

DCP 452 Working Group Meeting 02

Thursday, 01 May 2025 (14:00 to 16:00)

Via MS Teams

Attendee	Company
Working Group Member	
Andrew Enzor [AE] (The Proposer)	Field Energy
Kara Burke [KB]	Northern Powergrid
Edda Dirks [ED]	SSE Generation
Alex Lam [AL]	National Grid Electricity Distribution
Giao Le [GL]	SSE Plc
Chris Ong [CO]	UK Power Networks
Louise Robinson [LR]	ESP Utilities Group
Code Administrator	
Craig Booth [CB] (The Chair)	ElectraLink Ltd
George Kestner [GK] (Technical Secretariat)	ElectraLink Ltd
Dylan Townsend [DT]	ElectraLink Ltd

Apologies	Company
Emma Clark [EC]	SSE Plc

1. Administration

Recording

- 1.1 The Working Group AGREED to record this meeting to aid the Technical Secretariat in producing an accurate report of the meeting. The recording will be deleted once the minutes for the meeting are approved.

Apologies

- 1.2 Apologies had been received from: EMMA CLARK.

Competition Law Guidance

- 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 and agreed to the Terms of Reference

Action Logs

- 1.4 An action log has been created, and all updates are provided in **Appendix A**.

2. Purpose of the Meeting

- 2.1 GL NOTED concerns with the original Change Proposal and proposed solution based on how it would apportion costs by network groups downstream of GSP-level connections.
- 2.2 GL NOTED that the Change Proposal was based on the assumption that the use of assets by connectors within a network group was connected at a GSP level, and so therefore should not have to bear the cost of the use of assets that were connected downstream. However, the output for FCP’s charge methodology was based upon network group demand-led reinforcement, so it was designed to reflect the demand, and to grow in line with future demand, by each GSP location, rather than to reflect the usage of downstream assets. This meant that CP charges were designed to reflect the downstream network group demand and so were a reinforcement cost of the whole network group. Consequently, these parties should contribute to the cost of reinforcement led by each of their connected demand users.
- In response, AE AGREED that some wording needed to be improved, particularly those aspects of the current wording that reflected the use of assets when they should really reflect future reinforcement of parts of the network. However, AE DISAGREED that costs should be borne by the GSP party; AE’s interpretation was that whilst GSP circuits provided forward-looking signals that could be reinforced, the issue was that FCP cost apportionment grouped all circuits together, and so the current FCP methodology was imposing a forward-looking charge for circuits that would not be reinforced.
 - GL DISAGREED with this interpretation and argued that only customers at GSP level were positioned to argue this point. GL NOTED that her understanding was that over a 10-year difference scenario the intention was that all the future reinforcement cost contributors within each GSP group should be calculated, and an average charge applied to all connectors, based on their network-level GSP. The reason why the FCP approach was difference was from LRIC was that FCP focussed on the location of the GSP rather than the individual connected location.

2.3 AE NOTED that the underlying principle was that under ECDM only one category of customers was exposed to reinforcement costs for assets downstream of their point of connection. AE FURTHER NOTED that the wording clarifying this needed to be tightened.

- ED sought clarification whether this CP would bring FCP into alignment with LRIC. AE clarified that, whilst this would be the result, the underlying motivation was to align the treatment of customers under both variants of EDCM so that customers would only be charged for, and therefore only face a forward-looking cost signal for reinforcement on, upstream assets. This would align FCP with LRIC, but also with every other ECDM treatment under both charging methodologies.
- ED sought clarification on whether the LRIC approach would need to be scrutinised. AE DISAGREED that this was currently necessary as he was unaware of a conceptual counter-argument.

2.4 LG argued that the proposed solution was unfair because it would not require GSP-connected customers to pay the full charge for their usage, and that these would instead be recharged to all other customers in the network.

- AE DISAGREED that this was the case. There was a precedent where all customers had to pay for the LP network and where customers only had to pay the forward-looking cost signal for the network assets that they actually drive reinforcement of.
- LG DISAGREED with AE's interpretation, arguing that this charge was impacted by the demand from within the network group, and therefore should be treated as a demand-led reinforcement cost. There was a risk that the usage of high capacity and high demand customers would be charged to other customers with much lower demand.
- AE NOTED that, if this was how FCP was being applied, so that consumers were being assumed to drive reinforcement of circuits that they did not use and having capacity assigned accordingly, then there was a larger structural issue with the FCP model.
- The Working Group AGREED that GL would consult with colleagues within SSE's engineering teams and provide alternative wording that explained and reflected these concerns with the proposed solution.

ACTION 02/01: Concerns around fairness of proposed solution: GL to discuss concerns around the apportionment of recharged network fees with SSE's engineering team and provide alternative wording that reflected these concerns with the proposed solution.

2.5 GL NOTED that the Change Proposal only looked at those customers that were categorised 0000, and that the proposed solution was to amend the formula for those customers that belonged to this customer category, and FURTHER NOTED that this would instead transfer the charge to downstream customers.

- AE DISAGREED that this was the impact of the Change Proposal and proposed solution. AE NOTED that the current treatment was non-cost reflective and out of line with how other downstream charges were apportioned and that the proposed solution would bring this category of customers into alignment with other cost treatments.
- The Working Group RESOLVED to add additional detail to explain this rationale in the consultation document.

ACTION 02/02: Rationale for downstream charges: additional detail to be added to the consultation document to explain the rationale behind changing the treatment of customers that were categorised 0000 and to clarify that the proposed apportionment was in line with other cost treatments.

3. Review and Discussion of RFI Results

- 3.1 DT presented the anonymised results of the RFI and PROVIDED ASSURANCES that these results would only be presented or shared in an anonymised form until and if positive confirmations were received from all RFI respondents that authorised these responses to be published in full. THE CHAIR NOTED and PROVIDED ADDITIONAL ASSURANCES that The Secretariat had experience and procedures in place for handling anonymised data, and so could be trusted to handle this data appropriately.
- 3.2 DT presented a summary of headline findings from the RFI. Highlights included the following:
- 59x customers were affected by this issue. This included 9x generation customers and 47x demand customers from Scotland. These two subsets might include some crossovers, but this was not confirmed.
 - The total impact in Scotland was valued at cf.£0.5m, so divided between 47x customers this was on average a small amount. However, it was NOTED that the distribution of these costs was unknown, and there remained a chance that any outliers may still experience a significant impact.
 - The Meeting NOTED the need to drill down into the data and calculate the numbers of customers affected by any individual quantum.
- 3.3 LM AGREED to produce a more granular dataset within a week, which would be further split into useful subcategories.

ACTION 02/03: Analysis of dataset produced by RFI: LM to analyse the data produced by the RFI and produce a more granular dataset.

- 3.4 AE NOTED that 33 generators were in receipt of substantial credits and asked if the proposed solution would have a disproportionately disadvantageous impact on any of these. The Working Group discussed whether sufficient data was available to allow conclusions on this point to be drawn.
- The Working Group NOTED the risk of publishing conclusions that would allow individual companies or customers to be identified, but after discussions AGREED that as the figures came from EDCM models and as non-DNO customers only had access to the tariff, it should be possible to analyse individual customers on the generation side without releasing information into the public domain that would allow them to be identified.
- 3.5 The Working Group NOTED that Ofgem had recently issued send-back decisions for DCP 439 and DCP 440, and FURTHER NOTED that it would not be possible to conduct a full impact assessment without EDCM data.
- The Working Group discussed whether it would be possible to provide sufficiently robust evidence to forestall any send-back decision by Ofgem.
 - The Working Group RESOLVED that The Secretariat would approach ANDREW MALLEY at Ofgem to request guidance on what supporting information Ofgem would require to evidence this Change Proposal.

ACTION 02/04: Request clarifications from Ofgem around Impact Assessment requirements: In order to pre-empt any risk of a send back decision from Ofgem, the Secretariat to seek guidance from Ofgem on what supporting evidence would be required to evidence this Change Proposal.

4. Review/Agreement of Modelling Support Specification Document

- 4.1 The Working Group NOTED that a potentially different solution was being proposed by GL and discussed whether any additional data should be requested in an RFI, to allow this to be developed, before issuing a modelling request to CEPA/TNEI.
- The Working Group NOTED that progressing a consultation and modelling request simultaneously would expedite the progression of this Change Proposal because it would allow the consultation to be redrafted to be ready for any modelling inputs and outputs.
 - The Working Group NOTED that if alternative solutions were being explored then these would require the modelling request to be reworked, but FURTHER NOTED that the potential alternative solution did not currently have an associated Modelling Request.
 - The Working Group RESOLVED to proceed with the currently proposed modelling request and, should any alternative solution require additional modelling, to progress this separately.
- 4.2 The Working Group discussed the modelling request.
- DT NOTED that the DNOs had access to the populated EDCM, which would be required to calculate possible iterations.
 - DT NOTED that authorisation for requests would take cf.2x working days to be authorised by the DCUSA Panel, followed by cf.20 working days for CEPA/TNEI to perform their modelling. The working Group AGREED to initiate this process in accordance with these timelines.

ACTION 02/05: Progress Modelling Request: The Secretariat to seek approval from the DCUSA Board to progress modelling requests from CEPA/TNEI.

5. Discussion on content of consultation document

- 5.1 THE CHAIR NOTED that the consultation document needed additional work, which included:
- Adding additional detail to explain the rationale behind the proposed change.
 - Adding additional text explaining concerns raised around whether the proposed change might unfairly apportion charges to the network as a whole
 - Adding the results of modelling and an analysis of these results.

6. Next Steps and Work Plan

- 6.1 The Working Group confirmed the next steps as being:
- Reworking the draft consultation document to incorporate: (1) additional text explaining the rationale behind the proposed solution; and (2) additional text explaining concerns around the fairness of the apportionment posited by the proposed solution.
 - Seeking approval from the DCUSA Panel to progress the modelling request with CEPA/TNEI.

7. Any Other Business

7.1 No items of Other Business were raised.

Next Meetings – 19 May 2025 and 16 June 2025

Monday 19 May 2025

7.2 The Working Group AGREED to schedule its THIRD meeting between 10:00-12:00 on Monday, 19 May 2025.

Monday, 16 June 2025

7.3 The Working Group AGREED to schedule its FOURTH meeting between 10:00-13:00 on Monday, 16 June 2025.

Text

Appendix 1 – Actions Log

New and Open Actions

Ref.	Action	Owner	Update
01/01	The Secretariat to add additional commentary or examples to the yet to be drafted consultation document to highlight key differences between the methodologies/models	ElectraLink	Update 1 May 2025 (meeting 02): Not progressed as drafting of the Consultation Document has not yet started. KEEP OPEN
02/01	Concerns around fairness of proposed solution: GL to discuss concerns around the apportionment of recharged network fees with SSE's engineering team and provide alternative wording that reflected these concerns with the proposed solution.	GL	
02/02	Rationale for downstream charges: additional detail to be added to the consultation document to explain the rationale behind changing the treatment of customers that were categorised 0000 and to clarify that the proposed apportionment was in line with other cost treatments.	AE	
02/03	Analysis of dataset produced by RFI: LM to analyse the data produced by the RFI and produce a more granular dataset.	LM	

02/04	Request clarifications from Ofgem around Impact Assessment requirements: In order to pre-empt any risk of a send-back decision from Ofgem, the Secretariat to seek guidance from Ofgem on what supporting evidence would be required to evidence this Change Proposal.	Secretariat	
02/05	Progress Modelling Request: The Secretariat to seek approval from the DCUSA Board to progress modelling requests from CEPA/TNEI.	Secretariat	

Closed Actions

Ref.	Action	Owner	Update
01/02	CO to provide some text to the Secretariat for the purposes of the yet to be drafted consultation, explaining the history for the split between the two different charging methodologies, LRIC and FCP.	Chris Ong	Update 1 May 2025 (meeting 02): a draft text had been provided and some edits made by the Secretariat. This was ready to be added to the Consultation Document once drafted. CLOSED
01/03	AE to pull together a RFI template and circulate to the Working Group for scrutiny and approval.	Andrew Enzor	Update 1 May 2025 (meeting 02): This had been completed. CLOSED

01/04	DT to pull together some text containing the background to the RFI and other necessary information like due date and how responses should be provided and circulate to the Working Group for scrutiny and approval	ElectraLink	Update 1 May 2025 (meeting 02): This had been completed. CLOSED
01/05	Working Group members review both the template and the explanatory text once provided and to confirm their agreement with this by 16 April 2025.	Working Group	Update 1 May 2025 (meeting 02): This had been completed. CLOSED
01/06	DT to pull together a draft modelling specification document ahead of the next meeting, so that members could review it during the next meeting.	ElectraLink	Update 1 May 2025 (meeting 02): This had been completed. CLOSED