

# DCP 328 Working Group Meeting 33

14 December 2021 at 10:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Chris Ong [CO]	UKPN
George Douthwaite	ITP Energised
Tom Chevalier [TC]	Power Data Associates
Tom Cadge [TC]	BUUK
Kara Burke [KB]	NPG
David Fewings [DF]	Inenco
Shannon Murray [SM]	Ofgem
Donald Preston [DP]	SSEN
Oliver Bubb-Humfries	CEPA
Gordon McFadzean	TNEI
<b>Code Administrator</b>	
John Lawton [JL] (Chair)	ElectraLink
Richard Colwill [RC] (Technical Secretariat)	ElectraLink

## 1. Administration

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- 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 The Working Group reviewed the minutes from the last meeting and agreed they were an accurate reflection of the discussions held.
- 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

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- 2.1 The Chair set out that the purpose of the meeting was to review and discuss the concerns raised by the DCUSA modelling advisors and determine next steps.

## 3. Modelling Questions

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- 3.1 The DCUSA modelling advisors were invited to the Working Group to articulate some concerns in relation to the recent DCP 328 modelling request.
- 3.2 The model specification introduced an adjustment in response to concerns that the previous modelling may prevent LDNOs serving LES customers from recovering efficient costs and may even imply negative LDNO margins.
- 3.3 The modelling advisor’s understand and tentatively agree with these concerns, which appear to arise due to: (1) the structure of the LES tariffs being different to the structure of LDNO tariffs, and (2) cost allocation to voltage levels being different within LES tariffs and LDNO tariffs.
- 3.4 The modelling advisors described a concern that the solution may not make sense conceptually, due to a misapplication of LDNO discounts. The calculation of LDNO discounts implicitly assumes a relationship between the tariff associated with a subset of network level, and the cost of those network levels. The solution proposes applying the LDNO discounts to LES tariffs. The modellers concern is that this approach does not provide a self-consistent method for calculating tariffs for LES customers serviced by LDNOs.
- 3.5 They also considered the static distributional revenue impact of this change and provided two example situations in which the modelling specification received would give rise to outcomes which the working group may not have foreseen.
- 3.6 A more detailed overview of their considerations can be found in Attachment 1.
- 3.7 After discussion, an action was taken to undertake an impact assessment on the number of customers that are likely to be affected, this will help understand the materiality of the issue. TC agreed to undertake this impact assessment but it was noted that this would be from a company perspective and therefore some estimation based on market share will be required to understand total numbers.

**ACTION 33/01: Undertake an impact assessment on the number of customers that are likely to be affected by the issues described in Section 3, this will help understand the materiality of the issue.**

## 4. Next Steps

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4.1 The next steps for the DCP 328 Working Group are as follows:

1. Undertake an impact assessment on the number of customers that are likely to be affected by the issues described in Section 3, this will help understand the materiality of the issue.
2. Update modelling specification if needed.

## 5. Any Other Business

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5.1 There were no other items raised.

## 6. Date of Next Meeting

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6.1 The date of the next meeting is to be confirmed.

## 7. Attachments

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Attachment 1: DCP 328 Modelling Specification Concerns

## APPENDIX A

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### Open Actions

Action Ref.	Action	Owner	Update
33/01	Undertake an impact assessment on the number of customers that are likely to be affected by the issues described in Section 3, this will help understand the materiality of the issue.	TC	

### Closed Actions

Action Ref.	Action	Owner	Update
31/02	Working Group to provide comments/ suggested amendments to updated legal text and modelling specification document by Friday, 19 November.	All	Completed

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