

DCP 420 Working Group Meeting 07

15 April 2024 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Andrew Nosworthy [AN]	Osprey Charging Network Ltd
Anne-Claire Leydier [ACL]	Matrix Group
Chris Ong [CO]	UKPN
Dan Simpson [DS]	Charge UK
Dave Wornell [DW]	National Grid
David Fewings [DF]	Inenco
Donna Jamieson [DJ]	IDCSL
Edda Dirks [ED]	SSE Generation
Eddie Gillow [EG]	Ofgem
Eleanor Suter [ES]	BU-UK
Georgia Preece [GP]	NPg
Harry Hailwood [HH]	Brook Green Supply
James Jones [JJ]	SSEN
Joe Boyle [JB]	SPEN
Lisa Waters [LW]	WatersWye
Mark Bellman [MB]	ENWL
Morven Hunter [MH]	Last Mile
Paul Bedford [PB]	Drax
Rustam Ellis-Majainah [REM]	OVO
Sally Musaka [SM]	SSE
Simon Vicary [SV]	EDF

Thomas Holderness [TH]	Ofgem
Tony Collings [TC]	Ecotricity
Victoria Burkett [VB]	SSE

Code Administrator	
Andy Green [AG]	ElectraLink
Craig Booth [CB]	Chair
Hannah Proffitt [HP]	Secretariat

1. Administration

Recording

- 1.1 The Chair asked members if they were comfortable for this Working Group to be recorded. No members objected to this request. The purpose of this recording is purely to aid the Technical Secretariat in producing an accurate report of the meeting. The recording will be deleted after 15 Working Days.

Apologies

- 1.2 No apologies were noted.

Competition Law Guidance and Terms of Reference

- 1.3 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.

2. Actions Review

- 2.1 The Working Group reviewed the open actions, and an update is provided in Appendix 1.

3. Purpose of the Meeting

- 3.1 The Chair set out that the purpose of the meeting was to review and discuss the case studies provided by ChargeUK and to consider solution options.
- 3.2 Ahead of discussing the case studies, MB raised a concern that they felt the Change should progress through Ofgem rather than through the DCUSA Change Process. MB noted that there could be potential ramifications of making a change to the charging arrangements and noted the importance of ensuring that the Change has the right economic impact. MB questioned whether this Working Group is the right place for decisions that affect the viability of Charge Point Operators (CPOs).

- 3.3 DJ agreed, questioning the use of the Distribution Use of System (DUoS) tariff to resolve the problem. DJ added that it could also be seen as discriminatory as the Change involves only a subset of customers and does not address domestic Electric Vehicle (EV) chargers.
- 3.4 Several other members agreed with these points.
- 3.5 ED asked who is in scope of the change, and noted that answering this question would help with assessing the impacts.
- 3.6 A CPO representative, AN, advised that CPOs are being pressurised to take large grid connections, resulting in increased costs. AN explained that they have to do this now as they are looking at future demand and that without the installation of the charge points, the uptake of EVs will be low. AN noted a wider benefit of EV charging in terms of decarbonisation and the move to net zero. AN noted that with the increase in costs, some businesses are unsustainable.
- 3.7 Members agreed with the points, however questioned whether the DCUSA charging arrangements were the correct place to address these or whether it should be with Ofgem or the Department for Energy Security and Net Zero (DESNZ).
- 3.8 A representative of Ofgem, TH, acknowledged the Working Groups' question however noted that the Working Group would need to discuss the proposal and solution further in order to present a case to Ofgem.
- 3.9 Members raised that as a Working Group they are limited in the solutions they can provide, and noted that Ofgem and DESNZ have a wider range of tools to reach a solution.
- 3.10 The Working Group and Proposer considered how best to move forward and agreed to progress with discussions.
- 3.11 ED highlighted Ofgem's standing charge review and noted that this Change is potentially looking at a similar issue. ED suggested that in terms of a solution, it could reduce or eliminate the residual for some EV charging sites but questioned who would pay for this. ED noted that an alternative would be to transfer it onto the unit rates and that the EV user would pay. However, ED questioned how this would help the net zero agenda because the end user would still pay the same high charges and would look for cheaper alternatives. As a result, the charge points subject to this proposal might remain uneconomical. Presumably, the mod will only achieve its aim if the overall cost to the end users are reduced (which is also Brook Green Supply's proposal).
- 3.12 Some members raised concerns about certain customers being treated differently and suggested that this could be seen as being discriminatory without having a steer from Ofgem.
- 3.13 MB suggested that it would be beneficial for Ofgem to advise on discrimination before the Working Group progresses. Other members agreed. ElectraLink took an action to draft a paper outlining the Working Groups' concerns and to submit this to Ofgem requesting guidance.

Action: 07/01 – ElectraLink to draft a paper outlining the Working Groups' concerns and to submit this to Ofgem requesting guidance.

4. Review Information From ChargeUK

- 4.1 A representative from ChargeUK, DS, presented three case studies to the Working Group.
- 4.2 Members agreed that these were useful.
- 4.3 LW raised that the case studies illustrate issues that all customers are facing and reiterated concerns about treating some customers differently and discrimination.
- 4.4 ED reiterated the earlier question of which types of EV charging sites should be in scope of this change.
- 4.5 DS noted that the charging solution needs to be considered as a whole network and although some sites will be less profitable or may not make a profit at all, the value of having an entire network is that it makes EV driving and charging possible. DS noted that larger sites are extreme examples of the issue, however that no one is currently at an overall level of utilisation where they can justify having a network. DS advised that even on existing sites with smaller rapid, they have seen their costs double. DS noted that they would argue all EV sites are affected.
- 4.6 REM highlighted that these sites have a large capacity and therefore DNOs would have to provide the infrastructure, and questioned who pays for this. REM questioned whether it should be the commercial outfits benefitting or everyone.
- 4.7 DS advised that when a CPO plans a site many factors need to be considered, a large part being the cost of the connection. Standing charges introduce a very high running cost that cannot be covered by running rates of use.
- 4.8 ACL asked whether any of the current subsidies available could be used to cover running costs. DS clarified that the subsidies are for individual customers, for local authorities to procure charging or for the rapid charging fund for motorway sites and therefore the fully commercial sites in question do not qualify.
- 4.9 DW raised that domestic customers will have the same standing charge whether they have an EV charger or not. For smaller non half hourly sites, they will be banded based on their Estimated Annual Consumption (EAC) which is currently the case, and will therefore get a kilowatt hour (kWh) related charge any way. DW highlighted that it is the half hourly market that this affects.
- 4.10 DS raised that when comparing at home and public charging, individuals charging at home will pay 5% VAT compared to paying 20% VAT in public.
- 4.11 MB questioned whether the issue would have been raised for discussion if the Targeted Charging Review (TCR) had not changed the fixed charges. DS clarified that they are always looking at what more can be done, however that 18 months ago standing charges were marginal.
- 4.12 REM highlighted that if this Change progressed through the DCUSA Change Process, depending on the solution the Working Group develops, 2026 or 2027 may be the earliest the solution would be in

place. REM asked DS if this would be soon enough. DS confirmed that the Change seeks to address an issue that is current.

- 4.13 The Working Group reiterated that the DCUSA Change Process may not be the best place to progress and that other routes should be considered. The group agreed that this should be included in the paper to Ofgem.
- 4.14 The Chair noted that an email from Pembrokeshire Council had been circulated to the group ahead of the meeting and presented it to members. The Working Group noted the contents and that it provides a similar case study to those presented by ChargeUK.
- 4.15 The Chair suggested that the Working Group review the table of solutions that had been put together in previous meetings and assess each one in terms of technical feasibility, time scales, what the Working Group deem to be the fairest approach and capture the pros and cons for each.
- 4.16 Members returned to the discussion of which types of EV charging set ups are in scope of the Change and referred the 'Purpose of the Change Proposal' section on the Change Proposal form. The Chair referred this question to the Proposer of the Change, DW.
- 4.17 DW highlighted that the reason they did not include industrial sites is that they felt that these sites already had a high output and were focusing on sites that have high capacity but are not at the stage yet where they are fully utilised. DW highlighted that they included examples in the Change Proposal but that it is not limited to these. The group reiterated their concerns surrounding discrimination and some parties being treated differently to others.
- 4.18 The Chair suggested that the group focus discussions on what is in scope of the Change and what is not. The Chair highlighted that, as previously discussed, individuals are not in scope as they pay the same standing charge regardless of having an EV charger. The Chair raised the example of charging hubs/stations that sole use is for charging, and the example of sites which are used for charging and other things. AN suggested that it would come down to whether the CPO has their own grid connection or not.
- 4.19 The group raised concerns that the solution could end up either creating an incentive for applying for a new connection, when there is already a connection queue and unused capacity, or it could create an incentive for existing sites to get EV chargers to benefit from discounts. There could be unintended incentives whichever option is chosen.
- 4.20 Regarding the question of mixed-use sites, DS clarified that the majority of hubs will use their connection for other things as well as EV charging, even if this is just security measures or lighting. DS suggested that if mixed use sites are excluded, most of the hubs would be outside of the scope.
- 4.21 The group discussed the possibility of adding a qualification that a certain percentage of the capacity is used for charging. DW suggested that it could be difficult to identify how much electricity is being used for charging and that it could become complex.

- 4.22 Regarding unintended incentives, the Chair highlighted DCP 412¹ and suggested that if a customer does not qualify as 'peaky' under that Change they could install EV chargers to gain the benefit from this instead. LW suggested that encouraging installation of EV chargers could be considered a good thing.
- 4.23 DJ asked whether the DCP 412 Working Group had encountered issues with discrimination and whether they had sought Ofgem advice. SV clarified that DCP 412 does not look at a specific type of customer and is formulaic.
- 4.24 Regarding the previous point raised concerning adding a qualification that a certain percentage of the capacity is used for charging, REM asked whether this could be established by looking at maximum capacity used vs average, or load factors.
- 4.25 AN noted that monitoring how much power is going through the chargers on any given day should not be difficult as they have internal meters so that a customer can be billed for the correct amount of energy. REM asked if the responsibility could be put on the operator to provide this information.
- 4.26 The Chair suggested that the question of who is in scope of the Change needs to be confirmed before the solution is. The group discussed the need to define sole use and mixed use. ED highlighted that it is clear that mixed use sites will need to be included and that the challenge will be assessing how much of the mixed use sites' capacities are being used for charging and how much are being used for other things.
- 4.27 HH noted that their suggestion was to create a central database where all charge points supplied by a non domestic contract could register. HH noted that Greensync already have something in place for domestic and that this could potentially be of use in the solution.
- 4.28 MB noted that if the solution involves a third party administering a database, that this service would need to be put out to tender and therefore the Solution in the Change Proposal should not mandate use of Greensync's database. Other members agreed. MB also mentioned that UMSOs could play a role, 'certifying' consumption and validating qualifying parties.
- 4.29 The Chair started drafting a list on screen including the main points members wanted including in the paper to be submitted to Ofgem.
- 4.30 Regarding concerns on fairness, ED clarified that this should include who would be eligible and who should pay for the solution. The Chair also added the risk of creating an uneven playing field to the list.
- 4.31 Regarding creating the right economic impact, MB raised that the Working Group would be required to determine how much support is required and when the support should be withdrawn and questioned whether the Working Group has the expertise to make such economic assessments or indeed to account for the wider consequences of any proposed solution.

¹ DCP 412 - Discounts from TCR charges for 'peaky' final demand customers

- 4.32 REM questioned what the economic scale of the proposal would be and suggested that an estimation of the amounts of money involved would be beneficial. The group discussed whether it should be the Working Groups responsibility to provide this estimate. The group asked DS whether ChargeUK could provide estimates of the magnitude. DS agreed that they are happy to assist as much as possible but highlighted that whilst they do represent the majority of the charging industry, they do not represent every CPO. DS added that different CPOs have different rules regarding what they are able to share. LW asked if the data could be anonymised and averaged or whether a range could be provided.
- 4.33 DW asked whether the Change would need to be transferred to the Connection and Use of System Code (CUSC).
- 4.34 The group discussed the timescales for implementation and raised concerns that short term support would not be possible. The solution would likely not be in place until 2027 or 2028.
- 4.35 MB suggested that an item is added to the list covering additional processes that will be needed to administer eligible parties including verification, withdrawals and potential disputes.

5. Next Steps and Work Plan

- 5.1 The Chair agreed to produce a final draft of the paper and to issue this to members for review this week. Once approved by members this will be issued to Ofgem.

6. Any Other Business

- 6.1 No other business was raised.

Attachments

- Attachment 1 - FW_ AAR Project

New and Open Actions

Action Ref.	Action	Owner	Update
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 – See below update
	The Chair agreed to keep this action open to monitor any discussions/outputs from Ofgem, DESNZ and OSEV on funding or support schemes.		
	DESNZ facilitated the OZEV view on DCP420 summarised within the email below. DESNZ are open to targeted discussions with Code Admin.		
03/02	Ofgem to review whether this issue goes against the original intent TCR and whether it is now unintendedly setting price signals.	Ofgem	Ongoing – See below update
	The Chair agreed to circulate Marlon’s email to the Working Group for its records.		
	<p>The residual charges are not supposed to send signals for how the networks should be used and as a result in the TCR we concluded that residual charges will apply to Final Demand consumers only, and that they would take the form of fixed charges, levied on a per-site basis for all households and businesses.</p> <p>In our TCR Decision and throughout the industry engagement activities we acknowledged that although the modelling used to support our TCR decision was conducted across the widest possible user archetypes, this list was finite and therefore Ofgem would be and are open to considering evidence where the TCR Decision is having unintended consequences and have invited industry to consider such cases and propose solutions to rectify them via the code modification process.</p> <p>DCP420 is one such mod which whilst identifying a potential unintended consequence of the TCR on a user archetype not captured within the TCR modelling, it goes on to propose a solution of ‘a change to the definition for certain EV charging sites from final demand site to non-final demand’, which raises concerns regarding fairness. We would recommend the WG consider (i) whether a code mod is the appropriate</p>		

	<p>platform to resolve this issue or whether it would be better served by government support initiatives for this user archetype. (ii) If a code mod is the preferred solution for this issue, maybe explore the pros/cons of alternative solutions such as:-</p> <ul style="list-style-type: none">• volumetric based reductions;• unmetered sites which do not pay standing or capacity charges and are only billed in volumetric terms.		
05/01	Reach out to GreenSync to understand how it validates EV chargers.	Harry Hailwood	Closed. Response included as Attachment 1 of this document.
07/01	ElectraLink to draft a paper outlining the Working Groups' concerns and to submit this to Ofgem requesting guidance	Secretariat	In progress.

Closed Actions

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
04/01	The Chair to determine if a CUSC modification would be required based on the proposed solution above.	Chair	Closed
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)	Closed – lack of responses
04/02	The DNOs to check whether identifying and assessing the viability of these sites is something they could do.	DNOs	Closed
03/03	The Chair to update the DCP 420 Work Plan once more information has been gathered.	Chair	Closed
02/02	Chair to review the research papers.	Chair	Closed
05/02	Reach out to DESNZ to discuss the points raised by the Working Group.	Wesley Scott	Closed

DCUSA

05/03	Invite ChargeUK to the next meeting and to check if they have, or can gather, views on the issues being faced by their members.	Chair	Closed
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