

DCP 109 Consultation – Appendix A

The following table details the significant milestones since October 2008:

| Date | Action |
|----------------|--|
| 1 October 2008 | Ofgem published proposals for a common distribution charging methodology based on LRIC for extra high voltage (EHV) users and a distribution reinforcement model (DRM) for high voltage (HV) and low voltage (LV) users. ¹ |
| 20 March 2009 | Ofgem announced that it would publish new proposals involving a choice between the LRIC and FCP methods for EHV users. ² |
| 1 July 2009 | Licence conditions creating obligations on DNOs to develop and implement the common distribution charging methodology (CDCM), based on the HV/LV part of the October 2008 proposals, came into force. |
| 31 July 2009 | Ofgem proposed principles for charging EHV users using the FCP/LRIC approaches and a set of licence conditions to mandate their development and implementation. There was no objection from DNOs to these proposals. ³ |
| 28 August 2009 | DNOs published proposals for the CDCM. ⁴ Ofgem accepted these proposals after relevant conditions had been met by DNOs in December 2009. The CDCM came into force on 1 April 2010. |
| 1 October 2009 | Licence conditions creating obligations on DNOs to develop and implement the EHV distribution charging methodologies (EDCM), based on FCP or LRIC as specified in the 31 July 2009 document, came into force. These conditions required DNOs to come forward with proposals for the EDCM by 1 September 2010 for implementation by 1 April 2011. |
| 23 April 2010 | DNOs published a consultation on options for the allocation of customers between the EDCM and CDCM methodologies (the EDCM/CDCM boundary). Responses were received from all DNOs and from three other stakeholders. We published a summary of responses on 26 May 2010, available from http://2010.energynetworks.org/structure-of-charges-edcm/ . |
| 15 June 2010 | Ofgem issued a consultation document on the boundary between the EDCM/CDCM which seeks industry views on the options for defining the boundary to be used to determine whether customers should be subject to the EDCM or the CDCM. ⁵ |
| 18 June 2010 | DNOs published their first consultation on the proposed EDCM methodology. |

¹ Ofgem (2008) Delivering the electricity distribution structure of charges project, ref 135/08

² Ofgem (2009) Next steps in delivering the electricity distribution structure of charges project, ref 24/09

³ Ofgem (2009) Delivering the electricity distribution structure of charges project: decision on extra high voltage charging and governance arrangements, ref 90/09

⁴ Energy Networks Association (2009) Report on the draft common distribution charging methodology

⁵ Ofgem – Modifications of the standard conditions of the electricity distribution licence granted or treated as granted under Section 6 (1) (c) of the Electricity Act 1989, dated 25 August 2010.

| Date | Action |
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| 25 August 2010 | Ofgem modified the distribution licence to change the EDCM/CDCM boundary. |
| 27 August 2010 | Ofgem published a letter to the DNOs derogating the DNOs from the requirement to submit the EDCM methodology and illustrative tariffs on 1 September 2010. The letter also set out several requirements for the DNOs to satisfy before submitting the EDCM. ⁶ |
| 1 September 2010 | DNOs published an EDCM information pack containing the results of the development work undertaken as on 1 September 2010. |
| 30 September 2010 | Ofgem published a letter to DNOs setting out their decision to revise the date by which DNOs are required to submit the EDCM methodology to 1 April 2011, for implementation by 1 April 2012. |
| 21 December 2010 | DNOs publish their second consultation on the proposed EDCM methodology. |
| 11 February 2011 | DNOs publish a mini-consultation on LDNO charging under the EDCM. |

The sequence of events following the submission on 1 April 2011 include:

| Date | Action |
|--------------|--|
| 1 April 2011 | DNOs' proposals for the EDCM were submitted by the ENA to Ofgem. This submission relates to the calculation of import and export charges for eligible customers. Documents relating to the submission and previous consultations are available to download from the website of the ENA. ⁷ |
| 9 May 2011 | Ofgem issue a consultation on UoS charges for pre-2005 DG ⁸ This consultation document seeks views specifically on Ofgem's proposals and rationale for determining whether refunds paid by DNOs to pre-2005 DGs should be funded through DNOs' price controls. |
| 20 May 2011 | Ofgem issue a consultation on the EDCM ⁹ . This consultation highlights areas that have changed since the DNOs' last consultation in December 2010. Provides Ofgem's thoughts on key aspects of the proposals and draws attention to a number of issues that may result in improvements to the methodology. They |

⁶ Ofgem letter to DNOs, dated 27 August 2010.

⁷ <http://2010.energynetworks.org/structure-of-charges-edcm/>

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<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=684&refer=Networks/ElecDist/Policy/DistChrgsm>
Charges for pre-2005 distributed generators' use of DNOs' distribution systems – proposed guidance ref 58/11

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<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=687&refer=Networks/ElecDist/Policy/DistChrgsm>
- Electricity distribution charging methodologies: DNOs' proposals for the higher voltages ref 67/11

| Date | Action |
|------------------|--|
| | strongly encouraged stakeholders to engage with this consultation, both on the points issued and raised as well as the DNOs' proposals more broadly, to help inform our view ahead of their decision on the methodology. |
| 11 August 2011 | <p>Following consideration of responses to the two consultations in May Ofgem issued a update on current thinking. Stating that they are considering allowing a time limited exemption for pre-2005 DG from UoS charges. A time limited exemption would mean that, if certain criteria are satisfied, pre-2005 DG would not pay UoS charges until their exemption expires.</p> <p>In light of the need to resolve issues in relation to charging pre-2005 DG for UoS, Ofgem have decided that it will not be possible to introduce EDCM export charges for DG until April 2013 (or possibly later).¹⁰</p> |
| 6 September 2011 | <p>Ofgem published its decision to approve these proposals for import charges only, subject to several conditions.¹¹</p> <p>The decision document details the rationale for the deferral of EDCM for export charges.</p> |
| 28 November 2011 | <p>Report submitted by the Energy Networks Association on behalf of the 14 regional electricity distribution licensees (DNOs) in Great Britain to accompany revised proposals for the EDCM. These revisions have been made, in part, to satisfy the two conditions that need to be met before 30 November 2011.¹²</p> <ol style="list-style-type: none"> 1. The revisions that have been made to the EDCM methodology that was submitted on 1 April 2011 reflect: <ol style="list-style-type: none"> a) Changes made by the DNOs to comply with conditions 1 and 2 of Ofgem's approval of the EDCM for demand only. b) Changes necessitated by Ofgem's decision to delay the implementation of the EDCM for export charges. c) Changes made to remove ambiguities or improve clarity in the original submission. |

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<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=759&refer=Networks/ElecDist/Policy/DistChrgS>

¹¹ Ofgem (2011) Electricity distribution charging: decision on the methodology for higher voltage import charges, ref 116/11

¹² Conditions 1 and 2 of Ofgem's decision, see Ofgem (2011) Electricity distribution charging: decision on the methodology for higher voltage import charges, ref 116/11.