DCP 404 Working Group - Meeting 03

09 June 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Brandon Rodrigues [BR]	ESP
Donald Preston [DP]	SSE
Edda Dirks [ED]	SSE Generation
Grace March [GM]	Sembcorp
Helen Stack [HS]	Centrica
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 Shaw [SS]	Good Energy
Tom Selby [TS]	ENWL
Tony McEntee [TM]	ENWL
Code Administrator	
Andy Green [AG]	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Tim Hipperson [TH] (Chair)	ElectraLink
Apologies	
Simon Vicary [SV]	EDF

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 updated methodology to calculate the Curtailment limit, including amended draft legal text to support the model. This spreadsheet can be found as **Attachment 1**, and the amended draft legal text can be found as **Attachment 2**.

3.2 TM ran through the Curtailment Limit Calculation spreadsheet with the group and noted that the approach has been amended on inflight offers. The suggested approach has the highest inflight offer accepted in full and the capacities for all other offers to be multiplied by a confidence factor. TM suggested that 50% is used for this.

3.3 TM discussed using the acceptance rates internally and a number of concerns were raised – primarily the validity of historic data when there is going to be a fundamental shift in charging reinforcement, which is complex with a variety of categories of connection (many of which are small users).

3.4 TM states that using acceptance rates can be questionable and providing pseudo precision in determining a cap which is expected to be a high bar considering there is best endeavours obligation not to breach it. Due to this, 50% has been suggested as it acknowledges that a number of offers may not be accepted. TM did note that this number can be revisited in the future if needed when more valid data becomes available.

3.5 GM suggested that if this approach does not work best for a Customer in a certain situation then a derogation can always be applied for and Ofgem's decision requested.

3.6 The Working Group discussed the amended approach and showed support for this – however, it was suggested that this approach could seek feedback within the Consultation from wider industry.

3.7 The Chair asked the group whether a 95% Curtailment Limit threshold is suitable for this methodology – TM queried whether two thresholds could be used, one for Demand Connections (i.e., 95%) and one for Generation Connections (i.e., 90%). Members agreed this could be a good solution, however there was a concern around storage.

3.8 The Working Group agreed that these numbers for the Curtailment Limit threshold could seek further feedback within the Consultation regarding using the same number (i.e., 95% threshold) for both Demand and Generation Connections.

3.9 One member suggested that including hypothetical examples relating to the Demand Curtailment threshold should be included within the Consultation for additional clarity – the Working Group agreed to take an action to provide these examples for the next meeting.

ACTION 03/01: The Working Group to provide examples relating to the Demand Curtailment Limit threshold to be included within the Consultation for additional clarity for the next meeting.

3.10 The Working Group also agreed to take an action to insert real Load Curve examples into the calculation spreadsheet for testing for the next meeting.

ACTION 03/02: The Working Group to insert real Load Curve examples into the calculation spreadsheet for testing for the next meeting.

4. Review of Draft Legal Text

4.1 The Chair invited the proposer (TM) to walk the Working Group through the suggested draft legal text updates to Part 1.

4.2 The Working Group discussed the approach to having this single model of calculating the Load Curve Duration as an obligation – ED suggested that it would be efficient having one model used by all DNOs may be the best approach. As a solution, the Working Group agreed to have the single model as available to use, however DNOs can use their own model/methodology as long as the outcome is the same.

4.3 It was also suggested that DNOs will have to provide their method of how they reached their figures upon request (if requested).

4.4 One member stated there may be information that DNOs may not be able to share with Customers upon request, and this should be considered.

4.5 The Working Group agreed to update the draft legal text with TMs amendments which were circulated to the group prior to the meeting for review.

4.6 The Working Group discussed and agreed to also include the below points to Part 1 of the draft legal text:

- *The DNO should make available the tool used for their calculations (including data where possible) when requested by the Customer.*
- *An example of the methodology will be published and available on the DCUSA website.*

4.7 The Working Group discussed Part 2 od the draft legal text around the methodology for determining the exceeded curtailment limit.

4.8 It was suggested that the best approach to this would be for the Working Group to take an action to come back with available data they may have in order to calculate the highest contracted price they have ever placed for flexibility for the standard product descriptions. Where this is not available, provide the indicative/maximum price that DNOs would have been prepared to pay if someone was to bid.

ACTION 03/03: The Working Group to:

- **Gather available data they may have in order to calculate the highest contracted price they have ever placed for flexibility for the standard product descriptions.**

- **Where this is not available, provide the indicative/maximum price that DNOs would have been prepared to pay if someone was to bid.**

4.9 The group discussed the two methodologies to convert £s to MVAh within the CDCM and the CEM. TM recommended for the purposes of this change to adopt the methodology that currently sits within the CDCM.

ACTION 03/04: TM to make the necessary updates to Part 2 of the draft legal text to reflect discussions held (regarding the CDCM methodology).

4.10 The Working Group briefly reviewed Part 3 of the draft legal text, however an action was taken for members to take this away and fully review Part 3 and provide feedback at the next meeting.

ACTION 03/05: The Working Group to review Part 3 of the draft legal text and provide feedback at the next meeting.

4.11 LW suggested it may be beneficial to map the directed requirements/obligations from Ofgem to the proposed legal text where it delivers those obligations to ensure that this change has met what Ofgem have required. LW agreed to take an action to create this spreadsheet.

ACTION 03/06: LW to create a spreadsheet that maps the directed requirements/obligations from Ofgem to the proposed legal text where it delivers those obligations.

5. DCP 404 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 draft legal text.

7. Any Other Business

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

7.2 <u>Notifications that DNOs should provide a Supplier</u>

7.3 TM explained to the group that a query has been raised around how Suppliers will be notified if their Customer has a curtailed connection agreement, and whether there is an existing process that can be utilised between the DNOs and Suppliers.

7.4 PT informed the group that Section 105 of the Utilities Act states that a DNO is dealing with the Occupier of a premises, the DNO could not discuss any capacity information with the owner (or perspective owner) of the premises.

7.5 Another member suggested the Supplier could ask the Customer whether their connection is Curtailable or not as opposed to asking the DNO.

7.6 ED suggested this could be highlighted within the Consultation to seek further feedback from wider industry.

7.7 There were no other items raised.

8. Date of Next Meeting

8.1 The next Working Group meeting will be held on 16 June 2022 at 10am.

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 (Curtailable Connection Agreement) of the legal text and provide any further feedback to the next meeting.	Working Group	**Ongoing.** Added to WG 04 Agenda.
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.** A national number should be used for a confidence factor for all offers bar the highest.
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.**

			New approach may remove the need for exceptional circumstances.
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.** Added to WG 04 Agenda.
02/05	The Secretariat to include the Curtailment Limit Calculation spreadsheet as an attachment to the Consultation to wider industry once finalised.	Secretariat	**Ongoing.** Will be added to the Consultation document.
03/01	The Working Group to provide examples relating to the Demand Curtailment Limit threshold to be included within the Consultation for additional clarity for the next meeting.	Working Group	**Ongoing.**
03/02	The Working Group to insert real Load Curve examples into the calculation spreadsheet for testing for the next meeting.	Working Group	**Ongoing.**
03/03	The Working Group to: • Gather available data they may have in order to calculate the highest contracted price they have ever placed for flexibility for the standard product descriptions. • Where this is not available, provide the indicative/maximum price that DNOs would have been prepared to pay if someone was to bid.	Working Group	**Ongoing.**
03/04	TM to make the necessary updates to Part 2 of the draft legal text to reflect discussions held (regarding the CDCM methodology).	TM	**Ongoing.**
03/05	The Working Group to review Part 3 of the draft legal text and provide feedback at the next meeting.	Working Group	**Ongoing.**
03/06	LW to create a spreadsheet that maps the directed requirements/obligations from Ofgem to the proposed legal text where it delivers those obligations.	LW	**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.**
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	**Closed.** New approach may remove the need for exceptional circumstances.
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	**Closed.**
02/07	The Working Group to review both the CDCM and CEM methodologies and agree which methodology will work best in regard to calculating the price.	Working Group	**Closed.**