

DCP 443 Working Group - Meeting 01

19 August 2024 at 13:00 - Web-Conference

Attendee	Company
Working Group Members	
Alex Lam [AL]	National Grid
Charles Mott [CM]	SSE
Edda Dirks [ED]	SSE Gen
Kara Burke [KB]	NPg
Mark Bellman [MB]	ENWL
Michael Hewitson [MH]	Trident Utilities
Morven Hunter [MH]	Last Mile
Paul Bedford [PB]	Drax
Peter Waymont [PW]	UKPN
Rachel Wallace [RW]	BU-UK
Robert Mottershead [RM]	Sedulity Energy
Simon Vicary [SV]	EDF
Tom Cadge [TC]	BU-UK
Victoria Burkett [VB]	SSE
Code Administrator	
Andy Green [AG] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Apologies	
Karl Maryon [KM]	Drax

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 443 Change Proposal

- 3.1 The Chair invited the proposer [PW] to provide an overview of the DCP 443 Change Proposal to the Working Group.
- 3.2 The purpose of this change is to amend the CDCM such that excess capacity charges are set in order to drive the correct customer behaviours. Customer behaviour may be sub-optimal as a result of the existing processes.
- 3.3 In order to do this, it is proposed that the daily exceeded capacity charge is set to give the right messages/cost signals to influence optimal customer behaviour. One solution might be using the highest MD in the preceding 12 months, for which we have provided draft legal text. This is how we charged excess capacity for at least 16 years prior to CDCM. Alternatively calculating the exceeded capacity to be double the capacity charge (which is broadly the difference between the two charges when Customer Contributions was utilised) would be an alternative approach.

4. Review and Discussion of the Change Proposal

- 4.1 The Chair invited the Working Group to both review and discuss the DCP 443 Change Proposal.
- 4.2 The key updates can be found below:
- 4.3 ED queried what the scope of the proposal is, as the CP states that amendments to the CDCM will be needed, however, the legal text states that amendments would also be needed to the EDCM – the Proposer confirmed that amendments to both the CDCM and EDCM will be needed if the change is accepted.
- 4.4 ED also noted that under paragraph 3.1 of the CP, it states that there was a change to the Connection and Access arrangements where some costs were removed; after further checks, ED stated that the EDCM is the same for the current year, however, the CDCM is different. ED suggested that moving forward, adding specific references as to how this issue occurred would be helpful.
- 4.5 The Proposer agreed to take an action to follow this query up with a colleague and provide more information to the Working Group at the next meeting.

ACTION 01/01: The Proposer (PW) to follow up with a colleague to gain further insight as to why the decision was made initially to remove the charges and how this error was made.

- 4.6 Adding to the above conversation, KB stated that the charges were changed to be the same due to Customer Contributions being put to 0 (since Access SCR was implemented) – doing so brought the excess capacity tariff back in line with the regular capacity tariff.
- 4.7 The Working Group agreed to capture the above explanation as to why the changes were made within the Consultation document as this would be of benefit to all respondents.
- 4.8 ED also suggested it may be beneficial for the Working Group to be provided with figures in relation to how many Customers are exceeding their capacity as it seems risky that Customers who expect to be able to use excess capacity if needed may not be able to due to others exceeding when they should not be.
- 4.9 RM stated that exceeding capacity is explained well within the National Terms of Connection (NTC) whereby if a Customer exceeds their capacity, then the DNO has the power to cap their Supplies if it is believed it will cause an issue to the Network. The Proposer responded by saying that the NTC is not as effective as the industry need it to be.
- 4.10 ED suggested that within the legal text, the wording within Schedule 16 may need to be aligned with the wording within Schedules 17 and 18. What needs to be clarified is how long the excess capacity is charged for, and what the charge is based on (i.e., the previous year). The Proposer suggested that the wording within Schedules 17 and 18 would work better, however gaining additional feedback around this within the Consultation would be beneficial. It was also noted that it should state 'for the duration of the month'.
- 4.11 PB queried what the current arrangements are for 01 April 2025 (with the implementation date being proposed as 01 April 2026) – the Chair confirmed that the current arrangements will stand for 01 April 2025. The Proposer also noted that the proposed implementation date may even be later due to when the decision is made and also for notice periods (i.e., most likely to be changed to 01 April 2027).
- 4.12 Changes were made to the wording within Schedule 16, 17 and 18 and can be found as **Attachment 1**.
- 4.13 ED suggested that it is important that a rationale for the proposed solution is provided within the Consultation documentation. The Working Group agreed this is essential.
- 4.14 TC stated that as DNOs, penalty charges cannot be posed on a Customer. When developing a solution, TC suggested that the Working Group need to be conscious of is making sure that the solution is cost reflective.
- 4.15 In relation to the legal text within Schedule 16, AL suggested it may be helpful to create worked examples to gain a better understanding of what the chargeable capacity could amount to for the Customer. The Working Group agreed that this would be beneficial, and the Proposer agreed to take this away as an action.

ACTION 01/02: The Proposer (PW) to provide the Working Group with worked examples around what the chargeable capacity could amount to for a Customer.

- 4.16 The Working Group discussed and agreed to the potential Consultation questions.
- 4.17 ED considered whether there is an alternate approach where the excess capacity charge is changed – the Proposer agreed that this is something to further be discussed.
- 4.18 The Chair asked the Working Group whether it is worth drafting an alternative solution in addition to the current solution – the Working Group agreed to seek further information on the alternative solution via the Consultation and then if desired, this can be further developed at a later date.
- 4.19 ED queried the legal text where it states that the excess capacity is charged for the duration of the month as this doesn't appear to align with the 'highest excess in that month in the proceeding 11 months' – the Proposer explained that the excess capacity charged is charge in pence per day, for the duration of the month. The highest excess capacity charge in the last 12 months is what is used to charge at for the oncoming 11 months. It was agreed to review the wording around this and make it clearer to the reader if possible.
- 4.20 MB queried whether this change includes both import and export charges – the Proposer did not initially include export charges, however, it was included to add this question into the Consultation for further feedback.
- 4.21 The agreed Consultation Questions can be found below:
- *Would it be better to have an alternative solution that increases the excess capacity charge e.g. it doubles?*
 - *Are there any other solutions that haven't been mentioned in this consultation*
 - *What are the perceived system changes to any potential solutions*
 - *Are you aware of any unintended consequences of creating a differential rate for excess capacity.*
 - *What are the potential customer impacts for the short and long term*
 - *What are the consequences/impacts to distributors planning and services of customers exceeding MIC if this CP were to be approved?*
 - *Should this change include both import and export excess capacity charging?*
- 4.22 The Working Group were happy with the agreed Consultation questions for now. The Chair agreed to circulate a draft Consultation post-meeting for the Working Group to review prior to the next meeting.

ACTION 01/03: The Secretariat to circulate a draft Consultation to the Working Group for review 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 circulate a draft Consultation document to the Working Group prior to the next meeting.

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 will be held on 06 September 2024 at 10am.

8. Attachments

- Attachment 1_DCP 443 Draft Legal Text_WG Amendments
- Attachment 2_DCP 443 Draft Consultation Questions
- Attachment 3_DCP 443 Work Plan

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	The Proposer (PW) to follow up with a colleague to gain additional information around how the issue with the changes to the Connection and Access arrangements in the CDCM and EDCM occurred.	PW	New Action.
01/02	The Proposer (PW) to provide the Working Group with worked examples around what the chargeable capacity could amount to for a Customer.	PW	New Action.
01/03	The Secretariat to circulate a draft Consultation to the Working Group for review post-meeting.	Secretariat	New Action.

Closed Actions

Action Ref.			Update