

# DCP 404 Working Group - Meeting 17

15 September 2022 at 10:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Donald Preston [DP]	SSE
Edda Dirks [ED]	SSE Generation
Grace March [GM]	Sembcorp
Karin Cadwallader [KC]	BUUK
Kyran Hanks [KH]	Waters Wye
Mike Kaveney [MK]	WPD
Peter Turner [PT]	NPg
Rebekah Pryn [RP]	UKPN
Robert Matta [RM]	SPEN
Ross Thompson [RT]	UKPN
Simon Vicary [SV]	EDF
Wendy Mantle [WM]	SPEN
Will Topping [WT]	WPD
<b>Code Administrator</b>	
Andy Green [AG]	ElectraLink
Dylan Townsend [DT]	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Tim Hipperson [TH] (Chair)	ElectraLink
<b>Apologies</b>	
Ishan Lowe [IS]	Ofgem
Lee Wells [LW]	NPg

Nigel Bessant [NB]	SSE
Tom Cadge [TC]	BU-UK
Tony McEntee [TM]	ENWL

## 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 and discuss the open actions on the action’s spreadsheet.

## 3. Action’s Spreadsheet

- 3.1 The Chair walked through each action on the spreadsheet that was on the agenda for this session for the Working Group to discuss and complete.
- 3.2 **Action 1 – Related to Q2 of the Consultation**
  - *A requirement to review the definition of 'Customer' in the proposed legal text, section 8, and if sufficiently cover demand and generation.*
- 3.3 The Working Group reviewed the current definition of ‘Customer’ within the draft legal text and agreed that the title should remain as ‘Customer’, however the definition should be changed to that of ‘User’.
- 3.4 Previous Definition – Customer – means any owner or occupier of premises in Great Britain who is supplied or requires to be supplied with electricity, and includes an electricity supplier when acting on behalf of such a person.
- 3.5 New Definition – Customer – refers to Customers (whether Demand Customers or Generators) and (where relevant) LDNOs.
- 3.6 The Secretariat agreed to take an action to update the definition of ‘Customer’ within the draft legal text.

**ACTION 17/01: The Secretariat to update the definition of ‘Customer’ within the draft legal text.**

### 3.7 Action 9 – Related to Q5 of the Consultation

- *Working Group to consider if we include a Periodic Review of calculation methodology in Legal Text.*

- 3.8 The Working Group discussed a holistic review of the calculation methodology within the first year of the change – the Chair agreed to take an action to check with Ofgem whether they are planning a policy evaluation within the first 12 months after the change is implemented.

**ACTION 17/02: The Chair to check with Ofgem whether they are planning a policy evaluation within the first 12 months after the change is implemented.**

- 3.9 The Working Group believe that the Curtailment Limit Calculation Methodology and the Legal Text meets the requirements of the Ofgem Direction; however, the Working Group recognise that it may be appropriate to review the Curtailment Limit Methodology and recommend that the Secretariat raise a change for an annual/periodic review.

3.10 **Action 21 – Related to Q10 of the Consultation**

- *Both ESP and INA requested that timescales for reporting be specified in legal text. Working Group agreed to draft timescales and include.*

- 3.11 The Working Group agreed to add the below to the draft legal text regarding reporting:

- 3.12 *'The notification shall be made within [30] days of the end of the quarter. The Notification is expected to include: each period of Curtailment over the quarter, details of the start and end dates and times and exceeded Curtailment Price.'*

- 3.13 ED suggested that '*inclusive settlement periods*' should also be included. There were mixed reviews about this addition within the Working Group and ED agreed to take an action to check internally whether '*inclusive settlement periods*' is beneficial.

**ACTION 17/03: ED to check internally whether '*inclusive settlement periods*' is beneficial.**

3.14 **Action 25 – Related to Q11 of the Consultation**

- *SSEG propose that the legal text is amended such that a DNO/IDNO Party will also use reasonable endeavours to notify the Customer that it has breached the Curtailment Limit asap after it happens. Agreed that change would be made to para 5.3 to notify customer of breached curtailment*

- 3.15 The Working Group agreed to add the below sentence to para 5.3 of the draft legal text:

- 3.16 *'If a Distributor fails to notify the Customer in advance, they must make reasonable endeavours to notify the Customer as soon as possible after the event.'*

3.17 **Action 28 – Related to Q12 of the Consultation**

- *SSEG seek to codify the publication of tendered prices. It was agreed that a change be made to Appendix A to ensure it is clearly stated if tendered or contracted prices are used. Working Group to agree changes to achieve this.*

- 3.18 The Working Group discussed adding whether a price is tendered or contracted and agreed that this would be beneficial to include within the flexibility market price table.

- 3.19 The Secretariat agreed to take an action to update the flexibility market price table to include tendered/contracted for the Working Group to review.

**ACTION 17/04: The Secretariat to update the flexibility market price table to include tendered/contracted for the Working Group to review.**

## 3.20 Action 31 – Related to Q15 of the Consultation

- BUUK comment that it cannot tell from the consultation what the impact would be removing certain types of Distribution Flexibility Services to support exclusion. Working Group agreed that we need to include baseline, contracted and tendered data to allow visibility of impact of costs, Working Group session required to ensure data is allowed to be shared and what data to share.

3.21 RT present current findings to the Working Group of why using the maximum price may not be the right price to use to fulfil Ofgem's Direction.

3.22 RT stated that using the maximum price is not representative of the market price in general and inappropriately applies prices for a small subset of contracted flex for specific constraints to a much wider context.

3.23 For example, the full cost of utilisation assuming the flex was called on every day for full contracted hours is £210k. The cost of applying this price to just 1% Curtailment above cap for a 5.7MW Customer is £3,773k.

3.24 The Working Group discussed whether there may be a potential risk that it may be cheaper for a Customer to exceed the Curtailment Limit as opposed to buying into the Flexibility Market. It was agreed for the Chair to take an action to discuss this potential risk with Ofgem.

**ACTION 17/05: The Chair to raise a concern with Ofgem that there may be a potential risk that it may be cheaper for a Customer to exceed the Curtailment Limit as opposed to buying into the Flexibility Market.**

3.25 One member suggested proposing an alternate solution to Ofgem if the Working Group cannot reach agreement. After further discussion, the Chair agreed to take an action to ask Ofgem around providing alternate solutions regarding the 95% Curtailment Limit Threshold and ways to identify what an outlier is.

**ACTION 17/06: The Chair to ask Ofgem around providing alternate solutions regarding the 95% Curtailment Limit Threshold and ways to identify what an outlier is.**

3.26 After further discussion, RT agreed to continue to develop analysis around the impacts of removing certain types of Distribution Flexibility Services.

**ACTION 17/07: RT to continue to develop analysis around the impacts of removing certain types of Distribution Flexibility Services.**

3.27

## 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 and discuss the actions on the action's spreadsheet.

## 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

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- 6.1 The next Working Group meeting will be held on 22 September 2022 at 10am.

## APPENDIX A

### New and Open Actions

Action Ref.	Action	Owner	Update
09/05	The Secretariat to add the definition of Curtailable Connection to Schedule 22.	Secretariat	<b>Ongoing.</b> <b>In progress.</b>
15/01	The Working Group to review and complete the action's spreadsheet.	Working Group	<b>Ongoing.</b>
17/01	The Secretariat to update the definition of 'Customer' within the draft legal text.	Secretariat	<b>Closed.</b>
17/02	The Chair to check with Ofgem whether they are planning a policy evaluation within the first 12 months after the change is implemented.	Chair	<b>Ongoing.</b>
17/03	ED to check internally whether ' <i>inclusive settlement periods</i> ' is beneficial.	ED	<b>Ongoing.</b>
17/04	The Secretariat to update the flexibility market price table to include tendered/contracted for the Working Group to review.	Secretariat	<b>Closed.</b>
17/05	The Chair to raise a concern with Ofgem that there may be a potential risk that it may be cheaper for a Customer to exceed the Curtailment Limit as opposed to buying into the Flexibility Market.	Chair	<b>Ongoing.</b>
17/06	The Chair to ask Ofgem around providing alternate solutions regarding the 95% Curtailment Limit Threshold and ways to identify what an outlier is.	Chair	<b>Ongoing.</b>
17/07	RT to continue to develop analysis around the impacts of removing certain types of Distribution Flexibility Services.	RT	<b>Ongoing.</b>

## Closed Actions

# DCUSA

Action Ref.	Action	Owner	Update
16/02	The Working Group to circulate their most recent year (or published year) flexibility market prices to RT who will lead on the analysis to present to the Working Group.	RT / Working Group	Closed.
16/02	The Secretariat to circulate the Draft Legal Text in word version for the Working Group to make changes.	Secretariat	Closed.