

DPCR5 Close Out – Overview of Working Group Meeting

This meeting of the DPCR5 Close Out Working Group focused on Licence Drafting for HVP and LRE.	From	Grant McEachran	21 March 2016
	Date and time of Meeting	18 March 2016	
	Location	9 Millbank, London Cornerstone, Glasgow	

1. Present

Grant McEachran, Chris Watts, Clothilde Cantegreil Aris Kalogeropoulos	Ofgem
Sarah Walls, Dave Ball, Jonathan Booth (by phone)	Electricity North West
Keith Noble-Nesbitt	Northern Power Grid
Andrzej Michalowski, Katherine Bartlam	Western Power Distribution
Stephen Murray, Chris Elderfield (first half)	SPEN
Melanie Bryce, Maz Alkirwi	SSE
Ross Thomson, Paul Measday	UKPN
Gregory Edwards	British Gas

2. Areas discussed

Double Counting

2.1. Ofgem presented its proposed licence drafting for addressing double counting, reflecting discussions in the previous Financial Working Group. In particular, the following areas were discussed:

- Attendees recognised that the proposed text was appropriate and reflected the discussions from the previous Working Group meeting.
- A few tweaks were suggested to provide clarity and tighten the terminology.

HVP

2.2. The group discussed the revised HVP licence drafting circulated by Ofgem in advance of the meeting. These are set out below in relation to the area of the text discussed.

General/overarching comments

- The structure should be changed to create a better flow and to improve the signposting between the various sections.
- In line with discussions on the NOMs, Performance Assessment Submission (PAS) text to be consolidated into a new section and to be dealt with separately. Ofgem to develop a consolidated PAS. This will be for discussion at the next meeting on 31st March.
- The group considered there would be merit in creating a diagram mapping the flow of each methodology and the interactions between the different parts of the methodology.
- Ofgem to insert section on profiling where there is currently a placeholder in the draft.

Existing methodology text

- Suggestion that Chapter 15 should be restructured, including a section on timings. Existing text to be restructured around: 1) General areas (applying to both mechanisms); 2) Outputs (with appropriate references and changes to chapter 16); and 3) Reopener to add clarity.
- On reopener, need to ensure that Efficient Qualifying Expenditure goes through the 20% threshold/ 1% materiality test process.

High Value Projects Legacy Assessment Methodology (efficiency draft)

- Relevant drafting on innovative solutions from the Efficiency Policy document should be reflected in the methodology drafting.
- Remove extra step on representations as this is not required.
- Need to improve final step on what feeds in to the reopener calculation.

High Value Projects Outputs Review Methodology (outputs assessment draft)

- Document to be restructured so that methodology flows better rather than trying to cover each scenario.
- Include references to separate PAS.
- Ensure definitions are clear and aligned with NOMs where appropriate/ across documents/ annexes.
- Agreement that BT21CN/ Legal & Safety methodology should remain at higher-level so as to enable flexibility.

LRE

2.3. The group discussed the revised LRE licence drafting circulated by Ofgem in advance of the meeting. These are set out below in relation to the area of the text discussed.

General/overarching comments

- Many of the same points raised for HVP should also be reflected in the LRE drafting. These include but are not limited to: structural changes to improve the flow, separation and consolidation of PAS elements, introduction of a timings section.
- Check definitions for DPCR5 and use defined terms consistently in the drafting.

Load Related Re-opener Legacy Assessment Methodology

- Share an update with tracked changes version using the latest version of the Financial Handbook.
- Include agreed double counting drafting.

3. Actions arising

3.1. The following table summarises the actions arising from the meeting.

Double Counting	
• Tweak text to provide greater clarity and tighten terminology	Ofgem
General	
• To circulate next draft of the Licence Drafting for both HVP and LRE after Easter	Ofgem
• To create a diagram mapping the flow of each methodology and the interactions between the different parts of the methodology	Ofgem
HVP & LRE	
• Make structural changes to improve flow of the sections: <ul style="list-style-type: none">- Separate out PAS into new Annex- Create timings section in each methodology- Ensure definitions are used consistently throughout the drafting- Introduce profiling section in each area	Ofgem

4. Date of next meeting

4.1. The next meeting of the Licence Drafting Working Group will be held in Millbank on 31st March 2015 between 10:15am and 4:00pm.