DCP 395 Working Group Meeting 04

25 April 2022 at 10:00am
Teleconference

Attendees	Company
Working Group Members	
Donna Townsend [DT]	Energy Asset Pipelines
Thomas Cadge [TC]	BUUK
Dia Orodan [DO]	BUUK
Kara Burke [KB]	NPg
Apologies	
Sarah Owen [SO]	Eclipse Power
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Richard Colwill [RC] (Technical Secretary)	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.

1.3 The Working Group agreed that the minutes from the meeting held on 21 March 2022 were an accurate reflection of discussions held. One observation was that the minutes stated a different Secretariat for the meeting, and this has now been addressed. The updated minutes can be found as Attachment 1.

1.4 An update on actions can be found in Appendix 1 of these meeting minutes.

2. Purpose of the Meeting

2.1 The Chair noted that the purpose of this meeting was to review the consultation responses and finalise proposed solution.

3. Review Consultation Responses

3.1 The Working Group reviewed the consultation responses received. A summary of the discussions can be found below. The full consultation responses, along with Working Group feedback can be found in Attachment 2.

Do you understand the intent of the CP?

3.2 All respondents understood the intent of the CP.

Are you supportive of the principles of the CP?

3.3 A majority of respondents were supportive of the principles of this change. One respondent suggested an alternative solution, and this is reviewed further in response to question 3.

Do you agree that Option 1 is the correct approach? Please provide your rationale.

3.4 A majority of respondents were supportive of option 1. One respondent proposed an alternative approach by making changes to the CDCM to allocate a direct pass-through of the licence fees. The Working Group concluded that if this is placed in the CDCM, it would affect the all-the-way tariffs, which is outside of the intent of this change. It is also against the principles of allocating costs in two different models. It was also noted that this would require additional modelling, which would delay implementation by another 12 months.

Is the allocation to LV level the correct approach? Please provide your rationale.

3.5 A majority of respondents agreed that the allocation to LV level is the correct approach. One respondent stated that the most cost reflective allocation would be to each voltage level. Based on the evidence that there is 99.91% of customers forecasted to be connected at the LV network level, the Working Group has concluded that the allocation of the Smart Meter Communication Licence Fee should be applied to the LV network level for this change. As concluded in the implemented DCP 306, this would reduce cost reflectivity (likely to be immaterial) but improve simplicity.

Is deflating the values to 2007-08 levels the correct approach? Please provide your rationale.

3.6 A majority of respondents agreed with the approach of deflating the values to 2007-08 level. One respondent stated their preferred approach would be the alternative solution posed in question 3.

Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.

3.7 All respondents agree that this CP would better facilitate the DCUSA Charging Objectives. This ranges from Charging Objective 2, 3, 4 and 6.

Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

3.8 A majority of respondents do not believe there are any wider industry developments that may impact upon or be impacted by this CP. A couple of respondents noted the Ofgem DUoS SCR which will be coming in the future.

Are you supportive of the proposed implementation date?

3.9 All respondents were supportive of the proposed implementation date.

Do you have any comments on the draft legal text?

3.10 A majority of respondents were happy with the proposed legal text. One respondent suggested removing the word current from the following:

'Where PI2007/08 is the indexation in 2007/08 and PIt is the indexation in the current charging year.'

3.11 After review, the Working Group agree with this suggestion and the word "current" has been removed from the legal text.

Do you have any other comments?

3.12 There were no other comments received.

4. Finalise Solution

4.1 After review of the consultation responses, the Working Group concluded that the solution that was consulted on will be the solution that is put forward into the Change Report.

5. Next Steps

5.1 The Secretariat took an action to produce a draft Change Report for review at the next Working Group.

ACTION 03/01: Secretariat to produce a draft Change Report for review at the next Working Group.

6. Any Other Business

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

7. Date of Next Meeting

7.1 The next meeting will be held on 6 May 2022, starting at 10am.

New and open actions

Action Ref.	Action	Owner	Update
03/01	Secretariat to contact the two DNOs that report no Pass-through Smart Meter Communication Licence Costs in 2023/24 CDCM models for further information.	ElectraLink	Ongoing
04/01	Secretariat to produce a draft Change Report for review at the next Working Group.	ElectraLink	Ongoing

Closed actions

Action Ref.	Action	Owner	Update
01/01	Secretariat to review the PDCM Legal Text to make sure the Change is being placed against the accurate and latest version of the document.	ElectraLink	Closed
01/02	Secretariat to contact Andy Pace regarding the latest LV customer numbers.	ElectraLink	Closed
01/03	Secretariat to query to the modellers whether it is accurate to deflate the pricing structure to the 2007/08 prices.	ElectraLink	Closed
01/04	Secretariat to update the Change timetable in the CP form and send out a Doodle Poll for the 2nd meeting closer to the time it is required.	ElectraLink	Closed
02/02	DNO members to complete an iteration loop to ensure the model works effectively.	DNO Members	Closed
02/01	Secretariat to contact Ofgem seeking a representative for DCP 395.	ElectraLink	Completed
03/02	Secretariat to release the DCP 395 consultation.	ElectraLink	Completed – issued on 22 March 2022.