

Meeting Session	DCUSA Panel (Open Session)
Paper Reference	Panel_2017_1018_05_DCMDG Headline Report
Action	For Information & Decision

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 01

1. Synopsis

1.1 This report sets out the headlines from the 1st DCMDG held on 5 October 2017. The minutes of the meeting can be located on the DCUSA website.

2. Attendance

2.1 This first meeting was chaired by Angelo Fitzhenry and Technical Support was provide by Joseph Underwood.

2.2 25 industry participants attended in person with a further 5 dialling in.

3. Ofgem Update on Targeted Charging Review SCR, Regulating the Future Energy System and The Charging Futures Forum.

3.1 The SCR:

- Consider options for setting residual network charges (transmission & distribution)
- Keep other 'embedded' benefits under review
- Principles of reducing distortions; fairness; proportionality and practical considerations
- BSUoS charges will be considered in future strategy review of signals for network use
- Residual charges working paper to be published in Q4 this year
- Draft Impact Assessment and minded to decision by Q2 2018
- Final Impact Assessment on any new residual charging arrangements by Q3 2018, including if necessary directing licensees to raise modifications
- New arrangements would be effective from 2020/2021

3.2 Regulating the Future Energy System:

- Access rights – considering different options for changes to access right definitions and allocation
- Forward-looking charges – considering what changes to charges may be needed (with or without changes to access rights)

- Will include relevant aspects of the work already completed via the NG review, EDCM/CDCM review and Open Networks charging workstream
- Need to understand how to incorporate with the CFF and task force arrangements
- Working Paper - Autumn 2017
- Working with stakeholders - Autumn 2017 to Spring 2018
- Set strategic direction - Summer 2018

3.3 Role of the DCMDG:

- Continue to provide a regular opportunity for industry to present and discuss charging methodology issues
- Over-arching joint distribution-transmission charging issues should be raised via the CFF in the first instance to enable a prioritised and co-ordinated approach with other electricity charging initiatives

4. DCMDG Draft Terms of Reference

- 4.1 The majority of the meeting was spent going through and amending by agreement the draft Terms of Reference of the DCMDG for DCUSA Panel approval. The draft Terms of Reference are attached and the DCUSA Panel are requested to review and if necessary amend, prior to formal approval
- 4.2 The group agreed solutions to the items for review. A further session on progressing the items under review will be held at the October meeting.

5. Clarification of NUF Cap & Collar Calculations

- 5.1 Andrew Enzor of National Powergrid shared his draft change proposal to provide clarification of the Cap & Collar Calculations for comment. There were no concerns or issues raised from group. We can expect this change proposal to be submitted in the coming weeks.
- 5.2 The group agreed solutions to the items for review. A further session on progressing the items under review will be held at the October meeting.

6. Previous Actions from the DCMF, DCMF MIG and DCM and Discussion of Future Standing Agenda Items

- 6.1 A review of outstanding actions from the DCMF, DCMF MIG and DCM was undertaken and either closed out as completed or carried forward in the new group.
- 6.2 The group also discussed a number of standing agenda items that would be useful for future meetings such 'Emerging Technologies'.

7. Actions

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

8. Attachments

- Draft DCMDG Terms of Reference

Angelo Fitzhenry
DCUSA Service Manager