

DCP 443 Working Group - Meeting 08

10 March 2025 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Alex Lam [AL]	National Grid
Charles Mott [CM]	SSE
Chris Barker [CB]	ENWL
Chris Ong [CO]	UKPN
Donna Jamieson [DJ]	IDCSL
Ed Grimsey [EG]	BU-UK
Edda Dirks [ED]	SSE Gen
Kara Burke [KB]	NPg
Karl Maryon [KM]	DRAX
Michael Hewitson [MH]	Trident Utilities
Monique Pereira [MP]	Indigo Networks
Nik Wills [NW]	Stark
Peter Waymont [PW]	UKPN
Rachel Wallace [RW]	BU-UK
Robert Mottershead [RM]	Sedulity Energy
Victoria Burkett [VB]	SSE
Code Administrator	
Andy Green [AG] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink

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 The Working Group reviewed the previous meeting minutes and agreed them to be an accurate reflection of the discussions 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 to review both the collated RFI responses and aggregated data within the Working Group and agree next steps.
- 2.2 Proposed Alternate Solution
- 2.3 The chair noted that AL has provided an alternative approach for the Working Group to consider. AL presented this to the group for further discussion.
- 2.4 The key points can be found below:
- 2.5 AL explained that the proposal consists of compiling a second Standing charge factors table in the CDCM to obtain higher capacity charges which may be a better way to capture exceedances.
- 2.6 The CDCM model was presented on screen.
- 2.7 AL explained that the proposal suggests that the standing charges factors table will remain the same within the CDCM for normal capacity, however, a second standing charges factors table will be created to be used when there are exceedances within capacity.
- 2.8 CB noted that this alternative approach is not too dissimilar to the method that he proposed previously – the Working Group agreed that it would be beneficial to get a better understanding of how both approaches compare to one another.
- 2.9 CB presented an overview of his approach to the Working Group to compare with the current proposed alternative. AL confirmed that his alternative approach is not dissimilar to the approach presented by CB, and it was agreed that both approaches are ultimately the same.
- 2.10 CB stated that for an individual Customer that exceeds capacity, it would be expected that the effect of the change would be to increase their charges (but this would also depend on the profile of the Customer). Under the charging regime of the new model, it would be better for the Customer to have an agreed capacity that they did not exceed as this would be cheaper than the excess capacity tariff.
- 2.11 CB stated that there is a lot of variances in regional tariffs as DNOs end up having two separate prices without knowing what their final price controls may be. CB suggested that the most straight forward thing to do would be to take the forward-looking charge elements and only look at the before and after capacity elements.

3. Review Collated RFI Responses

- 3.1 The Chair invited the Working Group to review the collated RFI responses document, which was presented on screen.
- 3.2 The key points can be found below:

3.3 Q1

- 3.4 The Chair noted that all of the responses were pretty consistent in terms of impacts caused when a Customer exceeds their capacity.
- 3.5 ED stated that there were not many examples provided within the responses as to where this was happening, and it was not flagged as a major issue. PW noted that it may be difficult to understand the volume of these impacts and how often they occur. CB also stated that it may be difficult to track a real-world asset failure to a single cause.

3.6 Q2

- 3.7 One response suggested that increased kVa running through a network will result in higher losses, leading to additional costs passed on to Suppliers and Customers. The response also suggested that overuse may cause faults or necessitate reinforcement, potentially leading to power outages.
- 3.8 In regard to the above response, the proposer queried who would be responsible for paying the reinforcement – MH mentioned that in the National Terms of Connections (NTC) may state that the reinforcement is the responsibility of the Customer that has caused the faults. MH agreed to take an action to confirm that this is stated within the NTC.

ACTION 08/01: MH to confirm whether the NTC states that the reinforcement is the responsibility of the Customer that has caused the faults due to overuse of the network.

3.9 Q3

- 3.10 The Chair noted that the responses to Q3 were provided within the aggregated RFI data spreadsheet which will be reviewed separately.

3.11 Q4

- 3.12 One response stated that the process currently can mean that billing adjustments can cause one month to be shown in excess capacity where in reality the MPAN has not exceeded within that month. It was suggested that this scenario should be considered when looking at charging a Customer as they should not be penalised if they have not actually exceeded.
- 3.13 RW explained that if a Customer exceeds and then is charged excess, but then a revised consumption figure adjustment means that they did not exceed, then any excess charges would need reversing.
- 3.14 One response mentioned that this change introduces an element of risk into cost recovery of distribution charges for fixed price contract Customers as it will not be possible to predict the level of higher excess capacity charges that will be incurred. The Working Group noted that the risk mentioned has been present for many years and is not new to this change potentially being introduced.

4. Review Aggregated RFI Data

- 4.1 The Chair invited the Working Group to review the aggregated RFI data, which was presented on screen.

- 4.2 The key points can be found below:
- 4.3 KB stated that it is not previously made clear in the collated RFI responses that not all respondents provided data and queried which tables have what data within each of the tables, as the current figures do not add up – i.e., some respondents may have provided data for one table, but not for the other and it is not clear which table has what data in it. The Chair noted that this may prove difficult to make clearer due to confidentiality.
- 4.4 ED informed the group that after creating bar charts of every table from 2016 to 2023/24, the observation was that whilst a number of Customers on tariffs with capacity charges has been on an upward trend, the number of Customers that have exceeded their capacity has been on a downward trend. ED suggested that this could indicate that the percentage of Customers that exceed has reduced overall, when standard and exceeded capacity charges have been the same over this period.
- 4.5 In regard to table 4, KB queried whether the figures are correct as the figures seem disproportionately high compared to what figures were expected. The Chair did note that a number of respondents did have figures that were higher than others. The Chair agreed to take an action to relook at the data offline to confirm that the figures are correct and check whether there are any anomalies.

ACTION 08/02: The Secretariat to recheck the aggregated data tables to confirm that the figures are correct offline, and any anomalies identified.

- 4.6 The Working Group agreed to remove the years prior to 2012 as the capacity charges were not the same prior to this within the EDCM.
- 4.7 After further discussion, it was agreed for the Secretariat to amend the data to create averages across all respondents for each year – the Secretariat agreed to complete this offline.

ACTION 08/03: The Secretariat to amend the data to show average across all respondents for each year provided.

5. Discuss and Agree Next Steps

- 5.1 The Chair invited the Working Group to discuss and agree the right approach to take in regard to next steps.
- 5.2 The Working Group provided a vote as to which approach would be most appropriate to take forward – the voting outcome can be found below:

Approach	Votes
Differential (CB suggestion)	11
Excess Capacity Charge	4
Abstain	1

- 5.3 Whilst discussing both approaches, RM stated that in terms of reflecting the cost if a Customer was to increase their capacity in line with what their demand is, it can instigate a change of banding; this can result in significantly higher charges and they suggested there should be other mechanisms in place to manage this. RM noted that just charging the capacity rate is potentially not reflecting what

extra costs the Customer would be seeing by just having an excess charge, and believes it is important to note this.

- 5.4 Following the above, the proposer stated that it is important to capture within the Change Report that Customers may consider as to whether to continue to exceed their capacity or apply for a formal upgrade.
- 5.5 After further discussion, the Working Group agreed that the differential approach would be most suitable, however, it was agreed to create a pro's and con's table to be included within the Change Report in relation to the differential approach, for the readers understanding. This was drafted within the meeting and can be found below:

Pro's	Con's
Cost-reflective	
Fits in with existing billing arrangements	
Simple to understand for Customers	

- 5.6 To gain further insight around the pro's and con's, it was agreed for CB to take this offline and update the modelling in accordance with the differential approach for the Working Group to review, as this may highlight what the pro's and con's will look like once tested.

ACTION 08/04: CB to update the modelling in accordance with the differential approach for the Working Group to review as this may highlight what the pro's and con's of this approach will look like once tested.

6. Agenda Items for Next Meeting

- 6.1 The Working Group discussed the next steps, and the following items were captured:
- The Secretariat to make the necessary updates to the aggregated RFI response data spreadsheet.
 - CB to update the modelling in accordance with the differential approach for the Working Group to review/test.

7. Any Other Business

- 7.1 The Chair asked the group whether there were any other items of business to discuss.
- 7.2 There were no other items raised.

8. Date of Next Meeting – 07 April 2025

- 8.1 The next Working Group meeting will be held on 07 April 2025 at 2pm.

9. Attachments

- Attachment 1_DCP 443 Work Plan

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
08/01	MH to confirm whether the NTC states that the reinforcement is the responsibility of the Customer that has caused the faults due to overuse of the network.	MH	New Action.
08/02	The Secretariat to recheck the aggregated data tables to confirm that the figures are correct offline, and any anomalies identified.	Secretariat	New Action.
08/03	The Secretariat to amend the data to show average across all respondents for each year provided.	Secretariat	New Action.
08/04	CB to update the modelling in accordance with the differential approach for the Working Group to review as this may highlight what the pro's and con's of this approach will look like once tested.	CB	New Action.

Closed Actions

Action Ref.			Update
07/01	AG to share final draft of the RFI to the Working Group before issuing to industry by the close of business 22 November 2024.	AG	Closed.

The image features a green abstract background with a wavy, layered effect. The text 'DCUSA' is written in a white, bold, sans-serif font. A thin white horizontal line is positioned directly beneath the text.

DCUSA