

DCP 392 Working Group Meeting 02

13 October 2021 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Charles Deacon [CD]	Renewable Connections
Dafydd Burton [DB]	Ofgem
Edda Dirks [ED]	SSE Generation
Grant Rogers [GR]	WPD
Gwen MacIntyre [GM]	SSEN
Joanna Knight [JK]	SSEN
Mike Harding [MH]	BU-UK
Peter Turner [PT]	NPg
Simon Vicary [SV]	EDF
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Apologies	
Tom Cadge [TC]	BU-UK

1. Administration

- 1.1 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.
- 1.2 There were additional comments relating to the previous meeting minutes – an updated version can be found as **Attachment 1**.
- 1.3 The Working Group noted the items on the actions list from the last meeting. Updates on all actions are provided in **Appendix A**.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting was to review both the Distribution Network Operator (DNO) and Electricity System Operator (ESO) Request for Information (RFI) 01 responses and also the notes provided from the Working Group call with Gowling held on 23 September 2021.

3. Review of DNO & ESO Responses to RFI 01

- 3.1 The Chair ran through each of the DNO/ESO responses to the first RFI for Working Group comments.
- 3.2 Before the start of the review, members of the Working Group stated that the questions within the RFI were not what was expected reflecting the discussion from the previous meeting. It was agreed that once the responses had been reviewed, new RFI questions may need to be agreed.

Question 1 – What are your current reimbursement arrangements where a distribution user pays for transmission works (as per DCUSA Schedule 22, Clause 1.43 to 1.44A)?

- 3.3 The Working Group clarified that in order to facilitate the connection to the distribution system, transmission works are required (not a direct connection to the transmission system).
- 3.4 It was noted that Distribution Reinforcement is equivalent to ‘wider works’. In transmission, directly connected users are not charged directly for wider works (Reinforcement), however they are charged for attributable works (Extension Assets) and the cost of connecting these to the existing system.
- 3.5 One member explained that for transmission, there is no concept of apportionment – it is either 100% or 0%.
- 3.6 Where a Customer connects to a Distribution network and the Transmission system is not involved, there is not an equivalent security/liability obligation placed on the customer by the distributor. In the same case where there is a Transmission impact, Transmission will pass on the security/liability to the Distributor who will pass the costs on to the Customer.
- 3.7 The Working Group noted that security/liability is not covered by the ECCR.
- 3.8 One member suggested it would be helpful to create a table that shows the various equivalents between Distribution and Transmission – the Working Group discussed this and suggested that the table would be helpful, however the information it will provide does not necessarily answer the question of how Distributors treat Third Party works and are concerned that this may not be needed.

- 3.9 Ofgem agreed that a comparison timetable would be beneficial, however due to time and availability to for Working Group members to create this, it was agreed to revisit the need for the table if discussed at a future meeting.
- 3.10 After further discussion, the Working Group agreed that the question that needs to be asked within another RFI is how Distributors treat Third Party works and agreed that a second RFI would need to be produced and circulated to distributors (as the initial RFI did not ask this question).
- 3.11 The below questions for a second RFI to DNOs can be found below:
- *Q1 a) How do Distributors calculate charges for a transmission connecting Customer that has an impact on the distribution system? An example would be a transmission connection to a tertiary winding that trigger works on the distribution system.*
 - *Q1 b) What methodology do you use to determine what costs should be charged?*
 - *Q1 c) Please provide justification for your charging arrangements, be that apportioning or charging in full.*
- 3.12 Members agreed that the above proposed RFI questions would be helpful in understanding the current process and may be useful in developing this CP and agreed that the second RFI should be circulated in time for the responses to be reviewed at the next Working Group meeting.

ACTION 02/01: Secretariat to circulate a second RFI to DNOs and bring the responses to the next Working Group meeting for review.

Question 2 – How are diversions catered for in the Distribution Licence regarding the costs incurred?

- 3.13 The Working Group noted the responses provided by DNOs/ESOs regarding the above question and these were noted.
- 3.14 Some distributors stated that diversions were covered under Special Licence condition CRC5C. This stipulates that DNOs have the right to charge for reasonable costs and a reasonable rate of return. The ESO don't have a distribution licence neither does a concept of diversion feature in the transmission licence and such referred their response to the first RFI question.
- 3.15 The Working Group agreed that as with the first question, it was not the question that needed to be asked.
- 3.16 **Post-Meeting Note – An additional response to the first RFI has now been added to the collated responses document. This additional response followed a similar theme to the collated responses already reviewed by the group. This can be found as Attachment 2.**

4. Review of Discussion with Gowling

- 4.1 The Working Group reviewed the document created by MH with embedded comments added by CD which provides background information of the concern together with a summary of the discussions held between the MH, some of the Working Group members and Gowling on 23 September 2021 for further discussion.

Summary Section

- 4.2 One member stated that if there is not a connection to the distribution network then the ECCR is not applicable. as per the primary legislation. It was agreed that the current text should stay the same as the intent is still the same (whether this can be done or not).
- 4.3 One member commented that the relationship between the transmission company and the Party seeking connection to the distribution system is out of scope and only relates to transmission connections only. The Working Group agreed that this should state the relationship between the ESO and the Party seeking connection to the transmission system.
- 4.4 The Working Group suggested that it may be appropriate to look at the broader impact from a whole systems approach. Once the full extent of what it being proposed is fully understood, an assessment can then be made regarding a whole systems approach. The Chair noted this suggestion; however, concerns are that this approach may be broader than the remit of the CP.
- 4.5 It was noted that the Working Group need to ensure that this CP does not interfere with the wider charging reviews (i.e., transmission charges and DUoS reviews).

Introduction section

- 4.6 One comment relating to this CP being outside of the scope of the Common Connection Charging Methodology (CCCM), it was suggested that a new policy/addendum/licence condition could be agreed reflecting the nature of the CCCM.

DGP 392 is outside the Scope of the Act, the Licence and the CCCM section

- 4.7 One member commented that although being out of scope has been noted and is appreciated, the Working Group should aim to find a mechanism whereby the CP can be incorporated into how DNOs are charging for these works.

Consideration of Arrangements Equivalent to the ECCRs section

- 4.8 Members discussed the comment around the DNO being cost neutral - one member stated that in terms of ECCRs, they can recover money from the second comer payments to the first comer. Another member stated that use of system Customers do not benefit from this.

Consideration of the Scope of the DCUSA section

- 4.9 One member stated that if this CP is out of scope of DCUSA and is potentially written into the CUSC, whether or not it is related to Distribution customers, DCUSA will have to be updated as the change will modify how Distributor's charge.
- 4.10 Another member clarified that a Distributor has a bilateral agreement with the Transmission Operator (TO) and this relationship is covered through CUSC and the bilateral connection agreement. The extent of which DCUSA would need to change/be updated depends on the nature of the change implemented into the CUSC.

Contractual Hierarchy between Transmission Connected Customers and Electricity Distributor section

- 4.11 Within this section of the document, it states that it is believed to be sufficient to describe the hierarchy of the relationship between the relevant Parties to demonstrate that the DNO has no contractual relationship with a Party connecting to the transmission system.
- 4.12 One member commented that this is a flaw in the current process in which CMP 328 is seeking to resolve, using the ESO as an intermediary to allow for enduring solutions that can be more efficient than capital upgrades, for example. The Working Group agreed that this will need to be considered when drafting the legal text for this CP.

Our Understanding of the Points put Forward by Gowling WLG section

- 4.13 MH reminded the group that this section of the overview document is his perspective of the outputs from Gowling and welcomes any additional feedback to this section.
- 4.14 One of the examples within this section states that diversionary works associated with the distribution system are outside of the scope of DCUSA. One member queried whether works such as this could look to be codified in the future – after further discussion, it was noted that this could potentially happen, however this is out of scope of DCUSA and DCUSA cannot modify Licence Conditions.
- 4.15 The Chair informed the Working Group that the outcome from Gowlings is that this CP can progress under DCUSA and could potentially be added as a new Schedule within the DCUSA document.
- 4.16 The Secretariat agreed to circulate Gowlings outputs of the discussion to the Panel, to the Working Group, post-meeting (with the DCUSA Panel and Gowlings approval to do so).

ACTION 02/02: Secretariat to circulate Gowlings output of the DCP 392 legal stance discussion to the Panel, to the Working Group, post-meeting (with the DCUSA Panel and Gowlings approval to do so).

- 4.17 The amendments to the document thus far can be found as **Attachment 3**. There are two sections still to review.

5. Next Steps and Work Plan

- 5.1 The Working Group discussed the next steps, and the following items were captured:
1. The Secretariat will draft and issue a second RFI to DNOs regarding their processes relating to the calculation of Third Party works.
 2. A third Working Group meeting will be scheduled to discuss the responses to the second RFI.
 3. The Working Group will complete the review of the Gowling discussion document.
 4. The Working Group to discuss the appropriate next steps at the next meeting.
 5. Reflect on how the legal text will need to be drafted in order to progress this CP.

6. Any Other Business

- 6.1 The Chair asked the Working Group whether there were any other items of business to discuss.
- 6.2 There were no other items raised.

7. Date of Next Meeting

7.1 The date of the next meeting has been scheduled for 27 October 2021 at 2pm.

8. Attachments

- Attachment 1_DCP 392 Working Group 01 Draft Minutes v2.0 (tracked changes)
- Attachment 2_DCP 392 Collated RFI 01 Responses v2.0 (with added response)
- Attachment 3_DCP 392 Discussion with Gowling v2.0 (tracked changes)

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
02/01	Secretariat to circulate a second RFI to DNOs/ESOs and bring the responses to the next Working Group meeting for review.	ElectraLink	Completed.
02/02	Secretariat to circulate Gowlings output of the DCP 392 legal stance discussion to the Panel, to the Working Group, post-meeting (with the DCUSA Panel and Gowlings approval to do so).	ElectraLink	Completed.

Closed Actions

Action Ref.	Action	Owner	Update
01/01	Secretariat to invite Working Group members to have further discussion with Gus Wood from Gowlings regarding concerns around this CP.	ElectraLink	Completed. Meeting is being held on 23 September at 14:30.
01/06	Secretariat to invite an Ofgem Representative to join the Working Group.	ElectraLink	Completed. Dafydd Burton is the Ofgem Rep for DCP 392.
01/04	Secretariat to circulate the current 2017 ECCR document as well as the ECCR Guidance Document (baseline draft) by Ofgem to the Working Group for information post-meeting.	ElectraLink	Completed. These have been included within the post-meeting pack.
01/02	Secretariat to draft an RFI to all DNOs and ESOs regarding their processes relating to reimbursement arrangements where a	ElectraLink	Completed.

	distribution user pays for transmission works (as per DCUSA Schedule 22, Clause 1.43 to 1.44A).		Deadline for response is 12 October 2021. Responses will be presented at the next Working Group meeting (WG 02).
01/05	Secretariat to invite an ESO Representative to join the Working Group.	ElectraLink	Completed. Grahame Neale (National Grid) has been asked to be the ESO Rep for DCP 392.
01/03	Secretariat to review the various terminology relating to ECCRs (paid/partial works) within the DCUSA Schedule 22, Clause 1.8.	ElectraLink	Completed. Clause 1.8 / 1.22 / 1.35-1.38 all reference 'paid in full', and 1.29 reference 'paid in full/partial'. This is to cater for the way in which the ECCR is written, in that you can make contributions. Cater for instances where not paid in full due to second coma coming on board for example.