

DCP 392 Working Group Meeting 13

18 July 2022 at 14:00 - Web-Conference

| Attendee | Company |
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| Working Group Members | |
| Edda Dirks [ED] | SSE Generation |
| Charles Deacon [CD] | SSEN |
| Peter Turner [PT] | NPg |
| Simon Vicary [SV] | EDF |
| Gus Wood [GW] (Part meeting) | Gowlings |
| Vanessa Buxton [VB] | WPD |
| Joanna Cresshull [JC] | SSE |
| Endri Trikshiqi [ET] | Canadian Solar |
| Chibuike Ilomuanya [CI] | Ofgem |
| Code Administrator | |
| John Lawton [JL] (Chair) | ElectraLink |
| Andy Gren [HP] (Technical Secretariat) | ElectraLink |
| Apologies | |
| Thomas Cadge [TC] | BU-UK |
| Joanna Knight [JK] | SSEN |

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 Chair presented the minutes of the previous meeting to the Working Group and advised that no comments had been received ahead of the meeting. The Working Group accepted the minutes as final; these can be found as **Attachment 1**.

2. Purpose of the Meeting

- 2.1 The Chair advised that the purpose of the meeting was to review the legal text, outstanding action considerations log and walk through the draft change report and agree next steps.
- 2.2 As GW from Gowlings had joined the Working Group call from the start it was agreed to review the Legal Text first as this would then allow GW to leave the call earlier allowing additional time for any redrafting.

3. Review of Legal Text

- 3.1 The Working Group reviewed the draft legal text and comments from the last Working Group.
- 3.2 GW advised that that there is no need to have a main body adding in and just rely on the DCUSA Schedule itself. He did however note that some more detail and context at the start of the new schedule to explain what it covers, and its wider impact would be useful.
- 3.3 GW stated that the main point of the legal text is that it deals with methodology and not contractual terms. GW believed that would be worth calling out in the text since such terms sit outside of the DCUSA
- 3.4 It was noted the relevant the CMP328 CUSC change is with Ofgem, and a decision is expected in November. It was also noted that Speculative Development wasn't a defined term and it may benefit from being one. The Chair advised the Working Group that a Speculative Development definition was being created as part of the SCR Ofgem changes within DCP 407. Action taken for the secretariat to link in with the SCR Working Group to establish where that definition is at and to make sure the definition is shared with this Working Group. This may be used in this change proposal dependent upon the progress made.
- 3.5 The Working Group spent some time discussing the text for how the costs were to be apportioned. It was suggested that maybe a request for information question would answer how the costs should be apportioned as the Working Group were unable to reach a consensus. The Working Group agreed with this suggestion, so the Secretariat took away an action to draft a request for information asking how this expenditure be treated as part of the Load Related Expenditure and Reconciliation Process and if not, how is it recovered, or is there a need for Ofgem to consider the treatment of such expenditure? The request for information question will be sent to Distributors.
- 3.6 GW noted that within the definitions some of the defined terms mean different things across the code. GW advised that this isn't particularly an issue, but it can sometimes be easier to understand if the definitions are consistent across the codes. GW gave 'Modification' as an example that has a defined term in DCUSA text and is also a defined term in the CCCM. An understanding of which code the term was referring to would be helpful.
- 3.7 GW and ED suggested that putting a 'Transmission' or a 'DR' or 'TR' in front of each definition would be a sensible approach as this would remove the differences in definitions across the code. The Working Group agreed that this suggesting would help make things more transparent across codes as there would be no definitions with different meanings across each of the relevant codes and that a suffix would be easier to read.

- 3.8 GW noted that what section 5.1 of the draft legal text sets out cannot be resolved within the DCUSA alone so a modification would be helpful within the CUSC when there is a second comer.
- 3.9 It was asked by the Chair if the CUSC change needs to happen first before this DCP is implemented or if it would just be beneficial. GW advised he believed this DCP would need to work without the CUSC change but he'd need to review that in more detail.
- 3.10 There was also a comment raised on "Required Capacity" by TC. Unfortunately, TC was not able to make this Working Group to give more context to the comment, the Secretariat took an action to contact TC and copy in GW.
- 3.11 The Working Group came to the end of the review of the draft legal text so moved on to reviewing actions

4. Review of Outstanding Actions

- 4.1 The Working Group began to review the outstanding actions. Agreed that actions 09/01, 09/02, 09/03, 10/01 and 11/01 would be closed.
- 4.2 The action log in **Appendix A** was updated accordingly with each actions progress.

5. Review of Change Report

- 5.1 The Working Group began to review the Change Report.
- 5.2 It was noted by the Chair that the Working Group would not be able to conclude the Change Report as that was contingent on the legal text being redrafted but walking through the initial Change Report draft now would be valuable.
- 5.3 The Chair noted that the intent was to get the Change Report into the August pack for review by the Panel on the 17 August 2022.
- 5.4 The Chair highlighted that the 'How' may need changing on receipt of the legal advice but it isn't expected that this section will change at this stage.
- 5.5 The document was updated to state 'ECCR statutory review' rather than just "ECCR review" as it clarified that it was BEIS driving this and not anyone else.
- 5.6 Within the Working Group Conclusions section, High Cost of Capital was changed to high cost cap. Ongoing Costs was removed and some comments around ongoing O&M costs would be needed to be added into this section.
- 5.7 It was noted that an additional paragraph would be required in section 6 to reference the latest Ofgem Decision document.
- 5.8 It was also noted that some references to Speculative Developments in the decision document and that a new DCP has been raised for this equally the same for pass through costs would need adding into section 6.

5.9 The secretariat took away an action to update the Change Report based on feedback from the Working Group.

5.10 That concluded the initial review of the Change Report, so the Working Group moved onto next steps

6. Next Steps & Work Plan

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

- Legal advisor to develop the legal text based on the discussion at the meeting and share with the Working Group once received;
- Secretariat to update the Change Report and share with the Working Group;
- The Secretariat to Issue the request for information question to DNO's with a response time of 5 working days; and
- Working Group to review the legal text, request for information and the Change Report at the next meeting to be held on Monday 01 August 2022.

7. Any Other Business

7.1 The Chair asked the Working Group whether there were any other items of business to discuss, to which nothing was raised.

8. Date of Next Meeting

8.1 The date of the next meeting has been scheduled for 01 August 2022.

Attachments

- Attachment 1 - DCP 392 Working Group Meeting 12_Final Minutes v1.0

APPENDIX A

New and Open Actions

| Action Ref. | Action | Owner | Update |
|--------------|---|-------------|--------------------|
| 13/01 | Secretariat to Issue RFI to DNO's asking how expenditure be treated as part of the Load Related Expenditure and Reconciliation Process | Secretariat | New action. |
| 13/02 | The Secretariat to contact Thomas Cadge and discuss his comments around required capacity. These comments to be share with Gus Wood at Gowlings. | Secretariat | New action. |
| 13/03 | Secretariat to review comments and update the Change Report and share new draft with the Working Group before the next session on 01 August 2022. | Secretariat | New action. |

Closed Actions

| Action Ref. | Action | Owner | Update |
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| 09/01 | DNOs to review whether there are any examples where a T connectee has triggered D works other than a tertiary connection, and to report back at the next meeting. | DNOs | Action Closed. <i>No examples found so action closed.</i> |
| 09/02 | Secretariat to seek clarification from the commenter, on the below. <i>Can the working group provide any real life examples of the commercial implications of connecting a tertiary connection, in particular any refunds on the costs of SGT's back to DNO's and how the UoS charges are changed when the site becomes multiuser? Is</i> | Secretariat | Action Closed. <i>As above.</i> |

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| | <i>there a significant change in the DNO's boundary charges? Does this have an impact on D customer's DUoS charges?</i> | | |
| 09/03 | CD to provide further information on the example within Live Project 2. <i>Further action for Secretariat to liaise with CD regarding the information provided containing Distributor data.</i> | CD | Action Closed |
| 09/04 | Secretariat to seek legal opinion to ensure wording of legal text places an obligation on Parties. | Secretariat | Action closed. <i>The Chair advised that there is a similar consideration within the Issues and Considerations Log and that this will form part of the legal review.</i> |
| 09/05 | Working Group to review sections 3.86 to 3.89 of the Access and Forward Looking Charges decision document and identify anything relevant to DCP 392. | WG Members | Action closed. <i>PT highlighted sections 3.86 and 3.88 of Ofgem's decision document. In particular highlighting the below.</i> <i>'For example, changes to the electricity distribution licence would be required to allow DNOs to recover these costs through DUoS, but more consideration needs to be given as to whether or not it is appropriate for transmission costs to be included within a DNO's regulated allowance.'</i> <i>PT highlighted that section 3.88 highlights the need for a license change and raised that depending on which sections need amending, there could be an effect on how DUoS money can be used.</i> <i>The Chair noted that he believes it will not be relevant as it is referring to the reverse situation than the DCP addresses. PT noted that depending</i> |

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| | | | <p><i>on what licence condition is to be changed, it may be relevant to how DUoS funds can be invested in.</i></p> <p><i>Members agreed to consider this when reviewing the Change Report.</i></p> |
| 10/01 | Working Group to check CMP 328 regarding the process for requesting impact assessments and to check the CUSC on the process for requesting third party connections. | WG Members | <p>Action Closed</p> <p><i>Agreed action no longer relevant as this is now with the authority for a decision with the expectation a decision will be made by November.</i></p> |
| 11/01 | Secretariat to contact ENW and ask for clarity on their response to Question 4 | Secretariat | <p>Action Closed</p> <p><i>PT advised this is not a capital cost and is covered under DUOS. As capital O&M isn't applied action closed.</i></p> |