

DCP 404 Working Group - Meeting 08

14 July 2022 at 10:00 - Web-Conference

| Attendee | Company |
|-----------------------------------------|----------------|
| Working Group Members | |
| Donald Preston [DP] | SSE |
| Edda Dirks [ED] | SSE Generation |
| Gerard Boyd [GB] | |
| Grace March [GM] | Sembcorp |
| Ishan Lowe [IL] | Ofgem |
| Karin Cadwallader [KC] | BUUK |
| Kyran Hanks [KH] | Waters Wye |
| Lee Wells [LW] | NPg |
| Mike Kaveney [MK] | WPD |
| Nigel Bessant [NB] | SSE |
| Peter Turner [SS] | NPg |
| Ross Thompson [RT] | UKPN |
| Simon Vicary [SV] | EDF |
| Tony McEntee [TM] | ENWL |
| Wendy Mantle [WM] | SPEN |
| Code Administrator | |
| Andy Green [AG] | ElectraLink |
| Mel Kendal [MK] (Technical Secretariat) | ElectraLink |
| Tim Hipperson [TH] (Chair) | ElectraLink |

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 review the Consultation.

3. Review Draft Legal Text

- 3.1 The Chair reviewed and discussed the current draft legal text with the Working Group. Updates were made live during the meeting and an updated version of the draft legal text can be found as **Attachment 1**.
- 3.2 LW mentioned that the current draft legal text states that DNOs will use ‘best endeavours’ and the Working Group discussed whether this should be amended to ‘reasonable endeavours’. Following this discussion, Ofgem agreed to take an action to speak to their internal legal team regarding the ‘best endeavours Clause and feedback to the group at the next meeting.

ACTION 08/01: Ofgem (IL) to speak to their internal legal team regarding the best endeavours clause.

- 3.3 One member suggested that there needs to be consistency within the draft legal text when making certain reference, for example refer to substations as assets. The Secretariat agreed to take an action to cross check the draft legal text and make the necessary amendments as discussed within the meeting.

ACTION 08/02: The Secretariat to cross check the legal text to update as necessary (i.e., substations for assets, demand with generation)

- 3.4 In terms of reporting, IL stated that the aim of this is to provide transparency to the Customer. Ofgem are currently discussing internally what information they will require from DNOs and stated that there may be additional reporting for DNOs, however this has not yet been confirmed.
- 3.5 The Working Group discussed how often the reporting should be carried out and agreed that every 6 months would be suitable.
- 3.6 The Working Group discussed the unintended consequences relating the flexibility market prices and whether this should be included within the Consultation. IL agreed to take an action to seek clarity relating to the unintended consequence within the flexibility market and how these should be addressed.

ACTION 08/03: Ofgem (IL) to seek clarity on potential unintended consequences within the flexibility market.

- 3.7 WM stated that after following reasonable endeavours, there may still be situations where they will need to exceed and therefore the rate needs to be reflective. There was a debate around this as some members believe that the price needs to deter DNOs from exceeding.
- 3.8 After further discussion, the Working Group suggested including two responses within the Consultation regarding the flexibility market price and seek preference from wider industry. WM agreed to take an action to draft wording relating to the alternative legal text relating to the flexibility market prices. Once drafted Ofgem can then review this wording and provide further guidance around whether outliers should be included or excluded.

ACTION 08/04: WM/GB to draft wording relating to the alternative legal text relating to the flexibility market prices for Ofgem to provide further guidance on outliers.

ACTION 08/05: The Secretariat to seek further clarity from Ofgem (IL) regarding the flexibility market prices (i.e., whether outliers are allowed).

- 3.9 The Working Group discussed whether defined terms that are situated within other legislations can be referenced within the draft legal text – the Secretariat took an action to check with Gowlings whether this can be done and feedback to the group.

ACTION 08/06: Check with Gowlings whether or not referring to defined terms within another legislation can be done.

- 3.10 The Working Group discussed the high-cost cap and stated that it needs to be aligned with DCP 406 'Amendments to the CCCM' and DCP 407 'Speculative Development'. The Working Group agreed that it would be beneficial for the Chair and PT to have a discussion offline with the Chair of DCP 406/407 regarding the high cost cap.

ACTION 08/07: The Secretariat to speak offline to the Chair and PT of DCP 406/407 to ensure it aligns (i.e., high cost cap).

- 3.11 PT queried how curtailable connections fit in to the CCCM and agreed to take an action to review this post-meeting.

ACTION 08/08: PT to review how does curtailable connection fit in to the CCCM.

4. Agenda Items for Next Meeting

- 4.1 The Working Group discussed the next steps, and the following items were captured:
1. The Working Group to review open actions.
 2. The Working Group to review the draft legal text.
 3. The Working Group to review the draft Consultation.

5. Any Other Business

- 5.1 The Chair asked the group whether there were any other items of business to discuss.
- 5.2 There were no other items raised.

6. Date of Next Meeting

- 6.1 The next Working Group meeting will be held on 21 July 2022 at 10am.

APPENDIX A

New and Open Actions

| Action Ref. | Action | Owner | Update |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------|
| 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. |
| 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. |
| 05/03 | RP to discuss the Working Groups comments relating to the concerns raised around the Flexibility Market Prices internally for next steps. | RP | Ongoing. |
| 06/11 | RP to provide suggestions/recommendations of what to use for maximum demand (relating to the Curtailment Limit methodology) and feedback to the Working Group. | RP | Ongoing. |
| 07/02 | LW/the Working Group to review the definitions to see if they are needed within the table and/or part 3 of the draft legal text. | LW / Working Group | Ongoing. |
| 07/06 | The Working Group to check whether Market Price Flexibility needs to be a defined term. | Working Group | Ongoing. |
| 07/07 | DP to rework the Curtailment Statement to ensure that it is suitable to be published on the DCUSA website. | DP | Ongoing. |
| 08/01 | Ofgem (IL) to speak to their internal legal team regarding the best endeavours clause. | Ofgem (IL) | Ongoing. |
| 08/02 | The Secretariat to cross check the legal text to update as necessary (i.e., substations for assets, demand with generation) | Working Group | Ongoing. |
| 08/03 | Ofgem (IL) to seek clarity on potential unintended consequences within the flexibility market. | Working Group | Ongoing. |

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| 08/04 | WM/GB to draft wording relating to the alternative legal text relating to the flexibility market prices for Ofgem to provide further guidance on outliers. | Working Group | Ongoing. |
| 08/05 | The Secretariat to seek further clarity from Ofgem (IL) regarding the flexibility market prices (i.e., whether outliers are allowed). | Working Group | Ongoing. |
| 08/06 | Check with Gowlings whether or not referring to defined terms within another legislation can be done. | Working Group | Ongoing. |
| 08/07 | The Secretariat to speak offline to the Chair and PT of DCP 406/407 to ensure it aligns (i.e., high cost cap). | Working Group | Ongoing. |
| 08/08 | PT to review how does curtailable connection fit in to the CCCM. | Working Group | Ongoing. |

Closed Actions

| Action Ref. | Action | Owner | Update |
|-------------|--------|-------|--------|
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