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| Meeting Session | DCUSA Panel (Open Session)               |
| Paper Reference | Panel_2017_1220_02 DCMDG Headline Report |
| Action          | For Information & Decision               |

# Distribution Charging Methodologies Development Group (DCMDG) Headline Report 02

## 1. Synopsis

- 1.1 This report sets out the headlines from the 2nd DCMDG held on 16 November 2017. The full detailed minutes of the meeting can be located on the DCUSA website.

## 2. Attendance

- 2.1 This meeting was chaired by Angelo Fitzhenry and Technical Support was provided by Joseph Underwood.
- 2.2 28 industry participants attended in person with a further 4 dialling in.

## 3. Ofgem Update

- 3.1 **Charging Futures Forum (CFF):** An update was provided by Ofgem on the first Charging Futures Forum (CFF) which was held on 09 November 2017. It was also that Ofgem have published two related papers and formally established two Task Forces, one for Access and one for Forward Looking Charges. The purpose of the Task Forces is to propose solutions and recommendations to the CFF. It has been confirmed that the Energy Networks Association (ENA) will be the lead secretariat for these two Task Forces. It was also confirmed that industry participants can also request to be an observer of the Charging Delivery Body (CDB).
- 3.2 **Storage:** Ofgem considers that industry-progressed Code changes to storage arrangements are the best way to progress changes (e.g. CMP280, CMP281, etc.). It was suggested that the Ofgem representative on these Connections Use of Systems Code (CUSC) Working Groups attend the next DCMDG to provide an update.
- 3.3 **Balancing Services Use of System (BSUoS) charges:** Ofgem are aiming to provide some more information about BSUoS and charging futures soon. In the meantime, Ofgem have set their high-level thoughts on BSUoS in two working papers, published on 06 November 2017 one on the reform of electricity network access and forward-looking charges, the other an update on the Targeted Charging Review (TCR).

- 3.4 **Embedded Benefits Judicial Review:** Ofgem has been served with a claim for judicial review concerning its decision to approve Workgroup Alternative CUSC Modification number 4 (WACM4) of CUSC modifications CMP264 and CMP265. Ofgem’s decision stands unless quashed by the Courts.

#### 4. DCMDG Draft Terms of Reference

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- 4.1 The DCMDG Chair provided a summary of discussions held regarding the DCMDG TORs at the DCUSA Panel meeting on 18 October 2017. The Panel were concerned that some sections of the TORs were copying what is stated in Schedule 28 of the DCUSA. Additionally, the Panel had requested the DCMDG formalise an optional pre-modification route for forthcoming Change Proposals (CPs). The Panel also requested that the DCMDG include a Forward Work Plan section in the TORs.
- 4.2 The DCMDG were happy to formalise the pre-modification process but emphasised that the route should remain voluntary. Attendees agreed that the prospective Proposer should endeavour to provide a draft CP form and present this at the DCMDG. DCMDG attendees would then be able to utilise their collective expertise and provide feedback on the draft CP form to the Proposer, particularly on the intent of the CP and what the solutions may look like.

#### 5. MIG Issue Log

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- 5.1 The intent was to review which issues had been captured under the charging review workstreams in order to determine which open MIG issues were still to progress under the DCMDG. However, it was agreed by DCMDG members that all issues should be cleared and a new DCMDG Issues Log be created.

#### 6. DNO Classification of Storage

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- 6.1 It was confirmed by all attendees representing DNO organisations that storage generation charged under the CDCM is treated as non-intermittent and storage generation charged under the EDCM may have a non-zero f factor and be eligible for charge one credits if it is deemed to support the network. It was highlighted that there were minimal cases of generation technologies being classed as ‘storage’ and DNOs would keep this classification under review.
- 6.2 DNOs are planning to formally respond to the Ofgem publication ‘*Smart Systems and Flexibility Plan*’<sup>1</sup> in which Ofgem expects DNOs to provide guidance on the treatment of storage as intermittent or non-intermittent in the distribution charging methodologies by the end of 2017.

#### 7. Recommendation

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- 7.1 The DCUSA Panel is invited to:
- **NOTE** the contents of this paper.
  - **APPROVE** the draft Terms of Reference presented for the DCMDG.

#### 8. Attachments

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- Draft DCMDG Terms of Reference

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

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/upgrading-our-energy-system-smart-systems-and-flexibility-plan>