

Meeting Session	DCUSA Panel (Open Session)
Paper Reference	Panel_2019_0515_02 DCMDG Headline Report 17
Action	For Information

# Distribution Charging Methodologies Development Group (DCMDG) Headline Report 17

## 1. Synopsis

- 1.1 This report sets out the headlines from the 17th DCMDG held on 11<sup>th</sup> April at etc. Venues is Borough High Street. The full minutes and associated papers of the meeting are available on the DCUSA website.

## 2. Attendance

- 2.1 This meeting was chaired by Angelo Fitzhenry and Technical Secretariat Support was provided by Hollie Nicholls.
- 2.2 A total of 14 industry participants attended in person with a further 9 who dialled into the meeting.

## 3. Ofgem Update

- 3.1 **Charging Futures Forum:** It was noted that there had been no Charging Futures Forum (CFF) or Charging Delivery Body meetings since the last DCMDG meeting. Ofgem are working with the Electricity Transmission Operator (ETO) to organise the next CFF meeting and they are expecting this to be held in early September and then a further meeting before the end of 2019. The ETO will communicate a plan in the coming weeks..
- 3.2 **Targeted Charging Review (TCR):** There are no updates regarding the Targeted Charging Review (TCR) since the last DCMDG meeting, however it was noted that the outcomes of the BSUoS Task Force will be forming part of the TCR minded-to decision.

- 3.3 **Charging Change Proposals Awaiting Authority Consent:** It was noted that DCP 268 has been approved by the Authority and their final decision has been published which means the changes will be implemented in 01 April 2021. A question was asked when the Authority decision on DCP 314 and Ofgem's proposed licence changes in regard to Supplier of Last Resort will be implemented. The Ofgem representative agreed to obtain an update on both items.
- 3.4 **BSUoS Task Force:** The BSUoS Task Force have met 6 times since the last DCMDG meeting and they are currently drafting their report with the aim of it being issued for consultation by the end of April 2019. A final report will then be submitted to Ofgem by the end of May.

#### 4. Access & Forward-Looking Charging SCR

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- 4.1 Ofgem provided an update on the ongoing Access and Forward-Looking Charging SCR.
- 4.2 An IDNO questioned at one point they will be given the opportunity to participate. Ofgem confirmed that they recognise that the IDNOs are a crucial consideration in the work and once the working paper is published in late summer and the high-level options are established then Ofgem will begin to look at any consequential impacts on the IDNOs and what needs to be done. A planning session will also be held with the IDNOs in the summer so that the different options can be discussed.
- 4.3 One DCMDG member questioned whether Ofgem had considered the change from locational charges being changed from customers being charged via GSP Group rather than individual GSPs. This caused issues as in some instances there were customers that were sat in the middle of the two GSPs and so could fall under either one. Ofgem confirmed that they had looked at two different approaches under the CDCM and EDCM under the locational charges workstream of the SCR and the members of this workstream are thinking about how long running the charging regime needs to be in terms of co-location and individual locations and is an important piece of work for the next stage of the SCR.
- 4.4 Another DCMDG member questioned where the TRIAD is being considered. It was noted that the TRIAD is something being looked at in the context of the charging design work in the DUoS workstream. Experience of the TRIAD is feeding in to the thinking of the charging options, i.e. capacity based charging. In terms of whether to expect the relative size of forward-looking vs residual, Ofgem don't have a view of that yet. Residual is about fair revenue recovery whereas forward-looking charges are more about cost-reflectivity. As work progresses there will be more of an idea of what the impact will be.
- 4.5 Ofgem confirmed that benchmarking has been set as part of the cost models work which will be included in the paper that will be published in summer. Academic parties have been used to help input in to this. A workshop around economic theory and cost models will be looking at questions such as; how long run the models should be, are there any alternatives for flexible behaviour and should industry be accounting for replacement costs and spare capacity. Information from the workshop will be made available to industry in due course.

#### 5. HH Settlement

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- 5.1 Elexon provided an update on Half-Hourly (HH) settlement and their newly developed Target Operating Model (TOM).

## 6. Actions

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6.1 The DCUSA Panel is invited to:

- **NOTE** the contents of this paper.

**Angelo Fitzhenry**  
**DCUSA Service Manager**