DCP 406 Working Group - Meeting 06

28 June 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Brian Hoy [BH]	ENWL
Damian Clough [DC]	SSE Generation
Daniel Mellis [DM]	SSE
George Moran [GM]	SSE
Karin Cadwallader [KC]	BUUK
Kyran Hanks [KH]	Waters Wye Associates
Lee Wells [LW]	NPg
Martin Brace [MB]	UKPN
Robert Matta [RM]	SPEN
Simon Vicary [SV]	EDF
Vanessa Buxton	WPD
Code Administrator	
Andy Green [AG]	ElectraLink
Furqan Aziz [FA] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Apologies	
Peter Turner [PT]	NPg

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. Review Open Actions

2.1 Load Factor

2.2 An action was taken at the previous meeting for the Working Group to identify what a typical load factor would be for import for Generation. LM provided the group with a spreadsheet relating to Residual Charges and GM updated this spreadsheet to include BSUoS and Policy at 20%/50%/80% load factors.

2.3 GMs feedback around the used load factors is that there is an expectation that a Generation site that was masquerading as a Final Demand site would have a very low (close to zero) load factor as a site would be exporting the majority of the time. Due to this, there is a concern that these estimates are too high, even with the 20% load factor.

2.4 GM noted that for BSUoS costs, the exemption applies to sites that have a Non-Final Demand declaration. For Policy costs (CfD and Capacity Market), the exemption applies to sites that have a Non-Final Demand declaration and hold a generation licence.

2.5 The Working Group discussed the spreadsheet provided and it was agreed that all DNO representatives within the Working Group test and review the load factor spreadsheet and feedback as to whether 5%/10%/20% load factors are a sensible modelling range.

ACTION 06/01: All DNO representatives within the Working Group to test and review the load factor spreadsheet and feedback as to whether 5%/10%/20% load factors are a sensible modelling range.

2.6 To help mitigate the risks of a Generation site masquerading as a as a Final Demand site, GM suggested having a Final Demand declaration (as opposed to a Non-Final Demand declaration) for the purposes of the connection.

2.7 GM also suggested that the data within the 'No Residual' CDCM tariff may allow the group to work out what a typical load factor would be for a genuine Non-Final Demand site. The group agreed that this would be beneficial, and LW/GM took an action to review the non-Residual tariffs within the CDCM models to look at the relative import and export for the Customers who are currently on these tariffs where Generators do not pay the residuals, and what would incentivise them to not do this.

ACTION 06/02: LW/GM to review the non-Residual tariffs within the CDCM models to look at the relative import and export for the Customers who are currently on these tariffs where Generators do not pay the residuals, and what would incentivise them to not do this.

3. Review Feedback on CCCM Examples

3.1 The Chair proposed to the Working Group that the feedback on the CCCM examples is reviewed and amended accordingly. MB agreed to make the appropriate changes to the document and circulate an updated version to the Working Group post-meeting.

ACTION 06/03: MB to make the appropriate updates to the CCCM examples document and circulate to the Working Group post-meeting.

3.2 They key discussion points can be found below:

- *Example 3 – there were concerns within the group that the charge for the work will be higher than the cost of the work due to the O&M (Operation and Maintenance), however it has been noted that the figures are for illustrated prices only.*
- *Example 4 – concerns were raised around the Customer potentially being charged more than they would currently today. It was also suggested that an additional paragraph could be included within the Consultation explaining where the changes in policy are (i.e., before and after), however this would not be included within the published document in the CCCM.*
- *Example 5 – the Working Group agreed to remove 'Contestable/Non-Contestable Work from all examples within the document, however it was suggested that this removal could be asked as a Consultation question to gain feedback as to whether this is a suitable approach.*
- *Example 9 – the Working Group agreed to include 'the Connection is a Demand Connection'' within the purpose of the example for further clarity.*
- *Example 10 – one member acknowledged that the current diagrams are currently incorrect (shows 400m of LV mains when it should state 200m). It was suggested that ENA have previously agreed to update all of the diagrams within the CCCM examples document to ensure they are all consistent. It was also agreed to include additional wording to note that 'the same principles would apply to a Generation Connection).*
- *Example 13 – one member queried whether this example is stating the connection is a new or existing connection – after further discussion, the Working Group agreed to include 'a new connection' within the description of this example.*
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3.3 After further discussion, the Working Group agreed to take an action to review the CCCM examples document and provide written feedback prior to the next meeting.

ACTION 06/04: The Working Group to review the CCCM examples document and provide written feedback prior to the next meeting. PRIORITY ACTION.

3.4 The Working Group discussed the next steps and agreed it would be beneficial to begin discussions around potential Consultation questions. The Secretariat agreed to take an action to draft the Consultation for DCP 406 and circulate to the Working Group post-meeting for review.

ACTION 06/05: The Secretariat to draft the Consultation document and circulate to the Working Group post-meeting for review.

4. DCP 406 Workplan

4.1 The updated workplan can be found as **Attachment 2**.

4.2 The workplan will be updated after each meeting.

5. Agenda Items for Next Meeting

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

1. The Working Group to continue to review the CCCM examples.
2. The Working Group to review the draft Consultation questions.

6. Any Other Business

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

7.1 The next Working Group meeting will be held on 05 July 2022 at 10am.

8. Attachments

- Attachment 1_DCP 406 CCCM Examples_220628 (not incl. MB changes)
- Attachment 2_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 are aware of the discrepancies and are happy for the WG to provide two solutions. Direction was incorrect and Decision is correct – they will clarify in due course.
04/02	The Working Group to carry out analysis of the previous two years data to see what proportion of connection offers are contributions of £100k/£500k/£1m (DG HV/DG 132 Market Segments) of all offers made. • BH to circulate a template for members to follow.	Working Group	**Ongoing.** Some responses have been received. Add to Agenda 06 for discussion. <u>Still to complete:</u> - Scottish Power (RM) - NPg (LW)
05/03	The Working Group to identify what a typical load factor would be for import relating to Generation.	Working Group	**Ongoing.**

05/07	The Working Group to review each example within the charging methodology examples document and provide feedback prior to the next meeting. **PRIORITY ACTION.**	Working Group	**Ongoing.**
06/01	All DNO representatives within the Working Group to test and review the load factor spreadsheet and feedback as to whether 5%/10%/20% load factors are a sensible modelling range.	DNOs / Working Group	**Ongoing.**
06/02	LW/GM to review the non-Residual tariffs within the CDCM models to look at the relative import and export for the Customers who are currently on these tariffs where Generators do not pay the residuals, and what would incentivise them to not do this.	LW/GM	**Ongoing.**
06/03	MB to make the appropriate updates to the CCCM examples document and circulate to the Working Group post-meeting.	MB	**Ongoing.**
06/04	The Working Group to review the CCCM examples document and provide written feedback prior to the next meeting. **PRIORITY ACTION.**	Working Group	**Ongoing.**
06/05	The Secretariat to draft the Consultation document and circulate to the Working Group post-meeting for review.	Working Group	**Ongoing.**

Closed Actions

Action Ref.	Action	Owner	Update
04/05	The Working Group to seek internal feedback regarding their preference to how the Consultation are circulated (i.e., all in one Consultation, in pairs, individually) for DCP 404/405/406/407.	Working Group	**Closed.**
05/02	GM to confirm queries regarding the final consumption levies.	GM	**Closed.**

05/04	LW to draft a list of pros and cons for the supported options (1A/1B/5) for the Working Group to review – this is to be included within the Consultation.	LW	**Closed.**
05/05	The Working Group to provide any suggested Consultation questions to the Secretariat prior to the next meeting.	Working Group	**Closed.**