

DCP 406 Working Group - Meeting 03

07 June 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Brandon Rodrigues [BR]	Espug
Brian Hoy [BH]	ENWL
Damian Clough [DC]	SSE
David Williams [DW]	SSE
George Moran [GM]	SSE
Karin Cadwallader [KC]	BUUK
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
Code Administrator	
Andy Green [AG]	ElectraLink
Furqan Aziz [FA] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink

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 and discuss the Ofgem Direction and review potential definitions for both Demand and Generation Connections.

3. Review of Ofgem Direction Document

- 3.1 The Chair proposed to the Working Group that we read through the relative points within the Ofgem Direction document line by line to ensure the group are on the same page when moving forward with a potential solution.
- 3.2 The Secretariat continued to complete the ‘Decision Framework’ document alongside the review of the Ofgem Direction document to capture the views of Ofgem alongside the views of the Working Group (as was done in the previous session). This can be found as **Attachment 1**.
- 3.3 The Working Group agreed that further clarification from Ofgem is needed on the below:
 - *Under the section ‘General Requirements’, Clause 9 states that, for the avoidance of doubt, the Proposal(s) put forward by the DNOs pursuant to this Direction are intended to facilitate and not preclude (a) any further consideration of the relevant issues (b) development of the Proposal(s) under the DCUSA Change Process so that it addresses the issues identified above in a way that better achieves the purposes and objectives of the Proposal(s) as set out in this Direction.*
 - *Clause 14 ii) states that, where the Generation high-cost project threshold is exceeded, the sum of Reinforcement costs at the voltage of the Point of Connection and the voltage above in excess of the threshold should be paid in full by the customer. Reinforcement costs below the threshold should be apportioned between the customer and the DNO using the existing cost apportionment factor methodology set out in the CCCM, including where these costs are at the voltage above the Point of Connection.*
 - *Clause 14 iii) states that, For the avoidance of doubt, Reinforcement costs at one or more voltages above the Point of Connection should be paid in full by the DNO, and the cost of Extension Assets will continue to be paid in full by the connecting customer.*
 - *The group noted that Clause 14 iii) contradicts that of Clause 14 ii) and will need further clarification from Ofgem.*
 - *The Working Group also noted that the definition of Generation was not solely linked to the definition of Demand.*

4. Review of Draft Legal Text

- 4.1 The Group reviewed the alternate draft legal text by LW. This can be found as **Attachment 3**.

- 4.2 LW explained all three potential solutions that sit within the alternate draft legal text. It was noted that although option 3 appeared as the 'fairest' option, this was not in line with what Ofgem have asked for.
- 4.3 The Working Group suggested it may be beneficial to provide Ofgem with a solution that is in line with the TCR (as stated within their Direction) along with an alternate solution(s) that is not in line with the TCR.
- 4.4 LW agreed to take an action to make the necessary updates needed to the alternate draft legal text to reflect the discussions held within the meeting. Once updated, this will be circulated to the Working Group.

ACTION 03/01: LW to update the alternate draft legal text document to reflect discussions held during the meeting and circulate to the Working Group.

- 4.5 Working Group members also agreed to take an action to review the draft legal text by LW/BH and draft some alternate options for further review at the next meeting.

ACTION 03/02: The Working Group to review the draft legal text by LW/BH and draft some alternate options for further review at the next meeting.

- 4.6 The Working Group walked through the original legal text proposed by BH and also look at defining both Demand and Generation Connection within the meeting.
- 4.7 In relation to the definition of Demand Connection within the definitions table in the draft legal text, there was a debate as to whether to include the current reference to the definition of Final Demand Site (as stated in Schedule 32) or to add the definition from Schedule 32 into the legal text itself.
- 4.8 After further discussion, the suggestion was to amend the current definition of Demand Connection to:
 - *Demand Connection means any connection which is not a Generation Connection.*
- 4.9 After further discussion, the suggestion was to amend the current definition of Generation Connection to:
 - *Generation Connection means a connection to a Premises where electricity will be consumed only for the purposes of Electricity Generation and/or Electricity Storage.*
- 4.10 One member noted that as the suggestion for the new Generation Connection definition mentions both Electricity Generation and Electricity Storage, both definitions should be added to the definitions table within the draft legal text. This was completed within the meeting.
- 4.11 After much debate, the Working Group agreed to review the updated Demand Connection and Generation Connection definitions that were agreed within the Working Group and provide further feedback for the next meeting.

ACTION 03/03: The Working Group to review the updated Demand Connection and Generation Connection definitions within the draft legal text (BH) and provide further feedback for the next meeting.

5. DCP 406 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 review the TCR alignment option.
 - 2. The Working Group to review the alternate non TCR alignment option(s).
 - 3. The Working Group to review the high-cost cap drafting.
 - 4. The Working Group to review the drafting for the new exception.

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 14 June 2022 at 10am.

9. Attachments

- Attachment 1_Decision Framework
- Attachment 2_DCP 406 Draft Legal Text
- 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	Ongoing. Ofgem agreed to provide a written response on Monday 13 June 2022.
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	Ongoing. To be completed within the WG.
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.	Working Group	Ongoing. To be completed within the WG.
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	Ongoing. On WG 03 Agenda.
03/01	LW to update the alternate draft legal text document to reflect discussions held during the meeting and circulate to the Working Group.	LW	Ongoing.
03/02	The Working Group to review the draft legal text by LW/BH and draft some alternate options for further review at the next meeting.	Working Group	Ongoing.

03/03	The Working Group to review the updated Demand Connection and Generation Connection definitions within the draft legal text (BH) and provide further feedback for the next meeting.	Working Group	Ongoing.
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Closed Actions

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