

DCP 328 Working Group Meeting 37

15 July 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Kara Burke [KB]	NPG
Chris Ong [CO]	UKPN
Dave Wornell [DW]	WPD
David Fewings [DF]	Inenco
Shannon Murray [SM]	Ofgem
Diandra Orodan [DO]	BUUK
Apologies	
Tom Cadge [TC]	BUUK
Edda Dirk [ED]	SSE Generation
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 review feedback received from Ofgem, determine which solution to take forward and to review the draft Change Report which was circulated prior to the meeting.

3. Ofgem Feedback and Working Group Discussion

- 3.1 JL informed the Working Group of recent discussions with Ofgem in relation to the introduction of a floor and whether this was in scope of the intent of DCP 328.
- 3.2 SM provided an Ofgem update to the Working Group. SM noted that through discussions with the Independent Networks Association (INA) it is clear that the margin squeeze issue for IDNOs has been going on for quite a while. SM mentioned that the IDNO charging regime may be picked up in the DUoS SCR and she will confirm this with the Working Group shortly. SM informed the Working Group that it is not believed that this problem should be getting fixed through a CP which was initially intended to ensure UoS charges remain cost reflective when competition in supply is in place on private networks.
- 3.3 SM referred the Working Group to Ofgem’s decision for DCP266, where they said the below in their decision:

Capped Tariffs

When LDNO discounts are calculated under the proposed methodology, there is an increase in the number of raw discounts that exceed 100% of the DNO tariff compared to the current approach. Under the Proposal, as with current arrangements, the LDNO discount would be capped at 100% to prevent LDNOs from being paid to use a DNO’s network. Discounts greater than 100% are not considered to be cost reflective, because the DNOs would incur cost in operating their networks, but they would also be crediting LDNOs for using them. We consider that an increase in the number of capped tariffs is not cost reflective, because the tariffs themselves are not cost reflective.

- 3.4 It was noted that DCP 328 is similar to DCP266 in that under DCP266 the capping protected the DNOs from the IDNOs, whereas this change proposal protects the IDNOs from the PNOs i.e. both upstream protection.
- 3.5 It was also noted that if the floor is removed from the solution, IDNOs could send Ofgem confidential responses with their analysis of how it is going to impact their businesses.

- 3.6 After discussion and consideration of the comments received from Ofgem, it was agreed to remove the floor/ cap from the proposed solution. Effectively returning to the original Option B that was proposed in the second consultation (minus the LES HV/LV level).
- 3.7 It was noted that we currently have a modelling specification with the modellers looking at the removal of the LES HV/ LV level and also the floor. An action was taken to speak to the modellers and provide them with an update regarding the decision to remove the floor.

ACTION 37/01: Secretariat to provide an updated modelling specification to the DCUSA modelling service providers.

Post Meeting Note:

- 3.8 The updated modelling specification was provided to the modelling service providers and a new delivery date of 17 August was provided (this may be delivered earlier).

4. Review of Draft Change Report and Legal Text

- 4.1 The Working Group reviewed the draft change report and legal text. Key updates from discussions are below:
- The legal text was updated to remove the section that detailed the floor aspect of the solution.
 - The “How” Section was updated to remove the floor aspect of the solution
 - Section 2 and 3 were agreed by the Working Group.
 - Action to add a table under paragraph 4.102 to articulate the views of the consultation respondents in relation to the DCUSA Charging Objectives.
 - Action to add commentary in relation to the Working Group decision to progress with the tariff option as opposed to the rebate option
 - Action to add a footnote to DCP 388 for ease of reference
 - Expand on the Residual Charging text in paragraph 4.115 to provide an overview of the solution so that the reader does not have to look back in the consultation.
 - Add commentary around the discussions held regarding tariff to be applied to an IDNO where an end customer is connected to the DNO via both an IDNO and private network.
 - A concern was raised in the consultation about whether any published data may be confidential. The Working Group added the following text

The CDCM is based on average data and the EDCM data is not published i.e. where there is a EDCM fully settled arrangement, only the tariff values are published and not how the proportion of the fixed charge and capacity have been calculated for each customer.

- Review of the DCUSA Charging Objectives will take place once the modelling work has been completed and reviewed.

- Section 6 to be updated in relation to the impact assessment once modelling work received and reviewed.
- Agreed that the proposed implementation date should be 01 April 2024. It was noted that this may mean the Authority need to issue a direction that the requisite period of notice (15 months) for publishing DUoS charges need not apply to this change proposal (DCUSA Section 2A, Clause 19.1B).

- 4.2 The current version of the DCP 328 Legal Text and Change Report can be found in Attachment 1 and 2. The Secretariat will provide an update version of the Change Report considering the above bullet points prior to the next meeting.

ACTION 37/02: Secretariat to update the draft Change Report and issue prior to the next meeting.

5. Any Other Business

- 5.1 There were no other items raised.

6. Date of Next Meeting

- 6.1 The next meeting is scheduled for 01 August 2022 (10am-1pm).

7. Attachments

- Attachment 1: DCP 328 Draft Legal Text
- Attachment 2: DCP 328 Draft Change Report

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
37/01	Secretariat to provide an updated modelling specification to the DCUSA modelling service providers.	ElectraLink	
37/02	Secretariat to update the draft Change Report and issue prior to the next meeting.	ElectraLink	

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

36/01	Working Group to review updated legal text and modelling specification document and provide feedback by 10 June 2022.	All	Completed	
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	Secretariat to take outside of DCP 328	forward