DCP 328 Working Group Meeting 36

30 May 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Edda Dirk [ED]	SSE Generation
Tom Cadge [TC]	BUUK
Kara Burke [KB]	NPG
Will Ellis [WE]	Leep Utilities
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Richard Colwill [RC] (Technical Secretariat)	ElectraLink

1. Administration

1.1 The Working Group reviewed the "Competition Law Guidance". All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.

1.2 The Working Group reviewed the minutes from the last meeting. The Working Group agreed that the minutes were an accurate reflection of the meeting held.

1.3 The Working Group noted the items on the actions list from the last meeting. Updates on all actions are provided in Appendix A.

2. Purpose of the Meeting

2.1 The Chair set out that the purpose of the meeting was to develop the solution for option 2, in relation to where the cap on tariffs should sit within the legal text, whether it should be set at zero or a positive value and to update the proposed legal text and modelling documentation.

3. Review of Legal Text and Decision on Cap on Tariffs

3.1 KB presented some updated legal text that was circulated prior to the meeting. It was noted that the legal text was not reflective of some previous decisions made by the Working Group such as who will provide the aggregated boundary data. The Secretariat took an action to update these aspects.

3.2 KB proposed the following new Clause 88E within Schedule 16 in relation to the cap on tariffs:

> 88E The fixed charge element should be capped such that the revenue calculated in 89 below is [not less than/a minimum of £x more than] the revenue calculated for the same volumes with the equivalent LDNO tariffs.

3.3 The above would need to be updated based on the outcome of whether the cap should be set at zero or a positive value. At the last meeting, it was agreed that if there is to be a positive cap value then it should be based on current publicly available data (i.e business rates, licence fees and DCC charges). The Working Group reviewed the LES/IDNO impact assessment. It was noted that if the cap was set at £6 (estimate of business rates, licence fees and DCC charges) it would impact 17 tariffs out of a total of 299. If it is capped at zero it impacts 10.

3.4 After discussion, the Working Group concluded that the cap should be set at zero. This was based on the fact that capping at a positive value would be unique to DCUSA and also the analysis provided demonstrates that a positive cap of £6 would have minimal impact. The legal text for Paragraph 88E was updated as below:

> 88E The fixed charge element should be capped such that the revenue calculated in paragraph 89 below is not less than the revenue calculated for the same volumes with the equivalent LDNO tariffs

3.5 The Working Group reviewed the modelling specification that was circulated prior to the meeting. The main update to this document was to articulate the need for a cap on tariffs set at zero.

3.6 It was noted that there may be an error in table 8, within Paragraph 147 of Schedule 16. The tariff for LV Generation Aggregate and LV Generation Site Specific should perhaps have unite rates of red, amber, and green. At present there is just a tick for unit rate 1 and nothing in the boxes for unit rate 2 and 3. The Secretariat took an action to investigate this.

Post Meeting Note

3.7 The Secretariat updated the legal text to reflect previous decisions made by the Working Group and this was circulated to the Working Group, along with the updated modelling documentation on 31 May 2022, with a deadline for any comments/ additions set at 10 June 2022. These documents can also be found in Attachment 1 and 2 of these minutes.

ACTION 36/01: Working Group to review updated legal text and modelling specification document and provide feedback by 10 June 2022.
ACTION 36/02: Secretariat to review table 8, within Paragraph 147 of Schedule 16 to determine if there is a mistake in relation to LV Generation Aggregate and LV Generation Site Specific tariffs.

4. Any Other Business

4.1 There were no other items raised.

5. Date of Next Meeting

5.1 The date of the next meeting is to be confirmed.

6. Attachments

- Attachment 1: DCP 328 Working Group 34 Minutes
- Attachment 2: DCP 328 Qualitative assessment

APPENDIX A

Open Actions

Action Ref.	Action	Owner	Update
34/02	Working Group to agree what the assumption will be regarding percentage of customers that are LES connected within IDNOs.	All	Ongoing
36/01	Working Group to review updated legal text and modelling specification document and provide feedback by 10 June 2022.	All	Ongoing
36/02	Secretariat to review table 8, within Paragraph 147 of Schedule 16 to determine if there is a mistake in relation to LV Generation Aggregate and LV Generation Site Specific tariffs.	Secretariat	Ongoing

Closed Actions

Action Ref.	Action	Owner	Update
33/01	Undertake an impact assessment on the number of customers that are likely to be affected by the issues described in Section 3, this will help understand the materiality of the issue.	TC	Completed
34/01	Working Group to review each solution along with impact assessments and to determine their preferred approach.	All	Completed
34/03	KB to look at the offsetting impact of other tariffs being increased due to the LES tariffs being decreased.	KB	Completed
35/01	Review current legal text and modelling documentation to determine where the cap best fits.	Secretariat	Completed
35/02	Produce a draft modelling specification document for review at the next meeting.	Secretariat	Completed
35/03	Working Group to consider and agreed the value of a cap.	All	Completed