

DCP 404 Working Group - Meeting 02

26 May 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Andrew Colley [AC]	SSE Generation
Brandon Rodrigues [BR]	ESP
Grace March [GM]	Sembcorp
Karin Cadwallader [KC]	BUUK
Kyran Hanks [KH]	Waters Wye Associates
Lee Wells [LW]	NPg
Mike Kaveney [MK]	WPD
Nigel Bessant [NB]	SSE
Peter Turner [PT]	NPg
Rebekah Pryn [RP]	UKPN
Ross Thompson [RT]	UKPN
Simon Vicary [SV]	EDF
Tony McEntee [TM]	ENWL
Code Administrator	
Andy Green [AG]	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Tim Hipperson [TH] (Chair)	ElectraLink
Apologies	
Donald Preston [DP]	SSE
Edda Dirks [ED]	SSE Generation

1. Administration

- 1.1 The Working Group reviewed the “Competition Law Guidance” and “Terms of Reference”. All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting and agreed to the Terms of Reference.
- 1.2 An action log has been created and all updates are provided in **Appendix A**.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of this meeting is to review both the methodology on how to produce a Load Duration Curve and the methodologies on how to convert to MVAh (referring to the CDCM and CEM).

3. Review of Methodology for Load Duration Curve

- 3.1 The Chair invited the proposer (TM) to walk the Working Group through the current methodology to calculate the Curtailment limit. This spreadsheet can be found as **Attachment 1**.
- 3.2 The Working Group discussed the use of historical data and quickly agreed that this would need further consideration as there is a question around how far back you look – for example, during the COVID period this would not necessarily show a good representation of the norm as previous years would.
- 3.3 TM suggested including an acceptance rate within the spreadsheet – if there is a significant number of offers that are not accepted, this may need to be added to the spreadsheet as a factor. If an acceptance rate is included, then the Working Group would need to agree whether an all DNO national acceptance rate should be used.
- 3.4 One member raised a concern around exceptional circumstances in relation to a national acceptance rate and suggested that this change should state that all DNOs must use the national acceptance rate unless they can demonstrate the reasons why they will need to deviate from it.
- 3.5 The Working Group agreed to take an action to decide what a national acceptance rate will look like and whether this will be the same (or different) figure for both Demand and Generation.

ACTION 02/01: The Working Group to decide what a national acceptance rate will look like and whether this will be the same (or different) figure for both Demand and Generation.

- 3.6 The Working Group also agreed that additional wording will need to be included within the legal text to state that all DNOs should use the national acceptance rate, unless in extreme circumstances. Examples of these extreme circumstances will need to be created and included within the legal text.

ACTION 02/02: The Working Group to draft wording for the legal text to state that all DNOs should use the national acceptance rate, unless in extreme circumstances.

ACTION 02/03: The Working Group to illustrate examples of what ‘extreme circumstances’ looks like in relation to not using the national acceptance rate within the legal text.

- 3.7 PT suggested that the Demand Curtailment Threshold may vary across different projects – TM stated that he believes this threshold should be the same across all DNOs and Customers will seek whether it is worth applying for Curtailment or not. PT stated that he believes Curtailment hours will be site-specific.
- 3.8 After further discussion, the Working Group agreed to take an action to test a number of example cases within the spreadsheet using the 95% threshold and agree whether this is a sensible figure to use.

ACTION 02/04: The Working Group to test a number of examples relating to the Demand Curtailment Threshold within the spreadsheet using the 95% threshold and agree whether this is a sensible figure to use.

- 3.9 One member suggested adding the Curtailment Limit Calculation spreadsheet as an attachment to the Consultation – the Working Group supported this being included as an attachment and believe this will be beneficial to the industry by allowing them to physically test the methodology.

ACTION 02/05: The Secretariat to include the Curtailment Limit Calculation spreadsheet as an attachment to the Consultation to wider industry once finalised.

4. Review of Methodology for Conversion to MVAh

- 4.1 The Chair invited the proposer (TM) to walk the Working Group through the current methodology of how to convert to MVAh. This group were previously made aware of two approaches, one within the Common Distribution Charging Methodology (CDCM), and the other in the Common Evaluation Model (CEM).
- 4.2 TM suggested that companies' historical data would be needed regarding their flexibility services – the Working Group agreed to take an action to do this and will feedback to the group at the next meeting.

ACTION 02/06: The Working Group to seek further information around their historical data for their flexibility services and feedback to the group at the next meeting.

- 4.3 TM stated that this methodology has already been published within the CDCM and can effectively be lifted and shifted as this method has already been accepted. The Working Group agreed that the methodology within the CEM will still need to be looked at in more depth.
- 4.4 The Working Group agreed to take an action to review both the CDCM and CEM methodologies and agree which methodology will work best in regard to calculating the price.

ACTION 02/07: The Working Group to seek further information around their historical data for their flexibility services and feedback to the group at the next meeting.

- 4.5 One member queried whether the Curtailment payments will be treated as allowable costs – the Working Group discussed this and agreed that this is outside the scope of this change.

- 4.6 Another member suggested it may be best to include within the legal text some wording stating that Ofgem can step in and overrule at any point – the Working Group agreed with this suggestion. This text was included within the legal text live during the meeting. The draft legal text can be found as **Attachment 2**.

5. DCP 405 Workplan

- 5.1 The updated workplan can be found as **Attachment 3**.

- 5.2 The workplan will be updated after each meeting.

6. Agenda Items for Next Meeting

- 6.1 The Working Group discussed the next steps, and the following items were captured:

1. The Working Group to agree the National Acceptance Rate figure.
2. The Working Group to amend the legal text to include the National Acceptance Rate figure and how to adapt with exceptional circumstances.
3. The Working Group to agree the methodology of how to convert to MVAh.

7. Any Other Business

- 7.1 The Chair asked the group whether there were any other items of business to discuss.

- 7.2 There were no other items raised.

8. Date of Next Meeting

- 8.1 The next Working Group meeting will be held on 09 June 2022 at 10pm (due to Bank Holiday).

9. Attachments

- Attachment 1_DCP 404 Curtailment Limit Calculation
- Attachment 2_DCP 404 Draft Legal Text
- Attachment 3_DCP 404 Workplan

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	The Secretariat to contact Ofgem to ask for a representative for this Working Group post-meeting.	Secretariat	Ongoing. Ofgem have been contacted but still awaiting response.
01/05	The Working Group to review part 3 (Curtailed Connection Agreement) of the legal text and provide any further feedback to the next meeting.	Working Group	Ongoing.
01/06	The Working Group to review Section 3 of Appendix 2 to review and make a decision on whether this section should be left in the legal text or removed.	Working Group	Ongoing.
01/07	The Working Group to review Section 12 of Appendix 2 and provide any suggested amendments that may, or may not, be needed at the next meeting.	Working Group	Ongoing.
02/01	The Working Group to decide what a national acceptance rate will look like and whether this will be the same (or different) figure for both Demand and Generation.	Working Group	Ongoing.
02/02	The Working Group to draft wording for the legal text to state that all DNOs should use the national acceptance rate, unless in extreme circumstances.	Working Group	Ongoing.
02/03	The Working Group to illustrate examples of what 'extreme circumstances' looks like in relation to not using the national acceptance rate within the legal text.	Working Group	Ongoing.

02/04	The Working Group to test a number of examples relating to the Demand Curtailment Threshold within the spreadsheet using the 95% threshold and agree whether this is a sensible figure to use.	Working Group	Ongoing.
02/05	The Secretariat to include the Curtailment Limit Calculation spreadsheet as an attachment to the Consultation to wider industry once finalised.	Secretariat	Ongoing.
02/06	The Working Group to seek further information around their historical data for their flexibility services and feedback to the group at the next meeting.	Working Group	Ongoing.
02/07	The Working Group to seek further information around their historical data for their flexibility services and feedback to the group at the next meeting.	Working Group	Ongoing.

Closed Actions

Action Ref.	Action	Owner	Update
01/02	TM to circulate the current methodology of how to produce a load duration curve with the Working Group post-meeting.	TM	Closed.
01/03	Working Group members to review the methodology of how to produce a load curve duration and provide any feedback and/or improvements on how to further develop this to the next Working Group meeting.	Working Group	Closed.
01/04	The Working Group to review both methodologies (CDCM and CEM) and provide any further feedback at the next Working Group meeting.	Working Group	Closed.