

DCP 404 Working Group - Meeting 09

21 July 2022 at 10:00 - Web-Conference

| Attendee | Company |
|---|----------------|
| Working Group Members | |
| Edda Dirks [ED] | SSE Generation |
| Ishan Lowe [IL] | Ofgem |
| Jacob Gibu [JG] | WPD |
| Karin Cadwallader [KC] | BUUK |
| Lee Wells [LW] | NPg |
| Peter Turner [SS] | NPg |
| Rebekah Pryn [RP] | UKPN |
| 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 |
| Apologies | |
| Mike Kaveney [MK] | WPD |
| Nigel Bessant [NB] | SSE |
| Robert Matta [RM] | SPEN |

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 the link to the cloud document has been circulated.
- 3.2 IL provide the Working Group with an update around the ‘best endeavours’ Clause within the draft legal text. IL stated that the ‘best endeavours’ Clause is not within the Ofgem Direction and Ofgem are looking for compliance with the Ofgem Direction. Therefore, IL stated that it is down to the Working Group to decide whether ‘best endeavours’ needs to be included or amended to ‘reasonable endeavours’.
- 3.3 The Working Group agreed that ‘reasonable endeavours’ would be more appropriate for the draft legal text, however it was also agreed that there should be a consultation question to seek further views.
- 3.4 IL also had an open action to seek further clarity on potential unintended consequences within the flexibility market. IL stated that the purpose of the Exceeded Curtailment Price is to ensure a minimum fair compensation to Customers for circumstances outside of the Network Operators control (that could not reasonably be foreseen or when alternate avenues have been exhausted). Ofgem do not believe this will have any impacts on the Flexibility Markets.
- 3.5 IL recommended that the Working Group review the Ofgem principles to ensure that the policy remains as effective as possible and suggested there should be a consultation question around this – the Working Group agreed to include this within the Consultation to seek wider views.
- 3.6 The Working Group reviewed the updated definitions table that has been amended by LW. Members agreed with the new definitions and with the removal of others that are no longer needed. After review, the Secretariat agreed to take an action to refine the definitions table for the draft legal text.

ACTION 09/01: Secretariat to refine the definitions table for the draft legal text.

- 3.7 LW noted that there may need to be a review of the BCA – LW agreed to take an action to review the BCA and make the necessary amendments (with changes made to the Schedule during this meeting).

ACTION 09/02: LW to review the BCA and make the necessary amendments.

- 3.8 PT informed the group of the update around changes to the CCCM relating to DCP 406/407. PT stated that there is a charging issue that needs to be reflected within the CCCM and drafting wording for DCP 406/407 (this was sent to the proposer of this CPs for review).
- 3.9 The Working Group debated whether specific define terms used within the Schedule can be different from the definition(s) within the DCUSA. LW suggested that additional wording could be included at the beginning of the Schedule to state 'defined as ... within this Schedule'. There were concerns that this would cause confusion for Customers, however adding the wording at the beginning of the Schedule could make this clearer. It was agreed that this can be decided by the legal team when carrying out the review of the draft legal text.
- 3.10 LW suggested that the current Direction Mapping Table that is drafted will need to be updated to be align with the changes made to the draft legal text – LW agreed to take an action to complete this and circulate to the Working Group.

ACTION 09/03: LW to update the Direction Mapping table.

- 3.11 WM walked through the alternate drafting relating to the Flexibility Market Price (along with potential Consultation questions) with the group for further discussion.
- 3.12 The Working Group discussed whether Outliers should be included or not and agreed that this question should be included within the Consultation to seek wider views.
- 3.13 The Working Group made the necessary updates to reflect the discussions held live within the meeting and agreed on the relevant Consultation questions.
- 3.14 WM queried how often the Flexibility Market Prices will need to be updated – TM and LW agreed to draft additional wording around this to be included within the Flexibility Market Price Statement within the draft legal text and to also include this within the Consultation for wider views.

ACTION 09/04: TM/LW to draft wording around the Flexibility Market Price Statement within the draft legal text.

- 3.15 PT stated that the definition of Curtailable Connection will need to be added to Schedule 22 of the DCUSA – the Secretariat agreed to take an action to do this.

ACTION 09/05: The Secretariat to add the definition of Curtailable Connection to Schedule 22.

- 3.16 During the DCP 405 meeting (PM session), the Working Group discussed whether the terms set out within the BCA are mandatory for DNOs to use or whether DNOs can use their own terms – it was agreed for IL to seek further clarity on this and provide an update to the Working Group at the next meeting.

ACTION 09/06: IL to confirm whether the terms set out within the BCA are they mandatory for DNOs to use or can DNOs use their own terms.

4. Review Draft Consultation

- 4.1 The Chair invited the Working Group to review and discuss the current draft Consultation. The link to the cloud document has been circulated.
- 4.2 The Working Group were happy with the current drafting of the Consultation and agreed to further review and update/amend as needed prior to the next 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 review open actions.
 - 2. The Working Group to review the draft legal text.
 - 3. The Working Group to review the draft Consultation.

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 28 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. |
| 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. |
| 07/07 | DP to rework the Curtailment Statement to ensure that it is suitable to be published on the DCUSA website. | DP | Ongoing. |
| 09/04 | TM/LW to draft wording around the Flexibility Market Price Statement within the draft legal text. | TM/LW | Ongoing. |
| 09/05 | The Secretariat to add the definition of Curtailable Connection to Schedule 22. | Secretariat | Ongoing. |
| 09/06 | IL to confirm whether the terms set out within the BCA are they mandatory for DNOs to use or can DNOs use their own terms. | IL | Ongoing. |

Closed Actions

| Action Ref. | Action | Owner | Update |
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| 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 | Closed. |
| 07/04 | TM to look at the data translation requirements to share with the Working Group to finalise the Methodology for calculation of the Curtailment limit. | TM | Closed. |
| 07/05 | WM to review internally the wording relating to flexibility market price to see if additional wording is needed (alternative legal text) for the Working Group to review. | WM | Closed. |
| 07/06 | The Working Group to check whether Market Price Flexibility needs to be a defined term. | Working Group | Closed. |
| 08/01 | Ofgem (IL) to speak to their internal legal team regarding the best endeavours clause. | Ofgem (IL) | Closed. |
| 08/03 | Ofgem (IL) to seek clarity on potential unintended consequences within the flexibility market. | Ofgem (IL) | Closed. |
| 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 (and to be included within the Consultation). | WM/GB | Closed. |
| 08/05 | The Secretariat to seek further clarity from Ofgem (IL) regarding the flexibility market prices (i.e., whether outliers are allowed). | Secretariat | Closed. |
| 08/06 | The Secretariat to check with Gowlings whether or not referring to defined terms within another legislation can be done. | Secretariat | Closed. |
| 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). | Secretariat | Closed. |
| 08/08 | PT to review how does curtailable connection fit in to the CCCM. | PT | Closed. |
| 09/01 | Secretariat to refine the definitions table for the draft legal text. | Secretariat | Closed. |
| 09/02 | LW to review the BCA and make the necessary amendments. | LW | Closed. |
| 09/03 | LW to update the Direction Mapping table. | LW | Closed. |