

DCP 420 Working Group - Meeting 04

11 January 2023 at 10:00 - Web-Conference

| Attendee | Company |
|------------------------------|--------------------|
| Working Group Members | |
| Anne-Claire Leydier [ACL] | Matrix Group |
| Brian Clark [BC] | SSE |
| Chris Ong [CO] | UKPN |
| Dave Wornell [DW] | National Grid |
| David Fewings [DF] | Inenco |
| Donna Jamieson [DJ] | Energy Assets |
| Edda Dirks [ED] | SSE Gen |
| Eleanor Suter [ES] | BU-UK |
| Grace March [GM] | Sembcorp |
| Harry Hailwood [HH] | Brook Green Supply |
| James Jones [JJ] | SSE |
| Joe Boyle [JB] | SPEN |
| Kyran Hanks [KH] | WatersWye |
| Morven Hunter [MH] | Last Mile |
| Paul Bedford [PB] | Drax |
| Rustam Ellis-Majainah [REM] | OVO |
| Sally Musaka [SM] | SSE |
| Simon Vicary [SV] | EDF |
| Ryan Farrell [RF] | NPg |
| Thomas Holdern [TH] | Ofgem |
| Tony Collings [TC] | Ecotricity |

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| Victoria Burkett [VB] | SSE |
| Observers | |
| Andrew Malley [AM] | Ofgem |
| Mark Carolan [MC] | Ofgem |
| Thomas Holderness [TH] | Ofgem |
| Code Administrator | |
| Craig Booth [CB] (Technical Secretariat) | ElectraLink |
| Richard Colwill [RC] (Chair) | ElectraLink |
| Apologies | |
| John Harmer [JH] | Waters Wye |

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 Working Group reviewed the minutes of the last meeting and agreed these were an accurate reflection of the conversations held.
- 1.3 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 review and discuss a new potential solution following conversations between DW and Ofgem.

3. DCP 420 New Proposed Solution

- 3.1 DW gave an overview of the potential new solution, which would result in the TCR being reversed for qualifying customers and the capacity charges, instead, would be levied on the unit rates. DW noted that, contrary to the first proposed solution for DCP 420, this meant customers would still contribute towards their capacity.
- 3.2 The Working Group discussed the proposal and identified a number of themes for discussion.

CUSC

- 3.3 The Working Group discussed whether a CUSC modification would be necessary. It was felt this would be likely, and it was mentioned that the ESO would need to be aware of the different arrangements for qualifying sites.
- 3.4 The Chair took an action to determine if a CUSC modification would be required based on the proposed solution above.

ACTION 04/01: The Chair to determine if a CUSC modification would be required based on the proposed solution above.

Reversing/Unravelling the TCR

- 3.5 The Working Group noted that the proposed solution would be undoing some of the work done with the TCR.
- 3.6 It was discussed that there may be a risk of setting a precedent whereby other groups of customers, particularly if they support net zero, could also ask for changes to be made to the way that they are charged.
- 3.7 The Working Group noted it would be down to Ofgem to consider if this is a concern.

Unit Rates

- 3.8 The Working Group discussed how the unit rates would be calculated and whether this would vary based on:
- the commercial viability of the site;
 - the size of the site; or
 - any other factors.
- 3.9 DW explained that in his view, the charges would be set by the DNO for each respective area and that the size of the EV charging site should not matter, as the more it is used the more the customer will pay towards their capacity. The Working Group noted that it could in fact be more beneficial for larger customers to stay on the current TCR arrangements.

Public versus Private Chargers

- 3.10 The Working Group discussed the intent of the Change Proposal (CP), which DW confirmed was to apply to public chargers. DW explained that in raising the CP, care had been taken to carefully define which sites would be in scope, to prevent private charging being included (e.g., such as a business with a fleet of EVs). DW noted the wording in the original CP: 'solely for the use of charging vehicles where electricity is sold with a commercial transaction to a private user'.

Commercial Viability

- 3.11 The Working Group discussed whether commercial viability should be assessed.
- 3.12 Some concerns were raised around commercially viable EV charging sites benefitting from the CP rather than it being targeted at the non-commercially viable sites. Concerns were also raised about unfairly impacting competition between EV charging businesses.
- 3.13 The Working Group also discussed whether it was in the DNOs ability, or should be their responsibility, to identify EV charging sites and assess their commercial viability. It was noted by the Working Group that for another TCR related CP, DCP 412, the Working Group had steered clear of performing any assessments of the viability of the business, instead working towards establishing criteria that meant customers either qualified or did not.
- 3.14 The Chair asked the DNO representatives of the Working Group to take an action to check whether identifying and assessing the viability of these sites is something they could do.

ACTION 04/02: The DNOs to check whether identifying and assessing the viability of these sites is something they could do.

- 3.15 The Working Group discussed whether all EV rapid charging sites should be in scope of the CP, or whether this could be limited to LV, LV Sub or HV. This will be discussed at a future meeting of the Working Group.

Tariff Selection

- 3.16 The Working Group discussed whether sites in scope of the CP should be automatically charged in a different way or whether they should be given the choice. It was noted previously that as an EV charging site grows it may become beneficial to remain on the current TCR bands.
- 3.17 It was discussed whether the ability to choose between paying the current TCR charges or switching to charges based on the unit rates would open this up to gaming. It was noted that if it becomes more beneficial as a site grows for the site to be charged the current TCR charges, this should remove the risk of gaming the system.

Mixed Use Sites

- 3.18 The Working Group discussed whether this CP should be targeted at sites used solely for EV charging as opposed to sites with mixed use. Supermarkets were identified as a potential example, where the Supermarket would likely already have a high capacity for its site and it therefore wouldn't benefit from moving to charges on the unit rate.
- 3.19 The Working Group also discussed whether in some instances, the EV charging portion of a site could be covered by a separate connection agreement.
- 3.20 CB provided an example of an [lonity EV charging station based on a Starbucks site](#), which could be two separate connection agreements.

Project Planning/Investment Decisions

- 3.21 The Working Group discussed an example of an EV Charging customer where a site had been created but the customer wasn't aware of the impacts of the TCR on the site. It was noted that, in this case, the customer hadn't fully understood the DUoS arrangements.
- 3.22 The Working Group discussed the necessity for such projects to be fully aware of these arrangements so that informed investment decisions can be made.

Impacts on EV Drivers

- 3.23 The Working Group discussed that consideration may need to be given to EV drivers and whether the proposed solution could disadvantage some customers. It was noted that the ability or inability to choose between unit rate charges and the current TCR arrangements could impact this, as smaller sites are disadvantaged by the current TCR charges whilst larger sites could be disadvantaged by unit rate based charges, all of which are ultimately passed onto the end consumer.

Impacts on IDNOs

- 3.24 The Working Group noted that there may also be impacts on the revenues for IDNOs and that this would need to be considered as part of any solution.

DCP 412

- 3.25 The Working Group discussed whether some of these sites could be picked up by DCP 412. It was noted that this had been considered before and the analysis performed showed that these sites would not be covered by that CP.
- 3.26 The Working Group considered whether the DCP 412 solution could be adopted by this CP and tweaked to capture EV charging sites. It was noted that DCP 412 was still a work in progress and that it was extremely complex. It was also cautioned that the nature of the solution for DCP 412 was to target a subset of peaky customers, not all of them, whereas the intent of this CP is to capture all qualifying EV sites, so the DCP 412 solution may not be suitable.

Ramping/Phasing of Capacity

- 3.27 The Working Group discussed whether the capacity could be ramped up/phased as an EV charging site grows. A precedent for this was noted under the new connections process.
- 3.28 A Working Group member explained that they had encountered a real-world example of a charging site with high capacity charges. The customer had requested a ramp up of capacity charges, but it was noted that if all the chargers installed were in use, then the site would be using all of its capacity. The Working Group noted that any such approach would also only benefit new sites and would not address the charges being faced by the existing sites.
- 3.29 The Working Group noted that two approaches may be necessary.

Maximum Demand

- 3.30 A Working Group member suggested that an EV charging site could be charged on the basis of its maximum demand instead of its capacity. The Working Group acknowledged this as an option to consider in a future meeting, alongside other solutions brought by members of the Working Group.

Government Support

- 3.31 The Working Group discussed whether the support for EVs should be coming from this modification or whether this should be funded by government.
- 3.32 AM explained that government is putting money towards EV charging infrastructure through the Rapid Charging Funds, but that it had been recognised that there were some industry rules that potentially detracted from this and some potential barriers.
- 3.33 The Working Group questioned whether it was for industry or Ofgem to address and make decisions on supporting net zero or whether it should be for government. This was acknowledged by AM who committed to taking this away for consideration.

Load Balancing on Site

- 3.34 The Working Group briefly discussed a suggestion that load balancing on site could also be used as a means to reducing the capacity charges faced by EV charging sites, whereby the more chargers are in use on site, the less the rate of charge is delivered.

4. Agenda Items for Next Meeting

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

1. Working Group members to bring forward any other potential solutions; and
2. Working Group to discuss the different options available.

5. Any Other Business

5.1 There were no AOB items raised.

6. Date of Next Meeting

6.1 The next meeting will take place on 7 February 2024 from 10:00 to 13:00.

APPENDIX A

New and Open Actions

| Action Ref. | Action | Owner | Update |
|-------------|---|---------------|---|
| 01/03 | The proposer (DW) to contact the local council to see if they have other examples of EV charging sites where the fixed charges are currently making the sites unviable. | Proposer (DW) | Ongoing <i>No response has been received from the council as of yet.</i> |
| 01/05 | MM to reach out to DESNZ, providing an overview of the issue raised in DCP 420 and seeking initial views on how best to address. | Secretariat | Ongoing |
| 02/02 | Chair to review the research papers. | Chair | Ongoing |
| 03/01 | The Secretariat to reach out to the confidential respondent to seek what information (if any) can be published publicly in relation to their response. | Ofgem | New Action |
| 03/02 | Ofgem to review whether this issue goes against the original intent TCR and whether it is now unintendedly setting price signals. | Ofgem | New Action |
| 03/03 | The Chair to update the DCP 420 Work Plan once more information has been gathered. | Chair | New Action |
| 04/01 | The Chair to determine if a CUSC modification would be required based on the proposed solution above. | Chair | New Action |
| 04/02 | The DNOs to check whether identifying and assessing the viability of these sites is something they could do. | DNOs | New Action |

| Action Ref. | | | Update |
|--------------|---|-------|----------------|
| 02/01 | Chair to share the links to the research papers with the Working Group. | Chair | Closed. |
| 02/03 | Chair to follow-up the email sent by Pembrokeshire Council to see if other councils had been contacted. | Chair | Closed. |
| 02/04 | Chair to draft the RFI question(s) and circulate to the WG for review. | Chair | Closed. |
| 02/05 | GM to flag this CP to the TNUoS task force. | GM | Closed. |