

DCP 465 Working Group - Meeting 01

12 January 2025 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Alexander Pentecost	Eclipse Power
Dave Wornell	NGED
Ed Grimsey	BU-UK
Edda Dirks	SSE Generation
Joh Harmer	WatersWye
Ryan Farrell	NPg
Matthew Western	E.ON
Observers	
Thomas Holderness	Ofgem
Code Administrator	
Craig Booth (Chair)	ElectraLink
Apologies	

1. Administration

Recording

- 1.1 The Chair noted that the meeting is being recorded. The purpose of this recording is purely to aid the Technical Secretariat in producing an accurate report of the meeting.

Apologies

- 1.2 The Chair noted received apologies. These can be found in the attendees list above.

Competition Law Guidance and Terms of Reference

- 1.3 The Working Group agreed to be bound by the Competition Law Guidance for the duration of the meeting.

Actions

- 1.4 The Chair confirmed that all actions captured within this meeting will be recorded within the action log; this can be found in the Appendix.

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 465 Change Proposal

- 3.1 The Chair invited the Proposer to provide an overview of the Change Proposal to the Working Group.
- 3.2 The Proposer explained that there is a disparity between the EDCM and the CDCM in the way that these sites are charged their capacity. The EDCM uses Minimum Network Factors (NUFs) to calculate the capacity charge for battery and generator sites, whereas the CDCM uses actual NUFs to do this, resulting in EDCM customers receiving differential treatment to CDCM customers.
- 3.3 The Proposer noted that prior to the implementation of the TCR there was no way to identify these customers under the CDCM, however they would now be classed as non-final demand and, as such, can be identified.
- 3.4 The Proposer demonstrated, through some high-level internal analysis contained in the Change Proposal form, that the average reduction of the capacity charge was to between 62% and 76% of normal (a reduction of 24% to 38%).
- 3.5 A Working Group member noted the reduction to capacity charges, as a result of applying an adjustment based on the minimum NUFs from the EDCM, and asked if this was sufficient for the sites in scope of this Change Proposal. The Proposer clarified that the intent of this Change Proposal is not to deliver a particular reduction in order to meet a number desired by these customers, but instead to resolve a differential in treatment between the two charging methodologies.

- 3.6 A Working Group member asked whether the intent was to create new NUFs for use within the CDCM. The Proposer explained that new NUFs would not be created, with the EDCM NUFs being used, instead, as a basis for reducing CDCM capacity charges for eligible sites.
- 3.7 A Working Group member asked whether it was appropriate to use the EDCM NUFs to determine the adjustment or whether the analysis leading to the minimum NUFs should be done within the CDCM. The Proposer explained that whilst this would make sense in principle, it would require an analysis to be performed on all sites in the CDCM, which would not be viable due to the volume of sites. It was noted that currently the analysis does not go lower than EHV/HV, so to complete the analysis for the entirety of the CDCM would require all LV sites to be analysed.
- 3.8 A Working Group member was of the view that it may not be appropriate to take a value derived for use in the EDCM and to apply this in the CDCM.
- 3.9 The Proposer explained that he would be happy to explore an alternative solution if one could be identified.
- 3.10 The Proposer showed the impact on residual charges (as shown in paragraph 3.10 of the Change Proposal)., ~~again~~ These are based on some high-level internal analysis and applied to four DNOs, which showed the impact to be between:
- 3.10.1 approximately £20,000 to £30,000 for LV;
- 3.10.2 up to approximately £10,000 for LV Sub; and
- 3.10.3 approximately £110,000 to £280,000 for HV.
- 3.11 The Working Group discussed whether an impact assessment was required before a consultation could be produced. It was agreed this was necessary, given the impact on the residual charging bands.
- 3.12 The Proposer explained that a DNO should be able to perform the analysis quite quickly as it was a relatively simple exercise to do and agreed to produce a guidance document/template for this purpose.

Action 01/01	DW to produce a guidance document/template for an RFI.
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- 3.13 The Working Group agreed to issue an RFI to DNOs to request they perform this analysis.
- 3.14 The Working Group agreed to include a question with the RFI for DNOs to respond to:
- Can you think of any other mechanism (other than using the EDCM NUFs to amend the CDCM NFD capacity charges) to resolve the differential treatment between demand and generation in the EDCM and CDCM?*
- 3.15 The Chair noted that the question should also be asked within the consultation. The Working Group agreed that this would be fine to have asked twice (once in the RFI to DNOs and then again in the consultation.)

- 3.16 The Working Group discussed the timescales for the RFI. Whilst it was noted that it would be simple for DNOs to do, and a timeframe of two weeks (10 working days) should be sufficient, it was also noted that some DNOs are still in the midst of a busy period. As such, it was agreed to offer up to four weeks to those DNOs.
- 3.17 The Working Group discussed the differences between the areas presented by the Proposer, noting that the difference in adjustment between the areas as up to a 14% difference in the adjustment. The Proposer explained that the NUFs are driven by the EDCM customers and that there would be differences between the areas in terms of the volume, scale, sizes, etc., of the EDCM customers between those areas (e.g., the EMEB region has some large EDCM sites, but in SWEB these are larger still), hence the difference in the NUFs between the areas.
- 3.18 The Working Group discussed whether stepping through the methodology would be useful, however it was discussed that the methodology is very complex and may be difficult to work through. The Chair asked whether there were any existing guidance documents or explanatory notes in circulation that describe this part of the methodology in simple terms. The Proposer agreed to check whether there was anything in existence that could be used.

Action 01/02	DW to check whether there is any documentation in existence that could be used to provide a simple explainer as to how the NUFs are derived.
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- 3.19 The Working Group discussed that the DCP 138 Change Proposal may contain information on NUFs that could be used. A brief review identified paragraph 2.1 of the Change Report as being potentially useful:

Network Use Factors (NUFs) are the notional value of assets at a given network level required to supply a unit of power to a specific EDCM demand customer relative to the average notional value of assets at the same network level required to supply a unit of power to CDCM customers.

- 3.20 The Chair agreed to review this offline to see if there was more that could potentially be used.

Action 01/03	CB to review the DCP 138 Change Report for potentially useful explainers on NUFs and how these are derived.
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4. Modelling

- 4.1 The Working Group discussed that a new model with a new line for the percentage will be required.
- 4.2 The Chair explained that a month is usually allowed for the modellers to turn around their actions. The Working Group discussed that the modellers should be engaged once any other potential solutions (if any) had been identified.

5. Interaction With DCP 443

- 5.1 The Working Group discussed whether there was an interaction between this Change Proposal and [DCP 443 'Excess Capacity'](#).

- 5.2 The Proposer explained that this Change Proposal seeks to reduce capacity charges for eligible sites whereas DCP 443 seeks to address what happens when a customer exceeds their capacity. The Working Group discussed that it may need to consider what happens when a site eligible for a reduced capacity charge under this Change Proposal exceeds its capacity.

6. Agreed Next Steps

- 6.1 The Working Group discussed the next steps, and the following items were captured:
- DW to produce the template for the RFI;
 - the Chair to share the template with the Working Group, for comment;
 - the Chair to draft a cover email for the RFI and share this with the Working Group;
 - the Chair to issue the RFI to DNOs; and
 - the Chair to issue a poll for the next meeting date.

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

- 8.1 The next Working Group meeting date will be arranged via a poll once the RFI has been issued.

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	DW to produce a guidance document/template for an RFI.	DW	New Action
01/02	DW to check whether there is any documentation in existence that could be used to provide a simple explainer as to how the NUFs are derived.	DW	New Action
01/03	CB to review the DCP 138 Change Report for potentially useful explainers on NUFs and how these are derived.	CB	New Action

Closed Actions

Action Ref.			Update