

## DCMDG Subgroup 01 – WG Meeting 02

09 October 2023 at 10:00

Teleconference via Microsoft Teams

Attendees	Company
Andrew Malley [AM]	Ofgem
Brian Clark [BC]	SSE
Chris Barker [CB]	ENWL
Chris Ong [CO]	UKPN
David Fewings [DF]	Inenco
Dave Wornell [DW]	National Grid
Diandra Orodan [DO]	BU-UK
Dimuthu Wijetunga [DW]	Shell
Edda Dirks [ED]	SSE Gen
Eleanor Suter [ES]	BU-UK
Giao Le [GL]	SSE
Joe Boyle [JB]	SPEN
Kara Burke [KB]	NPg
Mark Fletcher [MF]	Shell
Paul Farmer [PF]	Shell
Sally Musaka [SM]	SSE
Shannon Murray [SM]	Ofgem
Victoria Burkett [VB]	SSE
Lee Stone [LS]	EON
<b>Secretariat</b>	
Alysson Peña [AP]	ElectraLink
Dylan Townsend [DT] (Chair)	ElectraLink
Mel Kendal (Technical Secretariat)	ElectraLink
<b>Apologies</b>	
N/A	N/A

### 1. Administration

- 1.1 The group reviewed the DCUSA “Competition Law Guidance” and agreed to be bound by this for the duration of the meeting.
- 1.2 The Working Group reviewed minutes from previous meeting and agree they are accurate to what was discussed during the meeting.

## 2. Purpose of meeting

---

- 2.1 The Chair welcomed the DCMDG attendees to the meeting.
- 2.2 The Chair presented the information sources found thus far, collated in a document, members of the group contributed by adding more source suggestions Attachment 3.
- 2.3 The working group has identified the importance of understanding the customer better to find the correct starting point to begin developing any potential solution(s) for this change process.
- 2.4 The working group has agreed to issue a RFI and started to draft questions to add as shown on the below sections.

## 3. Identifying different types of private networks

---

- 3.1 The Chair explained that this agenda item was focussed on trying to obtain an understanding of the different types of Private Networks that exist. The Chair explained that from the research conducted so far, there appeared to be a few different names by which such entities may be classed as, being:
  - Private Networks (PNs) or Private Network Operators (PNOs);
  - Building Network Operators (BNOs);
  - Distribution Exemption Holders (DEHs);
  - Licence Exempt Networks (LENs); and
  - Microgrids.
- 3.2 The Chair sought feedback from members as to their thoughts on the above list and more generally on the question of whether the intent will be to capture these and any others within the scope or if some might be excluded for one reason or another.
- 3.3 One member questioned whether it would be useful to consider the licence exemptions framework as a starting point, noting that there are various exemptions that are available. It was noted that there are a number of 'Class Exemptions' where there wouldn't be a requirement to hold a licence to carry out one or more of generation, distribution or supply. Further to this it was highlighted that within those Class Exemptions there were sub-classes, and in the case of distribution, the following class exemptions are available to stakeholders:
  - Class A: Distribute up to 2.5 megawatts to domestic consumers
  - Class B: Distribute up to 1 megawatt to onsite domestic consumers from onsite generation
  - Class C: Distribute to only non-domestic consumers

- 3.4 In terms of how this information could be useful for the proposed RFI, members considered that it would like help with framing the background/intent of the RFI, which members agreed was important, so as to ensure the responses yield sufficient insight.
- 3.5 To help identify the type of private networks that are currently in the market, members agreed the RIF questions should include:
- (a) Which of the types of Private Networks set below/above are you involved/or do you operate
    - 1
    - 2
    - 3
    - Other (please explain)
  - (b) Does your site (or sites) operate with competition in supply (i.e., meaning...)?
  - (c) Can you confirm, what voltage level the private network is connected to?
- 3.6 The Secretariat took an action to add framing to draft RFI and rationale for the questions being asked as well as initial thoughts on which of the class exemptions are in scope for group to confirm.

## 4. Identifying operators and numbers of private networks

- 4.1 The Chair highlighted that one suggestion provided by email by a member of the group was potentially useful in identifying the numbers of private networks. That suggestion was the member believes that MPANs on a private network with difference metering need to be allocated to MTC 997 and that if true, that it may be helpful for trying to determine the scale of the issue. Members agreed that this should be the case for, and noted that this won't catch all PNOs but is at least a start. One member also pointed out that this may only work prior to MHHS, as MTCs are being removed as part of MHHS.
- 4.2 The Chair noted that there may be a way to obtain counts of these sites from industry data, which may involve asking Elexon or potentially asking DNOs to provide the data as well as to see whether there is scope for ElectraLink to provide the data. The Chair took an action to explore whether data can be requested/used from internal resources related to the MTC 997.

**ACTION 02/01: The Chair to explore whether data can be requested/used from internal resources related to the MTC 997.**

- 4.3 One member noted that one option for seeking a better understanding of the numbers or private networks and the operators of such networks might be via the following channels:



- information from Ofgem regarding Private Network Charging Methodologies -like the following example: (<https://www.ofgem.gov.uk/sites/default/files/2021-10/Reasons%20for%20Decision%20on%20STAL%20Charging%20Methodology.pdf>)
- The governments call for evidence back from 2021 contains some useful info - Exemptions from the requirement for an electricity licence: call for evidence (<https://www.gov.uk/government/calls-for-evidence/exemptions-from-the-requirement-for-an-electricity-licence-call-for-evidence>)
- The summary of responses to that call for evidence as it contains a list of 77 respondents in Annex B (<https://www.gov.uk/government/calls-for-evidence/exemptions-from-the-requirement-for-an-electricity-licence-call-for-evidence>)

4.4 Members considered what questions they may wish to ask to as part of the RFI to better understand the numbers or private networks and the operators of such networks and noted the below questions might be useful:

- Seeking information on the size of their private networks in terms of capacity and/or customer numbers
- Seeking a breakdown of customer types connected to those networks such as domestic, industrial and/or mixed use sites.

## 5. Suitability of the various metering arrangements for each type

5.1 It was noted that there are three possible metering arrangements which can be used which will facilitate competition in supply on a private network, namely:

- difference metering;
- full Settlement metering; or
- shared metering.

5.2 The working group understands that not all parties may know what metering arrangements are available, to help the working group in identifying if a site is making use of one of these arrangements, members considered that the following questions be put forward:

- Are you aware of the various industry metering arrangements available to private networks with competition in supply?
- Which (if any) are applicable to your site or sites?
- Who does your DNO recover its DUoS charges from? (e.g. directly from you, the PN; or via the supplier to you, the PN; or via your customers' suppliers; or by some other route?)

## 6. Agreed Next Steps

---

- 6.1 Members agreed that the Secretariat should continue to gather as much information as possible around private networks in the coming weeks, collate this and present it alongside a draft of the RFI to the Working Group at the next meeting for further discussion.

**ACTION 02/02: The Secretariat to continue develop the RFI and background research and issue to the working group for review.**

- 6.2 Members considered it to be important that Ofgem feed in their views as to what they would like this workstream to achieve to be able to determine the scope of this work. Members noted that they would like a clear steer for the group to be confident in what they are doing.

**ACTION 02/03: The Chair to engage with Ofgem to relay the groups desire for a clear steer from Ofgem as to what they would like this workstream to achieve.**

## 7. Agenda items for next meeting

---

- 7.1 Members agreed to add the following items to the agenda for the next meeting:

- Review output of research; and
- Review draft RFI.

## 8. Any other business (AOB)

---

- 8.1 The Chair asked for any other items of business.
- 8.2 There were no further items of business raised.

## 9. Date of Next Meeting

---

- 9.1 The Secretariat agreed to issue a doodle poll to Working Group members for the next DCMDG Subgroup 01 meeting (WG 03) – the potential dates will be from the week commencing 06 November 2023 onwards and the meeting will be held via Microsoft Teams/Teleconference.

## 10. Attachments

---

- Attachment 1 – Secretariat Research Paper (work in progress)

# Appendix A- Actions

## New and Open Actions

Action Ref.	Action	Owner	Update
01/01	The Secretariat to follow-up with RC around an action from DCP 328 regarding contacts for LENs (PNs).	Secretariat	New Action. 09/10/23 -
01/02	The Secretariat to gather information around private networks and collate for the Working Group to review.	Secretariat	New Action. 09/10/23 – ongoing, an initial starting point has been shared with the working group.
01/03	The Working Group to revisit whether these issues may impact transmission charging arrangements.	Working Group	New Action. 09/10/23 -
02/01	The Chair to explore whether data can be requested/used from internal resources related to the MTC 997.	Chair/Secretariat	New Action.
02/02	The Secretariat to continue develop the RFI and background research and issue to the working group for review.	Chair/Secretariat	New Action.
02/03	The Chair to engage with Ofgem to relay the groups desire for a clear steer from Ofgem as to what they would like this workstream to achieve.	Chair/Secretariat	New Action.

## Closed Actions

Action Ref.			Update