

# DCP 404 Working Group - Meeting 04

16 June 2022 at 10:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Brandon Rodrigues [BR]	ESP
Donald Preston [DP]	SSE
Edda Dirks [ED]	SSE Generation
Gerard Boyd [GB]	SPEN
Grace March [GM]	Sembcorp
Helen Stack [HS]	Centrica
Karin Cadwallader [KC]	BUUK
Kyran Hanks [KH]	Waters Wye
Lee Wells [LW]	NPg
Nigel Bessant [NB]	SSE
Peter Turner [PT]	NPg
Rebekah Pryn [RP]	UKPN
Simon Vicary [SV]	EDF
Tom Selby [TS]	ENWL
Tony McEntee [TM]	ENWL
Wendy Mantle [WM]	SPEN
<b>Code Administrator</b>	
Andy Green [AG]	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Tim Hipperson [TH] (Chair)	ElectraLink
<b>Apologies</b>	

Mike Kaveney [MK]	WPD
Ross Thompson [RT]	UKPN

## 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 the draft legal text and next steps.

## 3. Methodology for Calculating the Curtailment Limit

- 3.1 The Chair reviewed the raised concerns from MK around calculating the curtailment limit with the Working Group for further discussion.
- 3.2 The first query raised was around the use of a spreadsheet-based tool adding a significant amount of time to the assessment and design process and whether it would be beneficial to seek specialist Consultancy advice around an automated load-flow analysis tool. The Working Group discussed this and agreed that due to the urgent timescale, this would not be beneficial to this change.
- 3.3 The second query raised was around whether the legal text could be amended to allow DNOs the flexibility to utilise a load-flow analysis-based tool – the Working Group agreed that if the legal text is amended to state this then it runs a risk to having a common methodology.
- 3.4 The third query raised was regarding the current drafting of the legal text as stated below:
  - *‘Where multiple assets require reinforcement, the Curtailment Limit for each asset should be calculated and largest value used for the overall Curtailment Limit.’*
- 3.5 The query states that it is believed this could result in the curtailment cap being set too low and involve excessive exceedance of the cap. The Working Group noted that once further testing has completed using the 95% curtailment threshold limit, any issues that are found can be discussed and when they arise.
- 3.6 The fourth query states that the Curtailment Limit Calculation tool appears to assume the implementation of an Active Network Management (ANW) type system and suggested that the legal text is amended to allow the use of an alternative curtailment cap methodology. The Working Group discussed this and agreed that additional changes can be made by wider industry if they believe the methodology is incorrect and needs changing, but for now, adding alternate/additional methodologies may pose a risk to having a common approach.

## 4. Review of Draft Legal Text

- 4.1 The Chair invited the proposer (TM) to walk the Working Group through the draft legal text. The updated draft legal text can be found as **Attachment 1**.
- 4.2 Part 1 – Methodology for Setting Curtailment Limit

- 4.3 Following earlier discussions around particular concerns with the methodology for calculating the curtailment limit, the Working Group agreed to include a caveat at the beginning which states:
- *‘Unless otherwise determined by the Authority...’*
- 4.4 By including this caveat, if the methodology calculates a figure that seems incorrect, the DNOs will be able to take this to Ofgem to seek permission to amend if needed.
- 4.5 The Working Group discussed Clause 2) of the legal text regarding the input data relating to load profile data. The legal text currently states the below:
- *‘Where this data is not available, data the feeding primary substation data would be used for ...’*
- 4.6 NB agreed to take an action to draft wording for the load profile data regarding feeding primary and appropriate data to use.

**ACTION 04/01: NB to draft wording within the draft legal text for the load profile data regarding feeding primary data and appropriate data to use.**

- 4.7 The Chair asked the group whether testing the 95% demand curtailment threshold with real examples has been a suitable threshold to use – the Working Group agreed additional time for testing will be needed but did note that if the number chosen does not seem suitable in the future for any reason, a new Change Proposal can always be progressed to change this.

**ACTION 04/02: The Working Group to test the 95% demand curtailment threshold with real examples and provide feedback at the next meeting.**

- 4.8 The Working Group discussed the below points that were added to part 1 of the draft legal text:
- *‘A worked example of a calculation modelling tool will be published and available on the DCUSA website.’*
  - *‘The Company should make available the tool for their calculations (including data where possible) when requested by the Customer’.*
- 4.9 Members were unsure of the wording around ‘an example of a calculation modelling tool’ and TM agreed to take an action to re-draft both Clauses (21/22).

**ACTION 04/03: TM to re-draft the wording for Clauses 21/22 within part 1 of the draft legal text.**

- 4.10 Part 2 – Methodology for Determining the Exceeded Curtailment Prices
- 4.11 The Working Group discussed the responses back to the open action regarding DNOs contracted flexibility prices. TM stated that it may be beneficial to include these prices within the Consultation.
- 4.12 RP stated that the last couple of years of flexibility price data shows that the price is reducing as the market becomes more liquid. With this, it is likely that these prices will decrease with the more Customers that are willing to participate.

- 4.13 TM suggested that the legal text is drafted around the available flexibility data from DNOs regarding what has been contracted for.
- 4.14 The Working Group agreed to take an action to provide the contracted prices that DNOs have placed within the last two years for flexibility. If none have been issued, what tenders have DNOs placed. If the DNOs cannot provide what data is in the public domain for tenders, then DNOs are to provide the form of the tender (i.e., the parameters that set out the requirements).

**ACTION 04/04: The Working Group to provide the contracted prices that DNOs have placed within the last two year for flexibility:**

- If none have been issued, what tenders have DNOs placed.
- If DNOs cannot provide what data is in the public domain for tenders, then DNOs are to provide the form of the tender (i.e., the parameters that set out the requirements).

- 4.15 Regarding the market prices for flexibility, the Working Group agreed to amend the draft legal text to the below:
- *‘Prior to 01 April 2023, and each April thereafter, the Company shall determine the maximum contracted utilisation from contracts which were available within the last 12-month period for flexibility in its Licenced area.’*
- 4.16 TM walked through the cost of reinforcement section of part 2 of the draft legal text with the group and provided an example below:
- *If the reinforcement cost is £2,000/kVA which is above the demand HCC of £1,720/kVA.*
  - *This is £2,000 per MVA.*
  - *This is then annuitized using a factor of 4.8% for ENWL (CDCM Model Tab Unit Cost, Cell H25) = £96,000/MVA/annum.*
  - *This is multiplied by the pseudo load coefficient for HV unit rate 1 (6.49 in cell P278 of the pseudo load coefficient tab) and divided by the number of hours in a year (8760) = £71/MVAh.*
  - *In this case, the market price is the higher which is then increased by a factor, i.e., which would set the exceeded curtailment price at £1,185/MVAh.*
- 4.17 The Working Group agreed to take an action to review the conversion of £s to MVAh and provide comments if any changes may be required.

**ACTION 04/05: The Working Group to review the conversion of £s to MVAh and provide comments if any changes may be required by Tuesday 21 June 2022.**

- 4.18 TM suggested that it would be beneficial to have sight of the drafting within DCP 406 regarding the high-cost cap – the Secretariat informed the Working Group that the drafting has not yet begun around the high-cost cap, however, the Secretariat agreed to take an action to update the group once this has been completed.

**ACTION 04/06: The Secretariat to provide an update to the Working Group around the drafting of the high-cost cap within DCP 406 once completed.**

#### 4.19 Part 3 – Curtailable Connection Agreement

- 4.20 There were no additional comment/feedback currently around part 3 of the draft legal text, however the Working Group agreed to take an action to review part 3 post-meeting and provide written comments by Tuesday 21 June 2022.

**ACTION 04/07: The Working Group to review part 3 of the draft legal text and provide written comments by Tuesday 21 June 2022.**

### 5. DCP 404 Workplan

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- 5.1 The updated workplan can be found as **Attachment 2**.

- 5.2 The workplan will be updated after each meeting.

### 6. Agenda Items for Next Meeting

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

1. The Working Group to discuss the written feedback from members regarding part 3 of the draft legal text.
2. The Working Group to review the changes made to part 1 of the draft legal text.
3. The Working Group to review the responses to the DNO flexibility prices.
4. The Working Group to review all other open actions.

### 7. Any Other Business

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- 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

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- 8.1 The next Working Group meeting will be held on 23 June 2022 at 10am and 2pm.

### 9. Attachments

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- Attachment 1\_DCP 404 Draft Legal Text
- Attachment 2\_DCP 404 Workplan

## APPENDIX A

### New and Open Actions

Action Ref.	Action	Owner	Update
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.
02/05	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.
03/02	The Working Group to insert real Load Curve examples into the calculation spreadsheet for testing for 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.
04/01	NB to draft wording within the draft legal text for the load profile data regarding feeding primary data and appropriate data to use.	NB	Ongoing.
04/02	The Working Group to test the 95% demand curtailment threshold with real examples and provide feedback at the next meeting.	Working Group	Ongoing.
04/03	TM to re-draft the wording for Clauses 21/22 within part 1 of the draft legal text.	TM	Ongoing.
04/04	The Working Group to provide the contracted prices that DNOs have placed within the last two year for flexibility: <ul style="list-style-type: none"> <li>If none have been issued, what tenders have DNOs placed.</li> <li>If DNOs cannot provide what data is in the public domain for tenders, then DNOs are to provide the form of the tender (i.e., the parameters that set out the requirements).</li> </ul>	Working Group	Ongoing.
04/05	The Working Group to review the conversion of £s to MVAh and provide comments if any changes may be required by Tuesday 21 June 2022.	Working Group	Ongoing.
04/06	The Secretariat to provide an update to the Working Group around the drafting of the high-cost cap within DCP 406 once completed.	Secretariat	Ongoing.
04/07	The Working Group to review part 3 of the draft legal text and provide written comments by Tuesday 21 June 2022.	Working Group	Ongoing.

## Closed 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	Closed.
01/05	The Working Group to review part 3 (Curtaillable Connection Agreement) of the legal text and provide any further feedback to the next meeting.	Working Group	Closed.

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	Closed.
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	Closed.
03/03	<p>The Working Group to:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Where this is not available, provide the indicative/maximum price that DNOs would have been prepared to pay if someone was to bid.</li> </ul>	Working Group	Closed.
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	Closed.
03/05	The Working Group to review Part 3 of the draft legal text and provide feedback at the next meeting.	Working Group	Closed.