

Distribution Charging Methodologies Development Group (DCMDG) - Meeting 42

05 August 2021 at 10:00

Teleconference via Microsoft Teams

Attendees	Company
Chris Barker [CB]	Electricity North West
Chris Ong [CO]	UK Power Networks
Claire Campbell	Scottish Power Energy Networks
David Fewings [DF]	Inenco
Donald Preston [DP]	Scottish and Southern Energy Networks
Donna Townsend [DT]	Energy Assets
Edda Dirks [ED]	SSE Generation
Finn Davies-Clark [FDC]	SSE Energy Solutions
George Moran [GM]	British Gas
Helen Tsang [HT]	EDF Energy
John Parsons [JP]	BEAMA
Kara Burke [KB]	Northern Powergrid
Karl Maryon [KM]	Haven Power
Kyran Hanks [KH]	Waters Wye Associates
Lee Stone [LS]	E.ON Energy
Lee Wells [LW]	Northern Powergrid
Megan Coventry [MC]	SSE Energy Solutions
Peter Tubey [PT]	Scottish Power
Rachel MacKinnon [RMK]	Scottish Power
Rowan Hazell [RH]	Cornwall Insight
Rustam Majainah [RM]	OVO
Ryan Roberts [RR]	Energy Potential
Thomas Cadge [TCa]	BU-UK
Tim Ellingham [TE]	RWE Generation
Tom Chevalier [TCh]	Power Data Associates
Tony Collings [TCO]	Ecotricity
Secretariat	
Dylan Townsend (DT) (Chair)	ElectraLink
Richard Colwill [RC] (Technical Secretary)	Electralink
Apologies	
Andrew Neves	Engage Consulting
Hilary Algert	Ofgem

1. Administration

- 1.1 The Chair welcomed the DCMDG attendees to the meeting.
- 1.2 The Group reviewed the DCUSA “Competition Law Guidance” and agreed to be bound by this for the duration of the meeting.
- 1.3 Attendees reviewed the draft minutes from the last meeting, held on 01 July 2021 and agreed that they were an accurate representation of the discussions held.
- 1.4 Attendees were informed that the Actions Log was up to date and a version can be found as Attachment 1.

2. DCMDG Forward Work Plan and Issues Log

- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log and agreed that no updates were needed at this time. The current version can be found as Attachment 2.
- 2.2 The Chair confirmed that there was one new issue to discuss.
- 2.3 The Chair gave a brief overview on the DCUSA Charging Methodology Change Proposals and External Activities within the Forward Work Plan.
- 2.4 The DCMDG Forward Work Plan and Issues Log can be found in Attachment 2.

3. DCMDG Issue - Application of fixed DUoS charges on a per-MPAN basis

- 3.1 The Chair presented a new issue raised by RWE (Attachment 3).
- 3.2 Renewable developers are looking to align with end consumers to fix the price of output electricity from generation projects via Corporate Power Purchase Agreements (CPPAs). One practical way of facilitating CPPAs is via the BSCP550 methodology, within which active energy volumes from a single generation project can be allocated to multiple MPANs.
- 3.3 The BSCP550 methodology relies upon the creation of pseudo or additional MPANs for a single generation project, alongside the Primary MPAN. Therefore, for export connections where the export volume from an embedded generation site is split across more than one supplier, using the BSCP550 methodology involving a Primary and a Pseudo MPAN, the advent of the Pseudo MPAN and non-Associated nature of the Suppliers potentially gives rise to over-charging of fixed DUoS costs. This is the situation at risk of happening when BSCP550 methodology is applied.
- 3.4 It was noted that associating two MPANs, with two different Suppliers is not something that happens at present. A concern was raised that BSC changes relating to settlement do not always consider the consequences on charging.
- 3.5 After discussion, it was agreed that to address this issue, there would need to be a Change Proposal (CP) raised to align the DCUSA with BSCP550. It was noted that this would likely lead to DNO system changes.
- 3.6 The group agreed that it would be beneficial to set up a DCMDG Sub-Group to review the issue in more detail and consider possible solutions, prior to a formal CP being raised. The Chair noted that to his knowledge, there was an ability for the DCMDG to form sub-groups, however,

suggested that the Secretariat take an action to confirm and to then relay this back to members who could then put themselves forward to participate in the sub-group.

ACTION 42/01: The Secretariat check whether the DCMDG is allowed to form sub-groups and confirm answer back to members.

ACTION 42/02: DCMDG members to inform the Secretariat if they would like to join a DCMDG Sub-Group to review the issue 'Application of fixed DUoS charges on a per-MPAN basis' and develop a possible solution for inclusion in a CP.

4. Ofgem Update

- 4.1 The Chair noted that the Ofgem representative was unable to attend.
- 4.2 Members raised concerns that there has been a lack of Ofgem representation at DCMDG. The Secretariat took an action to raise this during the next Panel meeting as generally, an Ofgem representative is present at the Panel meetings.

ACTION 42/03: The Secretariat to raise the issue related to lack of Ofgem representation at recent DCMDG meetings during the next Panel meeting.

5. TCR Implementation Update

- 5.1 The Chair asked the DCMDG if they had any questions/ comments on the TCR implementation.
- 5.2 One member noted that in regard to LLFC creation for IDNOs, they don't seem to be in MDD yet. After discussion, it was noted that the reason for this is that IDNOs have been asked to stagger their submissions due to volume concerns. All submissions will be in by October MDD release.
- 5.3 One member asked if there was an appetite for DNOs to publish site specific planning changes on an annual basis. It was noted that if this was to be done on a consistent basis, it would be best to raise as a Change Proposal.
- 5.4 It was noted that DNOs are receiving lots of applications for Non-final Demand certificates and are hoping to have all of these processed over the coming weeks.

6. Consultation on DNOs request for directions to temporarily disapply the current DUoS charges notification periods

- 6.1 DCMDG members reviewed the above consultation (Attachment 4). The consultation was issued on 12 July with a deadline for responses on 09 August.
- 6.2 The DNOs raised concerns that, if they were required to publish DUoS charges for 2023/24 and 2024/25 with 15 months' notice, they would have to set prices before final determinations on allowed revenue under RIIO-ED2 are published.

- 6.3 It was noted that DNOs wanted to raise this as a CP back in March but were informed by Ofgem to raise a derogation instead.
- 6.4 One member asked whether DNOs would still be planning to issue their five year forecasts for DUoS tariffs, in their Annual Review Packs in the lead up to RIIO-ED2. One DNO member noted that they did last year and they are planning to again this year. Last year however was based as if ED1 was continuing and this fact had been highlighted in information provided in those and other publications. This year will be reflective of business plans and ED2 considerations.
- 6.5 One member stated they believe there is an argument to move permanently to a three-month period, rather than 15 months. The reason for this is that it would align with other Distribution businesses such as Gas. At present, if Ofgem issue a direction that the 15-months notice, as set out in the DCUSA, won't apply, then the timescale defaults to 40 days.

7. Agenda Items for the next meeting

- 7.1 It was requested to add the following to the next agenda:
- Update on the Ofgem Consultation on DNOs request for directions to temporarily disapply the current DUoS charges notification periods; and
 - Update on progression of DCMDG Issue 'Application of fixed DUoS charges on a per-MPAN basis'.

8. Any Other Business (AOB)

- 8.1 There was no other business raised.

9. Date of Next Meeting

- 9.1 The next DCMDG meeting will be held on 02 September 2021 via Microsoft Teams at 10am.

10. DNO Operational Matters

- 10.1 There were no DNO Operational Matters raised at this meeting.

11. Attachments

- Attachment 1 - DCMDG Actions Log
- Attachment 2 - DCMDG Forward Work Plan and Issues Log
- Attachment 3 – DCMDG Issue 'Application of fixed DUoS charges on a per-MPAN basis'
- Attachment 4 – Ofgem Consultation