

DCP 420 Working Group Meeting 18

4 February 2025 at 13:00 - Web-Conference

Attendee	Company
Working Group Members	
Dan Simpson	ChargeUK
Joe Boyle	SPEN
Anne-Claire Leydier	Matrix Group
Tony Collings	Ecotricity
Ed Grimsey	BUUK
David Fewings	Inenco
Louise Robinson	ESPUG
Georgia Preece	NPg
David Wornell	National Grid
Mark Bellman	ENWL
John Harmer	WatersWye
Monique Pereira	Indigo
Kavya Kavya	Brook Green Supply
Victoria Burkett	SSE
Simon Vicary	EDF
Observers	
Tamara Satmarean	OZEV
Thomas Holderness	Ofgem
Code Administrator	
Richard Colwill	Chair
Craig Booth	Secretariat
Apologies	
Ryan Farrell	NPg
Donna Jamieson	IDCSL
Edda Dirks	SSE Generation

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 once these minutes have been approved.

Apologies

- 1.2 Apologies are noted in the table above.

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.

Action Log & Review of Minutes

- 1.4 The Chair advised that the minutes had been issued earlier in the day and, as such, he would allow Working Group members more time to review these before asking for sign off of the minutes.
- 1.5 The Chair advised that the minutes of meeting 16 had not yet been reviewed due to calendar availability, but that this was expected to be completed soon.

2. Purpose of the Meeting

- 2.1 The Chair set out that the purpose of the meeting was to continue to review the responses to the consultation.

3. Approach

- 3.1 The Chair gave an overview of the discussions held thus far and proposed to focus on the remaining questions, to ensure that in addition to the discussions already had, it would ensure that each question and the responses were covered off and a sufficient response captured on the collated responses document for each question.

4. Implementation Date

- 4.1 The Working Group discussed how soon the CP could practically be implemented now that only options 2 and 5 are being taken forward under DCP 420 (with option 4 to be progressed separately.)
- 4.2 A Working Group member asked how suppliers would be able to pass on the savings if they are in existing fixed term contracts with customers.
- 4.3 A Working Group member noted that his employing Party, which is a supplier, does pass on savings as a result of changes in the band as it considered this was the fair thing to do. Another member from a supplier Party concurred with this.

- 4.4 A Working Group member stated that not all suppliers do pass on the savings and that, for dealings with suppliers on behalf of his clients, it was sometimes difficult to get suppliers to pass on the savings, with these suppliers opting to not pass them on until the contract comes up for renewal.
- 4.5 The Secretariat noted that this is an existing issue, given that sites can be re-banded mid-price control under Schedule 32, exceptional circumstances, and that resolving the issue of passing on savings is likely out of scope of the CP. The Working Group agreed with these assessments.
- 4.6 The Secretariat noted that a similar CP, DCP 412 'Allocation of banding for TCR Charges for 'Peaky' Final Demand Customers', is currently in the change report phase, due for Panel approval for voting, and has a proposed implementation of 10 working days after Authority approval.
- 4.7 The Chair asked the Working Group if 10 working days would be acceptable for DCP 420. No Working Group members raised any concerns about this.

5. Volatility

- 5.1 The Working Group discussed whether the options would result in increased volatility of charges in each band. It was noted that option 2, which exempts sites from paying residual charges, would likely result in no volatility. The Working Group discussed that volatility for option 5 likely depends on whether these sites' bandings are reviewed annually or at each price control period, with the former resulting in more frequent band changes than the latter.
- 5.2 The Working Group also noted that volatility could be influenced by eligible sites moving in and out of the relief, if it was decided that such sites could 'opt out' of the relief.

6. Opting Out

- 6.1 The Working Group discussed whether eligible sites receiving the relief should be able to opt out of this.
- 6.2 The Working Group had mixed views on this, with some members preferring that sites remain in the relief once they have been approved for it, while other members felt sites should be able to opt out if they consider they are no longer eligible (based on criteria yet to be determined) or are no longer benefiting from the relief.
- 6.3 The Working Group noted that opting in and out of the relief for options 2 and 5 should be relatively simple, whilst it could be more complicated for option 4 (which is being progressed separately.)
- 6.4 The Proposer stated that his preference would be for sites to not be able to opt out where there have been no changes.
- 6.5 The Working Group agreed that the impact assessment needed to be completed for it to make a decision on whether customers should be able to opt in or out.

7. NESO Impacts

- 7.1 The Working Group discussed whether options 2 or 5 impacted on the CUSC and whether any modifications to the CUSC would be necessary.

- 7.2 It was noted by the Working Group that NESO had provided a detailed assessment of the impacts of each option, noting that:
- 7.2.1 for option 2, it would be workable for NESO revenue/billing to not charge these sites TDR charges as long as these were assigned to a residual charging band and included in the P402 report; and
 - 7.2.2 for option 5, it would cause no workability issues for NESO as allocation to a charging band is defined in the DCUSA, which would be sent to NESO through the P402 report and TDR charges charged accordingly.
- 7.3 The Working Group discussed whether it was possible to assign the customers to a residual charging band under option 2 and whether the P402 could correctly reflect that these sites are to be charged TDR. The Working Group could not agree whether this was the case.

Action 18/01	Chair to contact NESO to get more info on its requirements for option 2.
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8. Ancillary Use

- 8.1 The Working Group discussed ancillary use and how it would determine what amount of ancillary use was acceptable.
- 8.2 The Secretariat showed a simple illustration on screen, using option 5 as the scenario, showing that EV sites close to the threshold of the next band would not be incentivised to add additional usage onto the connection, as this could result in them entering the next band and not receiving the relief they required.
- 8.3 The Secretariat noted that sites could be incentivised to add more usage, under both options 2 and 5, due to:
- 8.3.1 paying no residual under option 2, and thus there being no incentive to constrain additional usage; and
 - 8.3.2 being closer to the lower threshold of a band, meaning that adding on additional usage would not cause them to breach the threshold of the next band.
- 8.4 The Secretariat stated that a simple solution could be to allow a small headroom buffer/allowance, which would prevent sites that could otherwise add on excessive usage from doing so.
- 8.5 A Working Group member noted that this was the same as a proposal he had raised in the previous meeting, which he felt would be simpler than trying to define specific ancillary uses.
- 8.6 The Working Group agreed to articulate the options for this and present this as a question in the next consultation.

9. Impact Assessment

- 9.1 The ChargeUK representative gave a brief update on his action to explore the feasibility of obtaining data from EV CPOs to allow an impact assessment to be performed.
- 9.2 The representative noted that it would not be possible to get complete data, due to not covering all EV CPOs in the country and no guarantee that all covered CPOs would respond, but that it could be possible to request data from the six largest CPOs (which accounts for at least 50% of the EV charging market.)
- 9.3 The Working Group discussed that the geographical spread of the sites in this data would need to be understood, to ensure the impact assessment is as robust as possible.
- 9.4 The Working Group noted that if the data covered 50% of the market and was geographically representative of the UK, it could be possible to extrapolate 100% coverage from this, with caveats and assumptions included in the impact assessment.

10. Agree Next Steps

- 10.1 The Chair advised that he believed he had enough information to begin forming the Working Group responses on the collated responses document, and that this would be completed offline.

Action 18/02	Chair to update the collated responses document.
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- 10.2 The Chair proposed that the next meeting be arranged via Doodle poll, once it was known when the data for the impact assessment would be available. This was agreed by the Working Group.

11. Any Other Business

- 11.1 No other business was raised.

New and Open Actions

Action Ref.	Action	Owner	Update
17/01	Chair to review the minutes of meeting 16 with the minute taker and arrange for a revised version to be issued.	Chair	Ongoing
17/02	Dan Simpson to explore the feasibility of ChargeUK gathering data from its members to allow an analysis.	Dan Simpson	Ongoing
18/01	Chair to contact NESO to get more info on its requirements for option 2.	Chair	New action
18/02	Chair to update the collated responses document.	Chair	New action

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

	<p>DESNZ facilitated the OZEV view on DCP420 summarised within the email below. DESNZ are open to targeted discussions with Code Admin.</p>		
03/02	<p>Ofgem to review whether this issue goes against the original intent TCR and whether it is now unintendedly setting price signals.</p> <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>	Ofgem	Closed

	<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 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
08/01	Secretariat to review the Distribution License for net zero obligations.	Secretariat	Closed
08/02	Flesh out the additional option.	Dave Wornell	Closed
08/03	Draft the consultation and circulate to the Working Group.	Chair	Closed

09/01	Reach out to Gowlings for a cost and time estimate, to be taken to the Panel for approval.	Chair	Closed
09/02	Reach out to the Panel with Gowlings' cost estimate and the updated title and intent and confirm the outcome to the Working Group.	Chair	Closed
10/01	The Chair to add additional paragraphs around the need to limit eligibility to connections that are solely for the purpose of supplying EV charge points.	Chair	Closed The paragraphs were added to the consultation document.
10/02	The Chair to add some paragraphs explaining the debate around the appropriateness of the CP versus other government support, including the Ofgem feedback.	Chair	Closed The paragraphs were added to the consultation document.
10/03	The Secretariat to send the Proposer's new spreadsheet to Ryan Farrell.	Secretariat	Closed The Proposer sent the spreadsheet to Ryan.
10/04	Ryan Farrell to check the spreadsheet against NPg's area.	Ryan Farrell	Closed Ryan reviewed the spreadsheet and sent this to the Proposer and Secretariat.

10/05	The Chair to amend the original option in line with the suggestion in the above paragraph.	Chair	Closed The paragraphs were amended.
10/06	The Chair to add additional explanations for each solution, based on the legal text and including the analysis (as an attachment).	Chair	Closed The explanations were expanded upon.
10/07	The Secretariat to arrange for time with the Proposer to work on the legal text for the solutions.	Secretariat	Closed The approach to the consultation was amended.
10/08	The Chair to add a question to the consultation around whether the solution could be susceptible to gaming if customers were able to opt in and out of being in the new EV charging tariff group.	Chair	Closed These paragraphs were added.
11/02	Reach out to Working Group members for help expanding the options explanations.	Chair	Closed The options were expanded with support from the Proposer.
12/01	Chair to add clarification of scope to section 1 of the draft consultation.	Chair	Action closed The draft consultation was updated.
12/02	Chair to add a section earlier in the document to explain why the problem arises and then relate all of the options to this.	Chair	Action closed

			The draft consultation was updated.
12/03	Chair to create examples for each of the options.	Chair	Action closed This was discussed in the Working Group.
12/04	Chair to include the TCR principle in the document and relate the pros and cons table to this.	Chair	Action closed The draft consultation was updated.
12/05	Chair to ensure the impacts on other customers are fully articulated, be that all customers or only those remaining in the band the EV site is moved out of.	Chair	Action closed The draft consultation was updated.
13/01	Chair to create a list of examples and include a consultation question.	Chair	The draft consultation had been updated to articulate the Working Group conversation around ancillary/mixed use of the MPAN for EV charging and other purposes and to include a question around this. This action was closed.
13/02	Chair to ensure the formula for option 4 is articulated in the draft consultation.	Chair	The formula was added.

			<p>Whilst the premise of the option was understood, when it came to adding a formula, it became apparent that a reader may not understand what the formula is based on (e.g., where the residual figure comes from that will be divided by the forecasted volumes). The Chair asked whether this needed explaining.</p> <p>This action was closed.</p>
13/03	Chair to expand the explanation as to why some options keep 1.5 (a) to (d) in scope and others do not.	Chair	<p>The options table had been updated to state why 1.5 (a) to (d) were or were not in scope of each solution.</p> <p>This action was closed.</p>
13/04	Chair to remove the question around the objectives and tailor a different question around the options and the objectives.	Chair	<p>The Chair explained that the objectives had been removed and a paragraph added to explain this, along with a question posed around which solution would best facilitate the DCUSA charging objectives.</p>

			This action was closed.
14/01	Update the objectives text.	Chair	The consultation document was updated. This action was closed.
11/01	Check cross-references in the updated draft consultation document.	Secretariat	The cross references were checked before the consultation was issued. This action was closed.