

Pants On Fire, episode 11

by Franck Latrémolière on Thursday 25 June 2015

1. Exhibit 1 is an extract from the minutes of the open session of the DCUSA Panel's meeting of 15 October 2014. The subject matter was a complaint by Bob Weaver (BW) about the lack of representation of generators about charging methodologies affecting them.

Exhibit 1 Extract from DCUSA Panel open session minutes, 15 October 2014

1.11 He [BW] was informed that Generators can accede to the DCUSA and would then have the ability to vote on DCUSA CPs. It was highlighted that ElectraLink had previously provided BW with information on the DCUSA accession process to help facilitate this.

1.12 It was observed that the current Parties to DCUSA are Parties due to licence obligations, namely Distributors and Suppliers. Generators are not obliged to be a DCUSA party under their licence conditions and only one Distributed Generator (DG) has chosen to accede to the code. As BW purports to be representing DG organisations and the issues that impact upon them, it was noted that BW could highlight his issues to this Party should they wish to utilise their right to vote.

2. Let's go through the assertions reported under the cloak of a passive voice in exhibit 1 and see whether they stack up.

“Generators can accede to the DCUSA”

3. I do not think that this is true in general. The introduction to DCUSA recites:

(D) The DG Parties are under certain obligations, under other industry agreements, regarding distribution use of system arrangements, and have agreed to accede to this Agreement in order to meet those obligations.

4. My reading of this is that only a generator who has “obligations, under other industry agreements, regarding distribution use of system arrangements” can join DCUSA as a DG Party. Esso (who is a BSC trading party but not a licensed electricity supplier) is presumably in that situation. Esso is the only DG Party listed on the DCUSA website.
5. Most other distributed generators do not have any such obligations, because they arrange for a licensed supplier to purchase their energy before it is put on any licensed distribution network. It is that licensed supplier who then organises any use of system or other services that might be required (and pays or collect any charges or credits).

“Generators ... would then have the ability to vote on DCUSA CPs”

6. This is not true if I am right to think that generators cannot accede to the DCUSA unless they have “obligations, under other industry agreements, regarding distribution use of system arrangements”.

7. Even if I am wrong on the right to accede, I do not think that the claim about the ability to vote would be accurate. The weight given to a DG Party vote is defined in clause 12.11 of DCUSA by reference to “Maximum Export Capacities of all of the Entry Points relating to Metering Systems for which those DG Parties are Registered”.
8. That weight will be zero for most distributed generators, as these companies are not BSC trading parties and do not register any metering systems. Instead, they trade their energy through a licensed supplier, and it is that supplier who registers the relevant metering systems.
9. Thus, even if a non-Esso distributed generator could join DCUSA, they would probably find that their vote counts for nothing.

“ElectraLink had previously provided BW with information on the DCUSA accession process”

10. Hopefully this was true.

“current Parties to DCUSA are Parties due to licence obligations, namely Distributors and Suppliers”

11. This is true.

“Generators are not obliged to be a DCUSA party under their licence conditions”

12. This is true (especially for generators who are exempt from licensing).

“only one Distributed Generator (DG) has chosen to accede to the code”

13. I think that the reference to choice is misleading, because most distributed generators are not entitled to join DCUSA as a DG Party for the reasons outlined above.
14. To become a DG Party with a non-zero vote in DCUSA governance, a distributed generator would need to accede to the BSC and to register at least one metering system with a maximum export capacity so that the relevant energy would be traded under the generators’ own energy accounts under the BSC. These steps are complicated and would have serious managerial and financial consequences. It seems a misrepresentation to talk about it as just a matter of choosing to accede to DCUSA.

As BW purports to be representing DG organisations and the issues that impact upon them, it was noted that BW could highlight his issues to this Party [Esso] should they wish to utilise their right to vote.

15. This takes the biscuit: recommending to someone who represents renewable energy organisations that they should go and beg Big Oil to help them with electricity industry governance matters.