

Distribution Charging Methodologies Development Group Meeting 30

06 August 2020 at 10:00

Teleconference via Microsoft Teams

Attendees	Company
Chris Barker [CB]	Electricity North West
Claire Campbell [CC]	SP Energy Networks
Dave Wornell [DW]	WPD
Donald Preston [DP]	SSEN
Grant Elder [GE]	SSE Enterprise
Julia Haughey [JH]	EDF Energy
Karen Wilson [KW]	NIE Networks
Kayt Button [KB]	Ofgem
Kyran Hanks [KH]	Waters Wye Associates
Lorna Mitchell [LM]	SSE
Mark James [MJ]	UKPN
Nicky White [NW]	NPower
Rustam Majainah [RM]	OVO Energy
Tom Faulkner [TF]	Cornwall Insight
Tony Collings [TC]	Ecotricity
Virginia Patey [VP]	St Clements

Apologies	
Angelo Fitzhenry	ElectraLink
George Moran	British Gas
Secretariat	
Hollie Nicholls [HN] (Chair)	ElectraLink
Elliot Firth [EF] (Technical Secretariat)	ElectraLink

1. Administration

- 1.1 The Chair welcomed the Distribution Charging Methodologies Development Group (DCMDG) attendees to the meeting.
- 1.2 The Working Group reviewed the DCUSA “Competition Law Guidance” and agreed to be bound by them for the duration of the meeting.
- 1.3 Attendees noted the draft minutes from the last meeting, held on 02 July 2020 and agreed that they were a true representation of the discussions held.
- 1.4 Attendees noted the Actions Log and an updated version can be found as Attachment 1.

2. Introduction

- 2.1 The Chair set out the main topics for discussion during the meeting and the associated agenda items for each.

3. DCMDG Forward Work Plan and Issues Log

- 3.1 The group reviewed the DCMDG Forward Work Plan and Issues Log and an updated version can be found as Attachment 2.
- 3.2 There were no new issues raised and it was noted that the Change Proposals (CPs) tab was updated to reflect the change in status of DCP 361 ‘Ofgem Targeted Charging Review Implementation – Calculation of Charges’¹.

¹ [DCP 361](#)

4. Ofgem Update

Change Proposals

- 4.1 The Ofgem representative noted that a number of DCUSA Change Proposals (CPs) were still on hold due to the current Access and Forward-Looking Charging Significant Code Review (SCR) and the Targeted Charging Review (TCR) work.
- 4.2 It was also noted that DCP 358 'Ofgem Targeted Charging Review Implementation: Determination of Banding Boundaries'², DCP 359 'Ofgem Targeted Charging Review Implementation: Customers – who should pay?'³, and DCP 360 'Ofgem Targeted Charging Review Implementation: Allocation to Bands and Interventions'⁴, had been received by Ofgem and were awaiting a decision.
- 4.3 The Ofgem representative also noted that DCP 343 'Use of a Nominated Calculation Agent for the Calculation of the LV Mains Split'⁵ is being worked upon. However, there was no update on the progress of this CP and when it will be published, due in part to Ofgem's current focus in the TCR modifications.

Ofgem Publications

- 4.4 The Ofgem representative noted that there have been a number of recent publications regarding RIIO-ED1: Losses Discretionary Reward submissions for tranche three⁶, RIIO-ED2 draft Business Plan Data Templates and Associated Instructions and Guidance⁷ and RIIO-ED2 Draft Business Plan Guidance⁸. There has also been a call for evidence on the Visibility of distributed generation connected to the GB distribution networks⁹.
- 4.5 The Ofgem representative noted Ofgem's decision on the Networks Fund and Network Innovation Competition Successful Delivery Reward Application¹⁰. In May 2020, Ofgem received applications from network licensees for a Successful Delivery Reward for three Low Carbon Networks Fund projects, one gas Network Innovation Competition project, and one electricity Network Innovation Competition project. The document sets out Ofgem's assessment of each

² [DCP 358](#)

³ [DCP 359](#)

⁴ [DCP 360](#)

⁵ [DCP 343](#)

⁶ <https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-losses-discretionary-reward-submissions-tranche-three>

⁷ <https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-draft-business-plan-data-templates-and-associated-instructions-and-guidance>

⁸ <https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-draft-business-plan-guidance>

⁹ <https://www.ofgem.gov.uk/publications-and-updates/call-evidence-visibility-distributed-generation-connected-gb-distribution-networks>

¹⁰ <https://www.ofgem.gov.uk/publications-and-updates/decision-2020-low-cost-networks-fund-and-network-innovation-competition-successful-delivery-reward-application>

project's Successful Delivery Reward application and the resulting level of reward. The Ofgem representative also highlighted the Incentive on Connections Engagement consultation on the Distribution Network Operators' 2020 Submissions¹¹, which was published on 3rd July and is due to close 28th August.

- 4.6 It was also noted that Ofgem had issued a press release on 30th July entitled 'Ofgem proposals to 'turn your street green', transforming local electricity networks'.¹² The press release outlined Ofgem's proposals 'to unlock investment and secure the capacity to support up to 11 million electric vehicles projected to be on the road by 2030 and increased demand for heat pumps.'
- 4.7 Finally, the Ofgem representative highlighted Ofgem's Data Portal¹³ for transparency in the energy market. This portal is meant to provide direct access to all of Ofgem's interactive data charts in a single location, alongside indicators considered to be key to Ofgem's performance monitoring.

5. BSUoS Task Force Update

- 5.1 The BSUoS taskforce representative was unable to attend the call. However, an update was provided beforehand which the Chair provided to the DCMDG.
- 5.2 The BSUoS taskforce was set up by Ofgem to decide which parties should be liable for BSUoS Charges, and how these charges should be recovered. The taskforce issued its interim report and consultation on 22nd July, with views sought by 26th August.
- 5.3 For the taskforce's first deliverable 'Who should pay?', the Task Force have initially concluded that "Final Demand" should pay all BSUoS charges, subject to sufficient notice to industry prior to implementation; two years are recommended for this.
- 5.4 For the second deliverable 'How should the charge be recovered?', the Task Force recommends that BSUoS should be recovered through a charge which is fixed ex ante. The Task Force are yet to recommend whether the charge should be volumetric (£/MWh) or per site (£/site).
- 5.5 A webinar was held on 20th July 2020 to introduce the report and a recording of this, along with the presentation, is available on the Charging Futures website.¹⁴
- 5.6 There will be another webinar to host a Q&A session on the report, which is currently pencilled in for 11th August. However, this has not yet been confirmed.

6. Targeted Charging Review Change Proposals Update

¹¹ <https://www.ofgem.gov.uk/publications-and-updates/incentive-connections-engagement-consultation-distribution-network-operators-2020-submissions>

¹² <https://www.ofgem.gov.uk/publications-and-updates/ofgem-proposals-turn-your-street-green-transforming-local-electricity-networks>

¹³ <https://www.ofgem.gov.uk/data-portal/overview>

¹⁴ <http://www.chargingfutures.com/charging-reforms/task-forces/second-balancing-services-charges-task-force/resources/>

- 6.1 The Chair provided an update on the four TCR CPs.
- 6.2 It was noted that DCPs 358, 359, and 360 are all awaiting consent from the Authority. DCP 361 is out for voting and is due to close on 7th August 2020. The Ofgem representative reiterated that they need to think about the cross-code implications of the CPs and so will be waiting for the whole suite of TCR CPs to be submitted before making their determination.
- 6.3 The Ofgem representative also wanted to gather feedback from attendees on the proper migration of the Line Loss Factor Class (LLFCs). There are some concerns that the plan on paper may be difficult for how it works in reality.

7. Ofgem's COVID-19 Open Letter Update

- 7.1 The Ofgem representative noted that there was no further update on this as it was still in action.

8. Agenda Items for the next meeting

- 8.1 Attendees had no new agenda items to add to the meeting.

9. Any Other Business

- 9.1 One DCMDG member noted that some DNOs have already published their updated storage tariffs for 2021 and asked when the other DNOs would be expecting to do so. DNO representatives indicated that this should be completed within the coming weeks.
- 9.2 A further DCMDG member asked for an update on when the new LLFCs will be provided for use under the TCR development. It was noted that this is still being discussed as DNOs are not going to know which bands customers need to be allocated to until October. It was questioned whether the information would be available from November. One DNO noted that it should be at some point in November as DNOs will need to have the information available for when they start to set their pricing in December.
- 9.3 A final DCMDG member asked whether it is expected that DCP 371 'Last resort arrangements for Distributors to manage specific consumer connected devices'¹⁵ will have an impact on tariffs. Members noted that it was unlikely to have an impact as the CP was intended as a last resort/emergency measure, and would not have a compensation element to the change.

10. Date of Next Meeting

- 10.1 DCMDG members agreed that the next DCMDG meeting would be held on Thursday 03 September 2020 via Microsoft Teams/Teleconference.

¹⁵ [DCP 371](#)

11. DNO Operational Matters

11.1 There were no DNO Operational Matters raised at this meeting.

12. Attachments

- Attachment 1 – Updated DCMDG Actions Log
- Attachment 2 – Updated DCMDG Forward Work Plan