

EDCM Review Group Meeting Summary and Action Log

In Attendance	<p>Chair: Mo Sukumaran – Scottish & Southern Energy Power Distribution Secretariat: Claire Hynes (Electralink)</p> <p>Andrew Neves –Engage Consulting Andrew Wainwright – National Grid Bernard Kellas - SSE Claire Campbell – SP Energy Networks Dave Wornell – Western Power Distribution (teleconference until lunch time) Franck Latremoliere – Reckon LLP Harminder Basi – UK Power Networks Julia Haughey – EDF Energy (teleconference until lunchtime) Keith Burwell – Ofgem Matthew Scott – Senergy Econnect Pat Wormald – Northern PowerGrid Robin Hodgkins – M&CM Shankar Rajagopalan – Reckon LLP</p> <p>Apologies: No apologies were received.</p>	Next Working Group Meeting Dates	<p>Friday, 12 September - ENA Monday, 22 September - ENA Wednesday, 1 October – ENA Friday, 31 October 2014 -ENA</p>
Meeting Date	Friday, 15 August 2014 - ElectraLink	Meeting Number	2

Meeting 2:

The Group reviewed the actions from the previous meeting. A summary of new and outstanding actions is set out in the table below.

The group discussed the draft Terms of Reference (ToR). The agreed amendments are captured in track changes in the ToR which are included as Attachment 1 to this document.

EDCM Review Group Meeting Summary and Action Log

Future Reinforcements

Members considered point 7 (c) in the ToR - the merits or otherwise of including future demand and generation led reinforcements in EDCM charging methodology

A briefing note (Attachment 2) was presented at the meeting to facilitate discussion. MS gave an overview of the contents of the note and invited further discussion on the points raised. A number of papers on the matter issued previously to the attendees highlighted the merits/deficiencies of locational economic charging were noted. The merits and challenges of adopting 'economic charging' were discussed and mixed views expressed.

A number of attendees agreed that there is merit in reflecting future reinforcements in the charging methodology. Ofgem felt that whilst 'open minded' on the issue, they can see merits in retaining appropriate locational economic charging signals to achieve efficient network investment in the medium and long term. It was noted that European Energy Directives and Government drive for more Smart Grid, Demand Side Management and increasing distribution generation are being promoted to encourage more efficient energy use and lower network investments.

The members noted that Network charges that take cognisance of above mentioned factors and tariffs structured to provide cost signals to customers are generally considered to be cost reflective. The members agreed that charges that are transparent, predictable and less volatile are preferred. The group agreed that there is insufficient evidence to conclude whether the intended objectives of LRIC and FCP are working or not. Further it is unclear whether since the introduction of EDCM there had been any changes in customer's behaviour in lower consumption in peak time, lower capacity requirements, move to lesser network congested areas or lower network investments by the DNOs.

It was noted that Connection charges also provided some cost signals which may influence customer's decisions where to locate. One attendee also asked whether since the introduction of 'shallowish' connection charging methodology this has resulted in increasing connections, degree of DNO funded investments to facilitate connections and any indication of customer's siting decisions. One attendee noted that the EDCM does not provide sufficient strong incentives to customers willing to contract with DNOs to undertake Demand Side Management (DSM) or Demand Side Response (DSR) measures. The attendee asked whether an independent study of this topic can be undertaken by this group or MIG. It was noted that there is no funding to undertake such study. It was noted that Ofgem's led SmartGrid 'Workstream 6' are discussing DSM/DSR approaches. Members also discussed whether having site-specific charges without future reinforcements provided sufficient locational cost messages and incentives. The group noted that a DCUSA Change Proposal is being progressed to remove the LRIC/FCP cost in EDCM demand charges.

The EDCM currently uses network use factors to identify those assets between GSP and exit point being used by customers to allocate certain EDCM costs. Members questioned whether the current methodology that uses a mechanistic approach to identify future reinforcements and costs is appropriate. Some attendees questioned whether the use of 'hypothetical' future reinforcements (acknowledging that LRIC and FCP methods are different in assessing this) is cost reflective and good proxy for providing locational based economic charging signals.

One attendee proposed that it is more cost reflective to use the demand and generation led reinforcements stated in the RIIO-ED1 business plans (updated annually) in EDCM.

EDCM Review Group Meeting Summary and Action Log

Some attendees raised the issue of the difficulties of understanding EDCM, the availability of populated EDCM (not currently possible due to data confidentiality) and volatility of EDCM charges.

The appropriateness of the current EDCM/CDCM boundary was raised. It was acknowledged that there had been extensive discussion and consultation during the EDCM development phase and any revisions to the current definitions would require changes to the DNO's licence. The group noted that current boundary definition set at any level between EDCM (site-specific)/CDCM (generic) is always likely to affect a small number of customers adversely whose connection / metering position. Alternative definitions not linked to location of metering or extending the CDCM classification to include specific type of HV connection configurations may be worthy of further separate investigation.

Data Collection

Members considered point 7 (a) in the ToR - feedback and data collected on the responses of customers to connection and DUoS charges

The group agreed to draft a 'wish list' of data items, subject to availability and practicality of data collection, and confidentiality. The EDCM Models are available to Ofgem for collation of data and analysis. Keith Burwell (KB) agreed to provide anonymised EDCM data in a form that maintains confidentiality thus allowing it to be released to the group. In addition KB will review confidential Connection data provided to them by the DNOs and extract those data items that might be useful to the group. KB agreed to present some analysis of the data to the group to facilitate discussion and reach a conclusion on the questions raised whether it is appropriate to include/exclude future reinforcement in EDCM.

The group noted that any items that were deemed confidential under the Statutory Acts (Electricity Act, Utility Act), Connection Agreement or other instruments should not be provided.

Super Red Consumption

Members considered point 7(e) in the ToR.

The remote or parent element of the FCP/LRIC charge is charged as a unit rate applied to each customer's consumption during the super red time band. Some DNO costs and scaling are allocated to customers on the basis of their historical consumption in the super red time band, but charged as a capacity charge to those customers. This means that each customer's consumption during the super red time band would affect its capacity charges in the future.

It was said that the link between capacity charges and consumption during the super red time band is not clearly understood or obviously transparent to customers, and that a better understanding of the make-up of capacity and unit rates will help customers and stakeholders. The group debated alternatives to the current approach, including introducing wider time bands (red, amber, green) or charging a greater proportion of costs through super red unit rates. The group did not agree upon any changes.

Topics for discussion at future meetings

The group agreed the topics to be discussed at future meetings. This will be circulated to the group.

Meeting 3 – Friday, 12 September 2014

EDCM Review Group Meeting Summary and Action Log

- Network Use Factors, DSM, Volatility

Meeting 4 – Monday, 22 September 2014

- Piecemeal changes vs single solution, Calculation of generation revenue pot, transparency and communications to customers/stakeholders

Meeting 5 – 1 October 2014

- Discussion of Connection/EDCM data analysis

- Conclusions on topics

Meeting 6 – 31 October 2014

- Review draft report to MIG

Actions

A list of actions from the second meeting is listed below.

Open Actions:

Ref. Mtg no. / action no.	Description	Assigned to	Action by (date)	Status
01/01	In regard to what data and data sources that could be examined for the purposes of this review, the Chair has asked that all attendees send through any ideas on that will help to facilitate the work of the group.	All	On going	See actions arising from meeting 2
01/02	Ofgem advised that a meeting with the DNOs in August is planned to discuss connections information and what data DNOs can publish. Iain Morgan will speak to colleagues and report back to this group.	Ofgem(IM)	12 Sep	Updated
02/01	Circulate the track changed EDCM Review Sub-Group ToR the agreed amendments to the group.	ElectraLink	22 Aug	
02/02	Members to circulate initial data 'wish list' for DNOs to collect data in template form. Connection data that might be helpful to this group should also be considered. Data requested should be readily available and not subject to confidentiality.	All	26 Aug	

EDCM Review Group Meeting Summary and Action Log

02/03	A initial draft EDCM data template will be circulated to group for comment. Note that only non-confidential data will be released to the group.	Electralink	22 Aug	
02/04	Ofgem to collate EDCM data from DNOs (02/03), undertake relevant analysis and present non-confidential basis to group. Ofgem to review Connection data (from DNOs RIGs) and undertake relevant analysis. Provide relevant data on anonymised and analysis to group for review and discussion.	Ofgem (KB)	19 Sep	
02/05	Comments to receive on 02/03	All	28 Aug	
02/06	The Working Group agreed to cancel the meeting of the 27 August 2014 in order to provide sufficient time to complete action 02/03 and 02/04. The secretariat agreed to find a venue for an additional meeting on the 31 October 2014.	ElectraLink	26 Aug	
02/07	MIG undertook a stakeholder survey on EDCM. A copy of the summarised responses to be circulated to group.	Electralink	26 Aug	
02/08	Topics to be discussed at Future Meetings to be circulated and group to comment	Electralink	1 Sep	

Closed Actions:

Ref. Mtg no. / action no.	Description	Assigned to	Action by (date)	Status
01/03	Matthew Scott to provide an overview of the DSM issue which he discussed at the first meeting to all the members via email.	Matthew Scott	By the next meeting	Completed. E-mail circulated on the 31 July 2014 to attendees
01/04	CDCM/EDCM Boundary should also be considered in the review	All		Completed. Agenda item on the 15 August 2014 meeting.
01/05	Each of the future meetings will focus on one or two of the topics set out in the terms of reference. Details to be issued by MW	MW		Completed. DCMF Slides were circulated to members
01/06	All members to review papers issued at first meeting and circulate comments to group	ALL		Completed.
01/07	The Chair encouraged all members of the group to contribute / comment on topics raised and circulate note by e-mail.	ALL		Completed.
01/08	Mo Sukumaran to provide update on Group's work at August DCMF	MS	7 Aug	Completed.

EDCM Review Group Meeting Summary and Action Log

Attachments

Attachment 1 - Red -lined EDCM Review Group ToR

Attachment 2 - EDCM Review Sub-Group Meeting 2 Briefing Note