

# DCP 443 Working Group - Meeting 14

22 September 2025 at 13:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Alex Lam [AL]	National Grid
Chris Barker [CB]	ENWL
Chris Ong [CO]	UKPN
Karri Maryon [KM]	Drax
Kara Burke [KB]	NPg
Charlie Mott [CM]	SSE
Nik Wills [NW]	Stark
Peter Waymont [PW]	UKPN
Rachel Wallace [RW]	BUUK
Simon Vicary [SV]	EDF
Gordan McFadzean [GM]	TNEI
Harvey Dawson [HD]	TNEI
Michael Hewitson [MH]	Trident Utilities
<b>Code Administrator</b>	
Andy Green [AG] (Chair)	ElectraLink
<b>Apologies</b>	
Edda Dirks [ED]	SSE Gen
Donna Jamieson [DJ]	IDCSL

## 1. Administration

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- 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

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- 2.1 The Chair explained that the purpose of this meeting is to review/discuss the TNEI slides with the modellers and agree on next steps.

## 3. TNEI Slides

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- 3.1 The modellers presented the TNEI slides to the Working Group live on screen for the Working Group to further discuss.
- 3.2 The key points can be found below:
- 3.3 A summary response was provided by TNEI to the question *‘Is there a more cost-reflective way of reducing the unit rates to reflect the cost move to excess capacity charges? i.e., could there be an approach which truly reflects the costs moved to excess capacity that is more granular than the use of three single scaling factors for each of LV, LVS and HV?’* – the summary response can be found below:
  - The proposed increase in excess capacity charge is not based on an assessment of cost associated with capacity exceedance. So, can it be argued to be cost-reflective?
  - The reduction in unit rates is purely done to balance the revenue recovered from this increase in the excess capacity charge. So, it is arguable that any reduction in the unit rates for this reason is not cost reflective.
  - This suggests that another solution may be necessary. The solution should try to consider the actual cost to the network of exceeded capacity.
- 3.4 HD advised that the cost reflectively question was difficult to answer without detailed analysis. It was noted that the previous consultation for this CP did ask for analysis on the costs of sites exceeding their capacity and the responses were all consistent in that whilst there are costs associated with sites exceeding their capacities, it was extremely difficult to get a fully quantitative assessment of these costs.
- 3.5 HD went on to also explain that the timing of the exceedance could have an impact on cost reflectivity as exceeding capacity during peak demand times can be different to exceeding capacity during non-peak demand times but test model that had been created did not reflect this.
- 3.6 HD also explained that the current approach could encourage incorrect customer behaviour by making these time of use signals weaker because the unit rate is higher in in peak periods.

- 3.7 HD summarised that by weakening time of use signals, it could potentially lead to making these price signals less time dependent and that could inadvertently not satisfy the objectives the change was seeking to achieve.
- 3.8 It was also noted that during the previous meeting TNEI had attended, there was a concern that there would be an under recovery of revenue if you the desired behavioural response was met from increasing the exceeded capacity charge.
- 3.9 It was acknowledged that in a previous Working Group, a member did note that this issue was manageable and would be very rare.
- 3.10 For further detail on the analysis provided by TENI, please see **Attachment 1 DCP 443 Modeller slides**.
- 3.11 PW queried, that if capacity charges are cost reflective, and exceeded capacity is a form of capacity charge, would it be possible to rebalance between the capacity and the exceeded capacity charges, whatever costs are underlying to those capacity charges, rather than the current approach of taking the exceeded capacity charge out of the unit charges?
- 3.12 It was noted that this new approach would be no less cost reflective than the current capacity charges and excess capacity charges. The only question then was as to whether you then must demonstrate the relative costs.
- 3.13 GM advised that this may be an approach worth exploring however, there could be unintended consequences elsewhere so a deeper dive into the cost reflectively of this approach, and broader impacts would be needed to ensure that the approach is maximising the cost effectively requirement, as well as giving strong pricing signals to drive optimal customer behaviour.
- 3.14 CB noted that this approach would keep the same cost reflectivity approach as currently in situ, but rather than passing those costs on against a unit rate, they'd be passed on against excess capacity charge for that specific class of usage.
- 3.15 GM noted that there are applied principles/rules for the CDCM that would need to be considered, and the approach would need to explicitly explain how any solution is not in conflict with these principles/rules.
- 3.16 GM went on to state that what they were providing was feedback that highlighted possible issues and explained that ultimately, it's not down to TNEI to tell the Working Group what can or can't be done in in the methods, but they were and would continue to highlight any possible problems that they could anticipate.
- 3.17 Another approach was suggested of using the fixed charges to rebalance the excess capacity charge.
- 3.18 GM advised that there wouldn't require much work within the model because all that would happen is the residual charge would go down and that would automatically take care of what the fixed charge needs to do.
- 3.19 This was something the Working Group said they'd consider further.

- 3.20 CB offered to create another test model taking the approach of putting more costs into the excess capacity charge and increase the differential for those customers which might give a better outcome than the using the unit rates.
- 3.21 It was noted that there was a lot of change and other work in the industry at this time so it may take a few weeks to create the test model.
- 3.22 The Working Group noted that this change wouldn't be ready to be implemented in time for next year's modelling updates so taking additional time to explore other approaches and ensure all options had been considered would add weight to the final solution, as it would evidence that all options had been thoroughly investigated.
- 3.23 It was queried if CEPA/TNEI could create the models for the Working Group to review but that idea was rejected as it was agreed that it was down to Working Groups to direct CEPA/TNEI on modelling changes not the other way around.

**ACTION 14/01: Chris Barker to create a test model where the approach is to rebalance capacity and the exceeded capacity charges**

4. The Working Group agreed that the legal text would need to be reviewed post modelling updates as the model will have a large impact on how the legal text is drafted.

## 5. Next Steps and Work Plan

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- 5.1 The Working Group discussed the next steps, and the following items were captured:
- Chris Barker to create an updated model for the Working Group to review and test.

## 6. Any Other Business

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- 6.1 The Chair asked the group whether there were any other items of business to discuss, to which nothing was raised.

## 7. Next Meeting Date – 20 October 2025

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- 7.1 The Chair confirmed the next Working Group meeting will be held on 20 October 2025 at 10am.

## APPENDIX A

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### New and Open Actions

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Action Ref.	Action	Owner	Update
<b>11/01</b>	The Secretariat to draft a new Consultation and send to the Working Group for review.	Secretariat	<b>Action ongoing.</b> <i>This will be completed at a later stage.</i>
14/01	Chris Barker to produce a toy model for the Working Group to review and test	Chris Barker	<b>New Action</b>

### Closed Actions

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Action Ref.			Update
<b>13/01</b>	The Secretariat to invite TNEI to the next Working Group meeting.	Secretariat	<b>Closed</b>
<b>13/02</b>	The Secretariat to draft wording to include a summary of the solution so far (including the outcomes of the first Consultation) prior to the next meeting.	Secretariat	<b>Closed</b>

<b>13/03</b>	The Secretariat to circulate the current draft of the legal text to the Working Group for review.	Secretariat	<b>Closed</b>
<b>11/02</b>	The Secretariat to seek legal advice (specifically around the new Paragraph 81) on the new draft legal text.	Secretariat	<b>Closed for now whilst solutions are being explored.</b>