

# **DCF DUoSA Consolidation Group**

## **Minutes**

**Thursday 28 July 2005; 10.00am**

**Ofgem Offices, 9 Millbank, London SW1P 3GE**

### **Attendees**

Mike Harding (MH) – Laing Energy  
Mark Field (MF) – npower  
Chris Allanson (CA) – NEDL YEDL  
Roger Barnard (RB) – edfenergy  
John Hill (JH)– Central Networks  
Mark Manley (MM)– Centrica  
David Lane (DL) – Clear Energy  
Doug Houlbrook (DH) – Scottish Power

David Tolley (DT) – rwenpower  
Ron Slade (RS)– edfenergy  
Steve Mackay (SM)– Ofgem  
Dipen Gadhia (DG)– Ofgem  
David Edward (DE)– Ofgem  
Peter Waymont (PW)- edfenergy  
Craig Neil (CN) – SSE

### **Review of Impact Assessment**

DE indicated that the responses received to the Impact Assessment indicated that some members of the DNO community still had concerns about the introduction of new governance arrangements. Ofgem were therefore in the process of meeting with these parties to ensure that the plans and scope of the project were commonly understood.

RB indicated that in his opinion parties in the responses had indicated that they preferred to go down the MRA route for this project and he did not consider that the right step to take. He considered that Ofgem should consider proposing a common secretariat across gas and electricity administering all commercial and technical codes.

DE commented that this was an ambitious suggestion and may not be viable within immediate scope of the project, bearing in mind the tight timescales involved.

MF enquired where the timeframes we were working to stemmed from.

DE indicated that the timeframes emanated from the DCF. It was also considered that that it would be beneficial to complete this project as early as possible within the current price control.

RB questioned if we were still on course with the current timescales and suggested that it was important for industry to see that real progress was being made. He considered that Ofgem ought to issue a CLM giving the industry a mandate to progress this work forward very soon,.

CA expressed some caution at the prospect of rushing ahead with a CLM because of the range of views expressed about how the project should be taken forward and noted the need for consensus if a CLM was to be passed. He considered that it may be more appropriate to move forwards on this project in three phases;

1. To produce a fit for purpose DUoSA
2. To devise a temporary set of interim governance arrangements to be used by any party seeking to change the DUoSA once it had been made fit for purpose.
3. Develop an ideal set of arrangements.

RS commented that DNO's main area of concern seemed to be about scope of the new arrangements. He suggested that if the scope of the document could be clarified many of these concerns would be addressed.

MH indicated that concerns about scope could be addressed in the drafting of a CLM and the scope of the new arrangements would be embodied in the Licence. He stated that industries' concern seemed to stem from an inherent mistrust of Ofgem and Ofgem attempting to include issues within the arrangements that industry did not want including.

RB commented that the final conclusions document needs a draft CLM within it. He suggested that the CLM might deal the issue of by listing the main areas of the DUoSA.

## **Review of Subgroups**

### **COG Credit Cover**

DH indicated that the COG had received an acceptable price for the progression of the Credit Cover work and expected a first draft of that work in mid August. This would be reviewed and circulated to the wider industry if the COG was happy with it.

The COG were also looking at credit rating agencies for the purpose of credit scoring.

It was confirmed that the October 1 deadline for the introduction of the principles expressed in the Credit Cover document was still expected to be met.

MM asked if in this regard the COG had made any contact with National Grid and DH confirmed that none had, however he could not envisage any objection to talks to include NGT.

SM suggested that Ofgem would encourage COG to engage with NGC on this issue.

### **COG Distributed Generation (DG)**

RS indicated that the DG drafting completed by Wragge & Co to accommodate generation into the UoS agreement – import/export, entry/exit, demand/generation, had been circulated to the wider community.

DT and CA both suggested that any drafting circulated should be accompanied by commentary to establish the context of the change, which would improve transparency.

MH thanked the COG for the work it had done on DG.

### **Connection Issues Sub Group**

Prior to the meeting RB had circulated a report prepared by the Connection Issues sub group which looked at the connection related issues identified in the Issues Log.

#### *Issue 1 & 2*

MH sought clarification of the reference to distribution networks enquiring if it meant Licensed only or all distribution networks.

RB clarified that it meant Licensed only.

With regard to the suggested changes to the drafting of clause 3.6, 3.7, DT indicated that he was not happy with the changes as proposed. He would prefer the whole of the current 3.6 to be subject to the variation clause 17.6. The suggested drafting indicates that only connection issues would be subject to 17.6, which he was not happy with.

### **Action – Connection group to reconsider**

#### *Issue 27*

Issue 27 concerned the amendment of contractual terms established by the Supplier between a DNO and the Customer. Currently the DNO can require the Supplier to compulsorily notify all of its customers of changes to the customer connection agreements, which could prove administratively very burdensome and costly to the Supplier.

The solution suggested by the connections group would be to reference Customers to the terms and conditions on a public web site. Any changes made to the terms and conditions could then be incorporated by changing the terms and conditions displayed on the web site.

MH noted that a discussion needs to be had to establish if it is acceptable to publish terms on a web site.

MH asked as an alternative, if all of 3.6 was subject to clause 17.6, would that be acceptable to DNO's?

CA stated that it may not be, since potentially, changes to these contracts could be pushed through the DTI for example and DNO's in such circumstances would not want to get into 17.6 discussions.

### **Action RB to review the practicality of producing common terms on an independent website**

**Action All – to provide feedback to RB if attachments 1 and 2 in his paper were acceptable** – MH acknowledged that there was not complete representation around the table therefore wider consultation was necessary.

### **Action – Sub group to agree a way forward**

#### *Issue 28*

DH indicated that SP did not accept the summary in RB's report on this issue.

MH indicated that both SP and SSE needed to feedback to the group on this issue.

**Action – SP and SSE to feedback scots perspective to the connections group**

#### *Issue 30/31*

These were considered mere housekeeping issues.

#### *Issue 32*

In regards to the company notifying the User under new clause 3.5, MH questioned who the company will actually contact. He suggested that the group should feed back on issues they had on this.

MH also enquired that if non standard connections were agreed, then who would pick up the payment of these charges?

**Action All to feedback contact issues**

#### *Issue 75*

The group was asked to review attachment 3 of the paper and feedback.

**Action All**

#### **Payment Issues Sub Group**

DT had circulated a paper prior to the meeting looking at payment and charging related issues identified in the issues log. He made a short presentation summarising the work of the Payment Issues Subgroup.

Of the clauses covered in the paper presented, most were agreed as appropriate, although it was thought that some needed additional work. Those in the latter category included.

#### *Clause 6.1*

All parties should consider this issue and feedback their thoughts on the solution being developed. It was agreed by the group that both DT and RB should circulate their reports to a wider audience with the intention of gaining more of an industry consensus.

**Action** Consultation responses to feedback on this issue and Payment group to amend work developed and to circulate to other parties with a view to brokering agreement.

#### *Schedule 4 and Clause 9.1*

Suggested that there was a need to identify a list of charges which apply between parties. It was suggested that this was relevant to the issue of boundary point location

and locational DUoS charging. Further issues were thought to include the impact on billing and it was thought more work was needed to develop this area.

**Action** payment group to undertake further work, taking into account discussions of consolidation group and to consult with relevant parties.

*Schedule 6.*

Further work required.

**Action** payment group to undertake further work, taking into account discussions of consolidation group and to consult with relevant parties.

### Next meeting

It was agreed that the next meeting of the consolidation group would take place on 7 Sept.

Before then the payment terms subgroup and connection terms subgroup agreed to develop their papers in light of the day's discussions and circulate the papers to a list of persons agreed by the group as being capable of finalising their company's agreement to the solutions developed.

It was agreed that the outcome of the work to be progressed before the next meeting would be passed to Ofgem by 5 Sept and from there circulated to the members of the consolidation group.