

# DCP 406 Working Group - Meeting 02

31 May 2022 at 10:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Brian Hoy [BH]	ENWL
Damian Clough [DC]	SSE
Daniel Mellis [DM]	SSE
Edda Dirks [ED]	SSE
George Moran [GM]	SSE
Karl Maryon [KM]	Drax
Kyran Hanks [KH]	Waters Wye Associates
Lee Wells [LW]	NPg
Martin Brace [MB]	UKPN
Peter Turner [PT]	NPg
Robert Matta [RM]	SSE
Simon Vicary [SV]	EDF
Tom Cadge [TC]	BUUK
Vanessa Buxton	WPD
<b>Code Administrator</b>	
Andy Green [AG]	ElectraLink
Furqan Aziz [FA] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink

## 1. Administration

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- 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

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- 2.1 The Chair explained that the purpose of this meeting is to review and discuss the Ofgem Decision and Ofgem Direction and review potential definitions and examples relating to DCP 406.

## 3. Review of Ofgem Decision Document

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- 3.1 The Chair proposed to the Working Group that we read through the relative points within the Ofgem Decision document line by line to ensure the group are on the same page when moving forward with a potential solution.
- 3.2 The Secretariat filled out the ‘Decision Framework’ document alongside the review of the Ofgem Decision document to capture the views of Ofgem alongside the views of the Working Group. This can be found as **Attachment 2**.
- 3.3 The Working Group agreed that Ofgem are trying to achieve the below:
  - *Ofgem want a mechanism in place to protect DUoS bill payers from expensive connections.*
  - *Ofgem do not want Generation Connection to be subject to the same boundary as Demand Connections due to costs of Consumers.*
  - *Generators have more location flexibility and therefore subject to signal costs.*
  - *Clause 3.37 states that the policy intent is that sites whose primary purpose for a connection to the network is to consume other than for the purposes of generation or export onto the electricity network should be charged as a shallow boundary. Sites that do not meet those criteria, including generation, should be charged under a shallow-ish boundary. The Working Group noted that Clauses 3.38 to 3.40 are not consistent with the above statement.*
  - *Ofgem recognise that that the TCR definitions were not developed for the explicit purpose of connection charging and therefore also directing the DNOs to develop any additional criteria to allow for clear determination of a sites use case at the time of connection application. The Working Group suggested the legal text could state to follow the TCR definitions ‘plus’ or ‘unless’.*
  - *Clause 3.48 states that this decision will require storage connections to contribute to reinforcement costs at the voltage of connection in accordance with the ‘shallow-ish’ connection boundary for generation, regardless of whether that reinforcement is import or export driven. The Working Group suggested creating additional criteria that would also apply to storage.*
- 3.4 The Working Group agreed on the below principles from the Ofgem decision:
  - *Treating each site application as a whole.*

- *If the site is a Final Demand site (for the purposes of TCR), this will be treated as a Demand site for the purposes of connection charging.*

3.5 The Working Group noted the points that need further clarification from Ofgem below:

- *Clauses 3.37 to 3.40 of the Ofgem Decision document – is this assessed at the point of application or at the point of the final outcome? The Working Group noted the inconsistencies within the Decision document.*
- *Clause 3.48 – Ofgem have assumed that storage is always Non-Final Demand which may not always be the case. Storage is Non-Final Demand under the TCR. An example of this is where there is storage behind the meter.*
- *Ofgem’s term of primary purpose as this could be arguable if the site is a Final Demand Site.*

3.6 The Working Group agreed that further clarification is needed on the below principles:

- *Self-declaration may be an issue at this time – could this be reviewed around how this is handled?*

3.7 The Working Group discussed the potential for an alternate solution to provide Ofgem that is consistent with the Ofgem Decision as this currently contradicts the Ofgem Direction.

3.8 Moving forward, LW agreed to take an action to propose additional legal text which includes various options on how Ofgem’s Decision can be aligned with the TCR.

**ACTION 02/01: LW to propose additional legal text which includes various options on how Ofgem’s Decision can be aligned with the TCR.**

3.9 The Working Group also agreed to undertake a wider review of the draft legal text originally proposed by BH, including the legal text for both Demand and Generation Connections.

**ACTION 02/02: The Working Group to undertake a wider review of the draft legal text originally proposed by BH, including the legal text for both Demand and Generation Connections.**

3.10 After further discussion, the Working Group agreed to provide examples/used cases to review during the next meeting. It was agreed that the current examples provided in CMP 363/364 can be used as a basis for discussion.

**ACTION 02/03: The Working Group to provide examples/used cases to review during the next meeting (examples from CMP 363/364 can be used as a basis).**

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## 4. DCP 406 Workplan

4.1 The updated workplan can be found as **Attachment 3**.

4.2 The workplan will be updated after each meeting.

## 5. Agenda Items for Next Meeting

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- 5.1 The Working Group discussed the next steps, and the following items were captured:
1. The Working Group to review the Ofgem Direction document.
  2. The Working Group to review the legal text alongside the alternate drafts on how Ofgem's decision can be aligned with the TCR.
  3. Review examples/used cases provided by the Working Group.

## 6. Any Other Business

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

## 7. Date of Next Meeting

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- 7.1 The next Working Group meeting will be held on 07 June 2022 at 10am.

## 8. Attachments

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- Attachment 1\_DCP 406 Draft Legal Text
- Attachment 2\_Decision Framework
- Attachment 3\_DCP 406 Workplan

## APPENDIX A

### New and Open Actions

Action Ref.	Action	Owner	Update
01/01	BH to seek further clarification from Ofgem regarding the discrepancies in the application of the high-cost cap within the Ofgem Decision and the Ofgem Direction.	BH	<b>Ongoing.</b> No response received as of yet.
01/02	The Working Group to create a table relating to extension and reinforcement assets around the changes in policy (clearly showing any changes from the old policy to the new).	Working Group	<b>Ongoing.</b>
01/03	The Working Group to create a list of options (regarding the definitions of both Demand Connection and Generation Connection) with pros and cons for each, and also examples for the Working Group to review at the next meeting (can use the current 8 examples within CMP 363/364 as a basis).	Working Group	<b>Ongoing.</b>
02/02	The Working Group to undertake a wider review of the draft legal text originally proposed by BH, including the legal text for both Demand and Generation Connections.	Working Group	<b>Ongoing.</b>
02/03	The Working Group to provide examples/used cases to review during the next meeting (examples from CMP 363/364 can be used as a basis).	Working Group	<b>Ongoing.</b>

Action Ref.	Action	Owner	Update
01/04	The Secretariat to seek clarity around how many alternative solutions can be provided alongside the change.	Working Group	<b>Completed.</b> Two alternatives can be provided to Ofgem alongside the proposed solution.
02/01	LW to propose additional legal text which includes various options on how Ofgem's Decision can be aligned with the TCR.	LW	<b>Completed.</b>