

DECC-Ofgem sub-group meeting

Prioritisation workshop for the Demand Connection Code

Wednesday 16 January 2013, 10am – 4pm , Elexon

Context

A DECC-Ofgem Stakeholder sub-group workshop which aimed to distil stakeholders' priority issues for the Demand Connection Code (DCC) to inform the UK position, seeking to identify solutions and agree ways forward.

DCC status update

- DCC submitted to ACER on 4 January.
- ACER reasoned opinion due by 4 April.
- This workshop aimed to inform the UK position going into Comitology by providing the initial "evidence" of key issues for DECC's consideration.
- Recent changes indicated ENTSO-E's flexibility and included: DSR, reactive power, due process, NRA involvement, Ecodesign directive.

Key priority issues identified to progress to Comitology

- **Definitions** across the Network Codes to be taken forward as a separate piece of work with ENTSO-E, ACER and the Commission.
- 1) **Compliance and data**
 - a. Concern domestic consumers may be captured by default not design, eg through purchasing a DSR device (Article 21(5)) with obligations on consumers and DSOs (eg Articles 19, 26 (simulation models), 40(5), 37(4,5), 48).
 - b. Related to the question of significance – the intention was not thought to be domestic DSR - clarification needed.
 - 2) **NRA oversight**
 - a. Improved and clearer Article 9(3) for sufficient NRA oversight/involvement
 - b. Addition of 9(3) reference to key paragraphs, particularly where anything is to be defined outside the code. Key sections:
 - i. Article 20(1)(f)iv,
 - ii. 20(3)(d),
 - iii. 20(3)(a) (to clarify whether 9(3) reference applies to other bullet points),
 - iv. 15(1)(a),
 - v. Concern over frequency limits for synchronisation defined in 20(5)(b).
 - c. Adequate dispute resolution
 - d. Protecting reasonableness of proposals (link to the Ecodesign process may help)
 - e. Suggestion for restricted version of code to apply to domestic consumers
 - f. Drafting proposals are sought for clarification of significance issue from stakeholders
 - 3) **Reactive power (Article 16)**

- a. Currently includes a reference to NRA oversight (Article 9(3))
 - b. Limits imposed at TSO/DSO interface on reactive power flow
 - c. Location of assets and allocation of costs on TSO vs DNO (Costs may be transferred from TSOs to DSOs)
 - d. Concerns may be addressed by enhanced NRA oversight through 9(3) - CBA will be required. This would be an issue without 9(3) reference.
- 4) **DSR**
- a. CBA flawed, particularly: Lack of consideration of consumers' rewards; magnitude of benefits and practicalities of if/how they would be returned to consumers.
 - b. Code compliance a potential disincentive to domestic / SME consumer participation in DSR
 - c. A significance test which excluded domestic users could resolve concerns, but could also reduce predicted benefits.
 - d. DCC scope is to identify technical capability, not commercial arrangements - concerns about market implications of mandatory SFC but no specific obstacles have been identified in the code to date.

Actions, meeting outcomes and key dates

- Feedback to DECC-Ofgem stakeholder group - 28 January.
- Stakeholders to progress specific drafting amendment proposals by email
- **Meeting 20th Feb (14:00-16:00) to consolidate and agree proposals, including specific drafting amendments (following next JESG at Elexon)**