

Distribution Charging Methodologies Development Group (DCMDG) - Meeting 45

18 November 2021 at 10:30 (Meeting held via Microsoft Teams)

Attendees	Company
Alan Fradley [AF]	SSE
Andy Pace [AP]	Energy Potential
Andrew Neves [AN]	Engage Consulting
Chris Barker [CB]	ENWL
Chris Ong [CO]	UK Power Networks
Claire Campbell [CC]	SPEN
David Fewings [DF]	Inenco
Donald Preston [DP]	SSEN
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
Jonathon Bell [JB]	Scottish Power
Kara Burke [KB]	NPg
Kyran Hanks [KH]	Waters Wye Associates
Laura Waldron [LW]	Engie
Lee Stone [LS]	EON
Mark James [MJ]	UKPN
Mark Jones [MJo]	SSE
Pamela Howe [PH]	Northern Powergrid
Peter Tubey [PT]	Scottish Power
Rustam Majainah [RM]	OVO
Ryan Roberts [RR]	Energy Potential
Shannon Murray [SM]	Ofgem
Tom Cadge [TC]	BU-UK
Tony Collings [TCo]	Ecotricity
Virginia Patey [VP]	St. Clements
Secretariat	
Dylan Townsend [DYT] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink

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 07 October 2021 and agreed they were an accurate reflection of the discussions held.
- 1.4 Attendees were informed of the Actions Log progress and the group noted the updates. All updates can be found as **Attachment 1**.

Discussions on Open Actions

- 1.5 Action DCMDG_44/02:
 - The Chair had noted that as he was standing in for the usual Chair and isn’t normally in attendance at the TCR Implementation Steering Group meetings, he wasn’t able to confirm if the relevant discussions had taken place but that an update would be provided in due course. One member questioned if the action could be progressed sooner than by the next meeting, with another member noting that maybe this could be raised during the TCR Implementation Steering Group meeting planned for Tuesday, 23 November 2021 and an update provided back to the DCMDG prior to the next DCMDG meeting.
 - One member explained that they too believed, they had an example of a scenario where the residual element of the fixed charge could be charged unfairly. It was noted that the example related to a private network connected to a DNOs network, with a power station and several large demand customers on the private network. The demand customers source their power from within the private network (whether that be via the power station or via the private networks connection to the distribution system) but also have backup connections to the distribution system that can be utilised if there were to be a fault with the private network. The member went on to state that it appears this will result in the residual element of DUoS charges being charged twice (once to the private network connection and again to the individual demand customers). The member asked whether this could be taken to the TCR Implementation Steering Group so as to confirm whether there was a view on how such sites will be treated as if the legal text does not cater for these types of scenarios an urgent DCUSA change will be required.
 - The Chair agreed that as both examples relate to backup connections (redundant capacity) that further guidance as to the treatment of such sites would be sought from the TCR Implementation Steering Group.

Action DCMDG_45/01:

The Secretariat to ensure that the example described under Action DCMDG/44/02 and the new example provided during meeting 45 related to backup connections (redundant capacity) are taken to the TCR Implementation Steering Group for feedback on how such sites will be treated under the arrangements that have been introduced as a result of the TCR Implementation. Secretariat to then pass this feedback on to DCMDG members prior to the next DCMDG meeting.

2. DCMDG Forward Work Plan and Issues Log

- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log - the current version can be found as **Attachment 2**.
- 2.2 The Chair confirmed that there were no new issues.
- 2.3 The Chair gave a brief overview on the DCUSA Charging Methodology Change Proposals and External Activities within the Forward Work Plan.

DCUSA Charging Change Proposals

- 2.4 The Chair noted that there will be upcoming Working Group meetings for DCP 387 'Amendment to the Definition of Non-Final Demand Site to Align with CUSC', DCP 388 'Amendments to Facilitate Appropriate Residual Charging for Sites with a Mix of Final and Non-Final Demand' and DCP 389 'TCR – Clarification on Exceptional Circumstances and Allocation Review for 'New' Sites'.

3. Ofgem Update

- 3.1 The Chair introduced SM as the Ofgem representative at this meeting.
- 3.2 SM noted that there was no Ofgem update for this meeting, however SM offered to take away Action DCMDG/44/02 (whether Sites with redundant capacity should be billed a residual charge or not) and provide the group with Ofgem feedback around this.

Action

DCMDG_45/02:

The Ofgem representative to review the example described under Action DCMDG/44/02 and the new example provided during meeting 45 related to backup connections (redundant capacity) and provide any views on the treatment of such sites to the DCMDG.

4. DCP 395 'Allocation of Smart Meter Communication Licence Costs within LDNO Tariffs'

- 4.1 The Chair introduced TC to provide an overview of DCP 395 to the DCMDG. TC explained that the intent of the CP is to increase the cost reflectivity of LDNO tariffs by appropriately allocating costs associated with the smart meter communication licence to LDNO tariffs.
- 4.2 It was noted that these costs have gradually risen from £0.29 per metering point per annum in the 15/16 regulatory year to around £1.26 per metering point per annum proposed as indicative for 21/22 regulatory year.
- 4.3 TC informed the group that their business had raised the CP direct into the DCUSA change process without submitting it to the DCMDG first as quite a bit of work had already been undertaken on potential solutions. The main reason for bringing it to this meeting was because there had been less than the required number of people volunteering to join the Working Group, following the request for nomination issued last month. However, it was noted that



quoracy had now been reached and thus the Working Group could be set up and the change could progress.

- 4.4 With the above in mind members of the DCMDG were invited to let the Secretariat know if they'd like to join the DCP 395 Working Group and could do so by emailing the DCUSA helpdesk at DCUSA@electralink.co.uk.

5. TCR Implementation Update

- 5.1 The Chair asked the DCMDG if they had any questions, comments, or issues related to implementation of the TCR.
- 5.2 One DNO member explained that they had originally identified sites which they believed should be classed as Non-Final Demand sites and had been expecting to be in receipt of certification from Suppliers for those sites but that certificates had not yet been received for some sites. It was noted that communications regarding this have been sent to the either or both the customers of those sites and Suppliers and that if certificates are not received by the end of November 2021, those sites will need to be classed as Final Demand for the purposes of 2023-24 tariff setting.
- 5.3 There were no further updates.

6. Agenda Items for the Next Meeting

- 6.1 The below items were requested to discuss at the next DCMDG meeting:
- Ofgem Consultation on launching a separate SCR to take forward DUoS reforms
 - Potential Supplier of Last Resort (SoLR) impacts on 2022/23 DUoS Charges

7. Any Other Business (AOB)

- 7.1 The Chair asked the group if there were any other items of business to be raised.
- 7.2 Non-Final Demand Declaration Mod
- 7.3 One member queried if there was any status update on the potential draft Change Proposal being drafted which relates to the certification for Non-Final Demand sites. Another member explained that they Declaration Mod – CO confirmed that this Mod is still in progress, however the aim is to bring the CP to the December DCMDG meeting for review. Once reviewed at the DCMDG, it will go to the January 2022 Panel.
- 7.4 There were no further items of business raised.

8. Date of Next Meeting

- 8.1 The next DCMDG meeting will be held on 16 December 2021 via Microsoft Teams/Teleconference at 10am.

9. DNO Operational Matters

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

10. Attachments

- Attachment 1 - DCMDG Actions Log
- Attachment 2 - DCMDG Forward Work Plan and Issues Log