

**Distribution Code Review Panel
Meeting 69 – Thursday 5 April 2018**

Paper by Graham Stein

DC0079 Retrospective Change Implementation and Funding

Background

The DC0079 workgroup is reaching its final set of conclusions and recommendations. The workgroup's proposals for a retrospective change to Loss of Mains protection will be published for consultation in April. The DC0079 proposals will affect up to 50,000 sites, with an estimated programme cost of £31m.

Authority approvals for previous DC0079 and associated workgroup recommendations made clear statements that a robust implementation plan needed to be in place in order for approval to be granted to any subsequent retrospective change. This note outlines a proposal for these to be taken forward under DCRP lead with appropriate stakeholder input to programme decisions.

The Challenge

The DC0079 recommendations will require Loss of Mains protection changes to be made at tens of thousands of Distributed Generation sites. In most cases this can be achieved with a settings change but further work may be required at many sites. A very high degree of compliance with the requirement is needed to achieve the aims the DC0079 recommendations, as any distributed generators that do not make the necessary change will add to the effect frequency disturbances and prevent the benefits of the change being delivered.

Further known issues are:

- The distributed generators that need to change have little need to interact with network licensees or regulators
- All distribution licence areas are affected implying a high level of co-ordination is required
- There is no clear existing means to fund the work and current proposals would see funding coming from third parties
- A retrospective programme of this type and scale is unprecedented in Great Britain

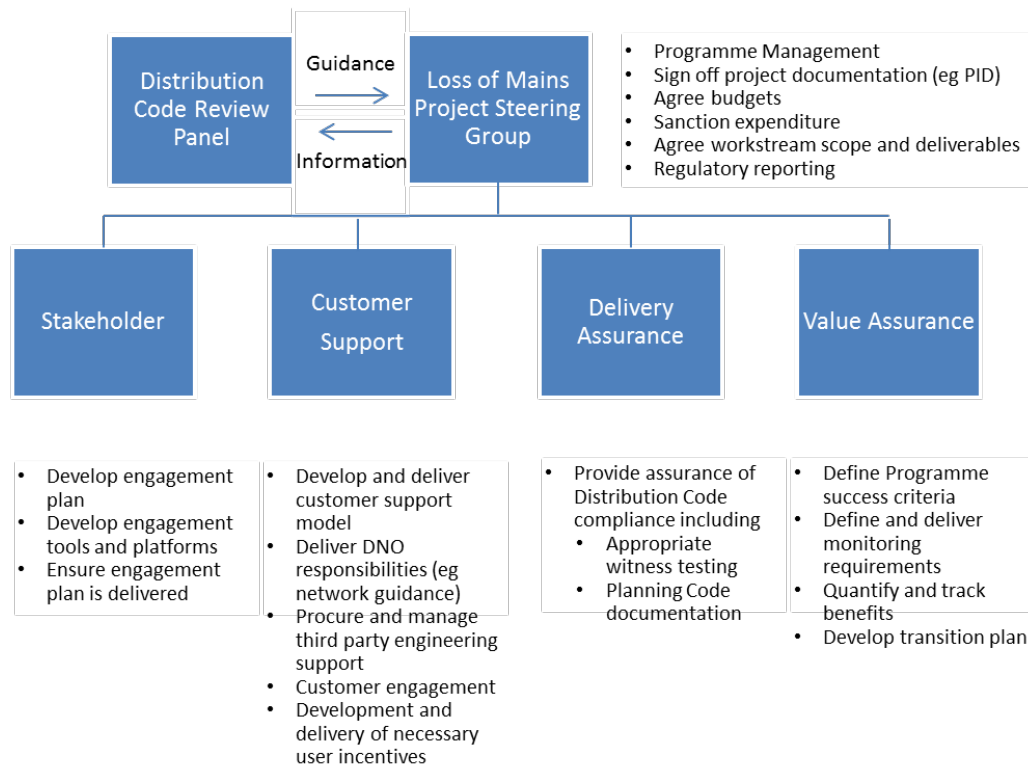
Proposed Approach

The proposed approach is to create a programme with responsibility for ensuring that necessary changes are made and the promised value is delivered. All affected licensees will be represented and resource, best practice and experience shared. The proposed approach to address the issues raised above is summarised in the following table:

| Issue | Proposal |
|--|---|
| Large number of Users need to comply | <ul style="list-style-type: none"> Proactive engagement - go out and find who needs to comply Agree programme success criteria |
| Affected Users don't normally interact with licenses or regulators | <ul style="list-style-type: none"> Proactive engagement – provide support and encouragement Give affected User groups a meaningful role in the programme |
| Funding provided by third parties who need assurance of value | <ul style="list-style-type: none"> Build in assurance and control Transparency Agree programmes success criteria Give funding stakeholders a meaningful role in the programme |
| Unprecedented Programme | <ul style="list-style-type: none"> Set up governance necessary to allow decisions to be made as issues arise Agree success criteria |
| Co-ordination Needed | <ul style="list-style-type: none"> All affected parties involved |

Outline Proposal

A multi-workstream programme will be established, consisting of 4 workstreams reporting to a Steering Committee which is responsible for delivery. The Steering Committee will report to the Distribution Code Review Panel. Stakeholders will have a decision making role on the steering committee, including affected stakeholders and any stakeholders providing funding.



The core of the proposal is a Customer Support workstream which is tasked with facilitating compliance. This workstream will:

- Identify and prioritise customers that need to comply
- Make contact and identify those that want help to do so
- Provide help for those that want it including
 - Assessing any network implications
 - Making physical changes on site (ie protection setting or equipment changes)
 - Managing any necessary incentive arrangements
- Broader customer engagement in line with engagement plan
- Manage risks and liabilities and statutory compliance

Assurance of delivery and values realised will be provided by two separate workstreams, the first providing assurance that physical changes are made and the second providing assurance that the electricity networks will perform as expected as a result.

Organisational Responsibilities

Programme governance will define the responsibilities of all programme members. The proposal also allows these to be aligned with organisational responsibilities.

| What | Who | Link to Programme |
|--|---|---|
| Compliance with Distribution Code | Affected Network Users | Represented at <ul style="list-style-type: none"> Steering Group Customer Support Workstream Delivery Assurance Workstream |
| Assurance of Compliance with Distribution Code | Distribution Licensees | Leading <ul style="list-style-type: none"> Customer Support Workstream Delivery Assurance Workstream |
| Assurance of Value | National Grid Electricity System Operator | Leading Value Assurance Workstream |

Funding the Programme

The DC0079 workgroup came to the view that such a substantial programme necessitated substantive new funding and it could not identify an existing mechanism to make this available. Input from licensee regulatory experts suggests that it may be most appropriate to link programme funding to the parties who benefit from the expenditure, which in this instance is the parties who pay Balancing Service Use of System charges. Any proposals to put this into effect will require substantive input from the affected stakeholders under separate governance arrangements. National Grid are currently engaging with Ofgem to determine appropriate next steps.

Recommendations and Next Steps

The Distribution Code Review Panel are invited to:

- Comments on and agree the outline proposal
- Agree and refine the roles and responsibilities of the Customer Support Workstream
- Agree next steps to define timeline, resource and costs estimates