

# Distribution Charging Methodologies Development Group (DCMDG) - Meeting 48

17 February 2022 at 10:00

Teleconference via Microsoft Teams

Attendees	Company
Ahna Taylor [AT]	SSE
Alan Fradley [AF]	SSE
Andrew Colley [AC]	SSE
Andrew Neves [AN]	Engage Consulting
Chris Ong [CO]	UK Power Networks
Claire Campbell [CC]	SPEN
Dave Wornell [DW]	WPD
David Fewings [DF]	Inenco
Donald Preston [DP]	SSEN
Finn Davies-Clark [FDC]	SSE Energy Solutions
Helen Tsang [HT]	EDF Energy
Kara Burke [KB]	NPg
Kyran Hanks [KH]	Waters Wye Associates
Mark James [MJ]	UKPN
Matthew Patrick [MP]	Ofgem
Pamela Howe [PH]	NPg
Peter Tubey [PT]	Scottish Power
Rustam Majainah [RM]	OVO
Ryan Farrell [RF]	NPg
Ryan Roberts [RR]	Energy Potential
Shannon Murray [SM]	Ofgem
Tom Faulkner [TF]	Cornwall Insight
Tony Collings [TC]	Ecotricity
Secretariat	
Angelo Fitzhenry [AF] (Chair)	ElectraLink
Hannah Proffitt [HP] (Technical Secretariat)	ElectraLink
Apologies	Company
Tom Chevalier	Power Data Associates

## 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 20 January 2022 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 below. All updates are summarised in **Attachment 1**.
- 1.5 Regarding DCMDG\_47/01, SM advised that she had passed on the groups feedback however was unable to provide any further updates on the modifications marked TBC 2022. SM noted that they hope to be able to confirm clearer timelines in the next few months.
- 1.6 The Chair asked for an update on the trial Ofgem commenced in April 2021 to provide target dates for Change Proposal (CP) Authority decisions rather than responding within the 25 Working Day SLA. SM agreed to provide an update at the next meeting.

**DCMDG\_48/01:** SM to provide update at the next meeting regarding the Ofgem trial on providing target dates for CP Authority decisions rather than responding within the 25 Working Day SLA.

- 1.7 Regarding DCMDG\_47/02, SM provided the following statement:
  - Government will recoup the SAR costs through the administrators realising the value of Bulb's assets, or through a shortfall recovery mechanism which will see a levy charged on industry.
  - If there is still a shortfall at the end of an energy supply company administration, the Secretary of State can choose to trigger the cost recovery mechanism. The Secretary of State, after consultation with Ofgem and National Grid, would issue a direction to National Grid in its role as the national system operator for the gas and electricity transmission systems in Great Britain, to raise, through the charges it levies on gas shippers and electricity network users, a specified sum to cover any unmet expenses of the energy supply company administration.
  - Timing of any shortfall recovery will depend on when the SAR is ended, and we expect it would be recovered over multiple years, but this will be dependent on the overall value, and following engagement with Ofgem and industry.
- 1.8 AT asked what the mechanism is for recovering the costs and whether this would be through an existing charge or a new charge. SM agreed to provide an answer at the next meeting.

**DCMDG\_48/02:** SM to provide further information on the cost recovery mechanism, and to confirm whether the mechanism uses an existing or a new charge.

- 1.9 Regarding DCMDG\_47/03, the Chair advised that feedback was received from Distribution Network Operator (DNO) members and the issue was formally discussed at the Standing Issues Group (SIG) meeting of 28 January 2022. The Chair noted that a Request for Information (RFI) had been issued with a response deadline of the 18 February 2022. The Chair noted that if anything further arises that is relevant to the DCMDG, updates will be provided at future meetings.

## 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 provided an update on the ‘in-flight’ DCUSA Charging Methodology Change Proposals and External Activities within the Forward Work Plan.

## 3. Ofgem Update

- 3.1 SM advised that there were no specific updates but noted that at the previous meeting members were enquiring as to when work will start for DNOs with respect to DUoS reforms.
- 3.2 DW asked whether the Access SCR consultation decision will include an update on the proposed separate Distribution Use of System (DUoS) SCR. The Chair clarified that a consultation has been issued regarding a proposal to launch a separate DUoS SCR and that the timescales are unknown as to whether this will proceed and when. The Chair added that the Ofgem’s decision on the existing Access SCR is planned to be communicated at the end of March/start of April.
- 3.3 The group agreed that clarity over timelines would be helpful.
- 3.4 SM suggested that a representative of the Access team is invited to the next DCMDG meeting. The group agreed.

**DCMDG\_48/03:** SM to invite representative of Ofgem Access team to next DCMDG meeting.

## 4. TCR Implementation Update

- 4.1 The Chair asked if members had anything they wanted to raise or discuss under this agenda item to which it was noted that members had no matters to raise at this time.
- 4.2 Due to the infrequency of related queries, the group decided to remove this standing agenda item going forward and agreed that any future issues could be raised under AOB.

## 5. PPA/New Connections – DNO request for charges and losses timescales

- 5.1 HT advised that there are currently a large amount of PPAs/new connections being priced and that the way EDF’s system works require the charges and losses prior to calculation of the cost

for the site/customer. HT noted complaints have been raised internally around the time taken to retrieve the charges from the DNOs.

- 5.2 HT asked DNO members for feedback regarding whether there is any information they need or whether any support can be provided to get these charges calculated quicker.
- 5.3 CC highlighted that losses are generic and therefore there should not be any issues. CC suggested that they speak to the specific DNOs directly that are causing the delays. DP added that delays can also be due to timing and that if they receive a request relating to future years, they can only provide current charges.
- 5.4 HT thanked members and noted a second issue regarding feedback that the data within Market Domain Data (MDD) is missing in Line Loss Factors. HT asked if any DNOs are still migrating these across and whether they are updating MDD.
- 5.5 CC noted that these should be correct and suggested that HT speaks directly to the specific DNOs in question.

## 6. Agenda Items for the Next Meeting

---

- 6.1 There were no additional items requested to discuss at the next DCMDG meeting.

## 7. Any Other Business (AOB)

---

- 7.1 The Chair asked if there were any other matters to be discussed, to which nothing was raised.

## 8. Date of Next Meeting

---

- 8.1 The next DCMDG meeting will be held on 17 March 2022 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