

DCP 423 Working Group - Meeting 01

02 August 2023 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Charles Mott [CM]	SSE
Kara Burke [KB]	NPg
Tom Cadge [TC]	BU-UK
Code Administrator	
Andy Green [AG] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Apologies	
Chris Ong [CO]	UKPN

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 Change Proposal within the Working Group and agree next steps.

3. Overview of DCP 423 Change Proposal

- 3.1 The Chair invited the proposer [TC] to provide an overview of the DCP 423 Change Proposal to the Working Group.

- 3.2 The purpose of this change proposal is to set a floor on the LDNO discount applied to negative tariff components, after scaling, for demand tariffs. The intent of this change proposal is to seek to remedy what the proposer believes is an unintended outcome of the implementation of Ofgem's Targeted Charging Review where LDNO tariffs can be higher than the equivalent all-the-way tariff i.e., the LDNO margin is negative for that component.
- 3.3 It is proposed that an additional step is put into the CDCM to not apply LDNO discount percentages, as calculated in Schedule 29, to tariff components where the tariff component calculated after scaling has been applied but before fixed adders have been applied, is negative. This will ensure that no negative margins are observed for any tariff component for LDNOs.

4. Review and Discussion of the Change Proposal

- 4.1 The Chair invited the Working Group to both review and discuss the DCP 423 Change Proposal.
- 4.2 The key updates can be found below:
- The proposer informed the Working Group that the way the potential solution has been drafted is to not apply the DNO discount if this is going to be applied to a negative number. If applied to a negative number, it will increase the value.
 - Members discussed the potential solution and agreed that there should not be a charge there is a negative number, and there was no objection to the proposed solution.
 - The Working Group noted that the proposed solution would mean a change to the current CDCM methodology.
 - The proposer also stated that there may need to be an equivalent change to Schedule 17 and Schedule 18 as the same outcome happens within the EDCM.
 - It was confirmed within the Working Group that the same formula/calculations are used in both the CDCM and the EDCM.
 - The Working Group discussed and agreed that it would be more appropriate to look at the changes needed to the CDCM prior to developing a Consultation, and will in turn, aid the Consultation once it is issued to wider industry.
 - Moving forward, KB agreed to take an action to complete a request form for changes to the CDCM for the Working Group to review during the next meeting.

ACTION 01/01: KB to complete a request form for changes to the CDCM for the Working Group to review to review during the next meeting.

- 4.3 The Working Group discussed and agreed to the potential Consultation questions below:
- *Is there any rationale as to why there is a negative margin for a tariff component.*

- *Do you have any examples of the issue explained happening? If so, what was the impact? Are there any other scenarios where this issue could occur that have not been captured within the Consultation document?*

4.4 The Chair agreed to take an action to circulate the above suggested Consultation questions to the Working Group to see if there are any further suggestions to add.

ACTION 01/02: The Secretariat to circulate the suggested Consultation questions to the Working Group offline to see if there are any further suggestions to add.

4.5 The Working Group also agreed that it may be beneficial to re-circulate the invite to join the DCP 423 Working Group as there is currently a low representation of wider industry. The Chair agreed to progress with this post-meeting.

ACTION 01/03: The Secretariat to re-circulate the invite to join the DCP 423 Working Group to wider industry post-meeting.

5. Agenda Items for Next Meeting

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

1. The Secretariat to send the current suggested Consultation questions to the Working Group offline for further additions.
2. The Secretariat to re-circulate the invite to join DCP 423 to wider industry.

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 - TBC

7.1 The next Working Group meeting is TBC. The Working Group agreed that it would be more appropriate for the Secretariat to issue a Doodle Poll to the Working Group post-meeting once the invite to join the DCP 423 Working Group has been re-circulated to wider industry.

ACTION 01/04: The Secretariat to issue a Doodle Poll for the next Working Group meeting.

8. Attachments

- Attachment 1_DCP 423 Workplan

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	KB to complete a request form for changes to the CDCM for the Working Group to review to review during the next meeting.	KB	New Action.
01/02	The Secretariat to circulate the suggested Consultation questions to the Working Group offline to see if there are any further suggestions to add.	Secretariat	New Action.
01/03	The Secretariat to re-circulate the invite to join the DCP 423 Working Group post-meeting.	Secretariat	New Action.
01/04	The Secretariat to issue a Doodle Poll for the next Working Group meeting.	Secretariat	New Action.

Closed Actions

Action Ref.			Update