for import/export capacity requirements of a site that has Final Demand and either or both generation or storage on site. The Chair set out that any such information may potentially be set out in one or more of the following documents:
- the Engineering Recommendations that sit alongside the Distribution Code;
 - the National Terms of Connection; or
 - the Common Connection Charging Methodology.

ACTION: 01/01 – ElectraLink to explore what information a site wanting to connect generation needs to provide to a DNO/IDNO which may potentially be set out in some of the Engineering Recommendations that sit alongside the Distribution Code, or anything captured in the National Terms of Connection or the Common Connection Charging Methodology. Report findings back to the Working Group.

- 4.13 One member of the Working Group suggested that one approach to moving forward with the change would be to create a table of options for consideration. It was noted that the table should set out a list of pros/cons against each option and that any dependencies could also be added as an extra column.
- 4.14 With the above in mind the Working Group set out some high-level options which can be explored in more detail during subsequent meetings. The high-level options are set out below:
1. The Customer to provide a certificate that a certain amount of their demand is ‘non-final demand’ which is then deducted from the total of the site. This could be backed

up with confirmation of what equipment is on the site, which could be subsequently confirmed by a site visit, if it were deemed necessary.

2. Using some form of metering (settlement/operational) at the site and designing a process to obtain the metering data.
 3. Using the recently approved BSC Modification Proposal P375 '*Settlement of Secondary BM Units using metering behind the site Boundary Point*'⁷.
 4. Change the 'per site' approach to 'Single Site per MPAN'.
- 4.15 With respect to option 3 above, the Working Group agreed that it would be beneficial to obtain a better understanding of the solution developed for P375 and if and/or how it could be extended to help facilitate the requirements of DCP 388.

ACTION: 01/02 – ElectraLink to contact relevant Elexon representatives and seek further information with respect to the approved solution for P375 and if and/or how it could be extended to help facilitate the requirements of DCP 388. Report findings back to the Working Group.

- 4.16 One Working Group member explained that the CUSC Workgroup that is developing CMP363/364, have been assessing the practicalities of the proposed solution against several different scenarios, using diagrams to show different site configurations and questioned whether something similar would be beneficial for this Working Group. The Working Group was of the view that such diagrams may be beneficial, and an action was taken to share some amended diagrams once they had been finalised following some ongoing discussions with the CUSC code admin team.

ACTION: 01/03 – ED to share some amended diagrams, showing different site configurations, once they have been finalised following some ongoing discussions with the CUSC code admin team.

5. Next Steps and Work Plan

- 5.1 The Working Group reviewed and updated the Work Plan and in doing so agreed the next steps. The updated Work Plan acts as Attachment 1 to the minutes and a summary of the next steps is below:

- ElectraLink to draft consultation document based on Working Group discussion during meeting and circulate to Working Group for review;
- Next meeting to be held on Friday, 02 July 2021, between 10am and 1pm, for the purpose of continuing to assess and develop the solution for DCP 388 and to review the draft consultation document.

ACTION: 01/04 – ElectraLink to complete first draft of consultation document based on Working Group discussion during meeting and circulate to Working Group for review.

6. Any Other Business

- 6.1 There were no items of AOB, and the Chair closed the meeting.

⁷ <https://www.elexon.co.uk/mod-proposal/p375/>

APPENDIX 1: Actions Log

New and Open Actions

Ref.	Action	Owner	Update
01/01	ElectraLink to explore what information a site wanting to connect generation needs to provide to a DNO/IDNO which may potentially be set out in some of the Engineering Recommendations that sit alongside the Distribution Code, or anything captured in the National Terms of Connection or the Common Connection Charging Methodology. Report findings back to the Working Group.	ElectraLink	
01/02	ElectraLink to contact relevant Elexon representatives and seek further information with respect to the approved solution for P375 and if and/or how it could be extended to help facilitate the requirements of DCP 388. Report findings back to the Working Group.	ElectraLink	
01/03	ED to share some amended diagrams, showing different site configurations, once they have been finalised following some ongoing discussions with the CUSC code admin team.	Edda Dirks	
01/04	ElectraLink to complete first draft of consultation document based on Working Group discussion during meeting and circulate to Working Group for review.	ElectraLink	