

DCP 412 Working Group 21A Draft Minutes

19 September 2023 at 10:00

Location: Teleconference

Attendees	Company
Georgia Preece (GP)	NPg
Diandra Orodan (DO)	BU-UK
Edda Dirks (ED)	SSE Generation
Simon Vicary (SV)	EDF
Lee Stone (LS)	E.ON
Karl Maryon (KM)	Drax
Ryan Farrell (RF)	NPg
James Jones (JJ)	SSE
Chris Ong (CO)	UKPN
Sally Musaka (SM)	SSE
David Fewings (DF)	Inenco
George Potter (GP)	SPEN
Babatunde Olukotun (BO)	National Grid
Code Administrators	
Craig Booth (CB) (Chair)	ElectraLink

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 and agreed to the Terms of Reference
- 1.2 The Chair advised the meeting would be recorded and asked the Working Group if there were any objections to this. It was explained that the recording would be deleted 15 working days after the Working Group meeting. There were no objections.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of this meeting is to review the responses to consultation 1.
- 2.2 The actions from this Working Group have been captured in an action log. The action log can be found at [appendix 1](#).

3. Action review

- 3.1 **21/05** – The Chair advised that the council responses had been passed to the Chair of DCP 420. The action was closed.
- 3.2 **21/04** – The Chair advised that the action to split the formula into 2 separate criteria over the analysis was a lark undertaking and was therefore not yet completed. This action remains open.

4. Review of Consultation 1 Responses

- 4.1 The Working Group reviewed the consultation 1 responses.

Question 3 - Northern Powergrid Response

- 4.2 The Working Group discussed the approach proposed by Northern Powergrid, in terms of splitting the formula into two separate components made up of:
 - 4.2.1 a Capacity Utilisation (Maximum Demand divided by Maximum Import Capacity (MIC)) of between 95% and 100%; and
 - 4.2.2 a Load Factor of less than 5%.
- 4.3 The Working Group noted that at a very high MIC use, the load utilisation (current approach) and load factor (proposed by NPg) would be very similar.
- 4.4 The Working Group noted that in splitting the components apart, there would be a need to assess the impacts of making amendments to either component. For example, it was suggested that a 95% Capacity Utilisation and a 5% Load Factor would result in numbers similar to the 90% threshold in the analysis already completed.
- 4.5 The Working Group agreed that the analysis should be amended to allow a comparison between the two approaches and to assess the impacts of changes to the Capacity Utilisation and Load Factor elements. It was noted that there was an outstanding action (21/04) that would complete this.

Question 3 – SSE Generation Response

- 4.6 The Working Group discussed the currently proposed approach and whether this was aligned with the intent of the TCR.

- 4.7 The Working Group discussed whether the thresholds arrived at were arbitrary and would result in customers receiving assistance when they do not need it. The Working Group discussed that the TCR resulted in bands that could be argued to be arbitrary. It was discussed that understanding how the TCR percentiles were arrived at could help in defining the thresholds proposed under DPC 412.
- 4.8 The Working Group also discussed whether the TCR stated affordability as one of its aims. The Working Group members could not recall that it did. It was also suggested that the TCR intent was open to interpretation.
- 4.9 The Working Group agreed that it would be useful to find/create a 'statement of facts' from the TCR decision document to help future discussions.

Action: Chair to locate or create a 'statement of facts' document that concisely summarises the principles and decisions implemented under the TCR.

- 4.10 The Working Group also discussed that the justification for spreading the residual charges, left over after re-banding HCULU customers, across all other customers needed to be better justified in the change report.

Action: Working Group to add clarification/justification for how customers become eligible for HCULU status and for spreading the remaining residual charges over other customers.

5. Next Steps

- 5.1 The Working Group agreed to meet again on 25 September 2023 at 10:00 to review the consultation 1 responses.
- 5.2 The Working Group noted that a further meeting is already scheduled, for 28 September 2023.

6. Next Meeting

- 6.1 The next meeting will be Monday 25 September 2023 at 10:00.

Appendix 1 – Action Log

New and Open Actions

Action Ref.	Action	Owner	Update
20/01	Working Group to consider questions it would like Ofgem to consider (this action will remain on hold until after the review of consultation 1 responses has been completed.)	Working Group	New action (on hold)
21/01	Chair to contact Pro Roll Ltd. to seek clarification on the two responses received.	Chair	New action
21/02	Working Group to consider what additional analysis is required after the consultation 1 responses review is completed.	Working Group	New action (on hold)
21/03	Working Group to discuss additional re-banding considerations after the consultation 1 responses review is completed.	Working Group	New action (on hold)
21/04	Chair to add the split criteria to the analysis as variables.	Chair	New action
21A/01	Chair to locate or create a 'statement of facts' document that concisely summarises the principles and decisions implemented under the TCR.	Chair	New action
21A/02	Working Group to add clarification/justification for how customers become eligible for HCULU status and for spreading the remaining residual charges over other customers.	Working Group	New action (on hold)

Closed Actions

Action Ref.	Action	Owner	Update
11/02	The Secretariat to reach out to DNOs to see if they have experienced any cases where there may be a potential blocker to net zero (in relation to DCP 420)	Chair	Closed. No update as of yet. Working Group agreed that this can be picked up as part of the Action list for DCP 420 as opposed to DCP 412.
11/03	The Chair to respond to Ofgem to state that due to confidentiality risks of DNOs, the Working Group would prefer to state the impacts of this CP on TNUoS Customers only (not DUoS)	Chair	Closed. Ofgem agreed that the analysis should be completed.
12/01	LS to provide a proposers view of the impacted DUCSA objectives	Lee Stone	Closed. The Consultation document has been updated accordingly.
12/02	The Chair to share the panels steer on when to assess CPs against charging objectives, general objectives, or both	Chair	Closed. This was circulated to the Working Group.
12/03	The Chair to share updated versions of the legal text and consultation document prior to the next meeting	Chair	Closed. This was circulated to the Working Group.
14/04	The Chair to seek clarification on Ofgem's decision criteria based on the urgency status of the change.	Chair	Closed
10/01	Request half hourly data for the 95% threshold customers from DNOs to allow an assessment of how the bands change based on average daily or monthly maximum demand	Chair	Closed. Complete data set has now been received by all DNOs. Analysis has started, and the number of

			Customers within the 95% threshold for 2022 has increased.
10/02	Perform the same analysis on the customer data provided in action 10/01 above.	MC	Closed. Complete data set has now been received by all DNOs. Analysis has started, and the number of Customers within the 95% threshold for 2022 has increased.
10/03	Show the reduction in DNO income.	MC	Closed. Complete data set has now been received by all DNOs. Analysis has started, and the number of Customers within the 95% threshold for 2022 has increased.
11/06	LS to seek further information around the Distribution Licence in relation to DCUSA Objective 1.	Lee Stone	Closed. No update as of yet.
11/07	The Chair to seek further understanding of where consumer fairness fits in, in relation to the DCUSA Objective	Chair	Closed. Internal view is that this is not a DCUSA issue to fix and is a licence issue. The Chair will discuss with Ofgem that they may want to look at this in the future.
14/01	The Chair to transfer the current Action 11/02 in DCP 412 action log over to the DCP 420 action log.	Chair	Closed
14/02	The Working Group to review paragraphs 6.4H (option 1 and option 2) and make a decision as to whether this should be removed from the draft legal text during the next meeting on 25 July 2023.	Working Group	Closed

14/03	The Chair to make a visual of the examples for the better understanding for the reader – once added within the Consultation document, the original written examples can be deleted.	Chair	Closed
17/01	Working Group members to share the illustrations with colleagues who hadn't had visibility of DCP 412 to check the made sense	All	Closed
18/01	Add definition of HCULU customer in consultation 2.	Chair	Closed
18/02	Simplify how the retrospective treatment process and reassessment process is explained with the consultation document	Chair	Closed
19/01	MC to review and update the paragraph that deals with shared capacity and the forward-looking access SCRs	Matt Cullen	New action
19/02	MC to check in with LS on what the obligations are on suppliers to return any financial benefits received from distributors back to customers.	Matt Cullen	Closed
19/03	RF to report back to the Working Group on the outcome of a call taking place after this Working Group discussing how financial benefits are returned to customers and what obligations are in place to make sure customers receive the benefits.	Ryan Farrell	Closed
20/02	The Chair to map the processes as they currently stand for presentation at a future Working Group meeting.	Chair	Closed
20/03	BO to map the scenarios he has identified for the enduring retrospective re-banding.	BO	Closed
20/04	Chair to review the data and determine the number of customers that changed from year 1 to year 2.	Chair	Closed
21/05	Chair to share the council responses with the Chair of DCP 420.	Chair	Closed