Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2022_0817_06_DCMDG Headline Report 53
Action	For Information

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 53

1. Synopsis

1.1 This report sets out the headlines from the 53rd DCMDG meeting held on 21 July 2022 via Microsoft Teams. The full minutes and associated papers are available on the DCUSA website.

2. Attendance

2.1 This meeting was chaired by Dylan Townsend and technical secretariat support was provided by Hannah Proffitt.

2.2 A total of 29 industry participants dialled into the meeting.

3. Forward Work Plan

3.1 There were no new issues raised and the Chair noted the status updates and movements in the Change Proposals related to the Charging Methodologies.

4. Ofgem Update

4.1 An Ofgem representative was present during the meeting and was asked about the Standing Charge review, in relation to Supplier of Last Report (SoLR) costs.

4.2 The group were advised that a meeting had been held with DNOs and Suppliers to discuss a non-standard process for revising this charge from a fixed charge (p/MPAN) to a variable charge (p/kWh) and it was noted that this was not a full review but was in response to the increase in the price cap and the current energy crisis. It was further noted that a decision will be made by August, with the intent being that an interim change would apply from October 2022 to March 2023. If the change is required for a longer period, a DCUSA change would likely be required.

4.3 When asked for an update on the DUoS SCR, noting that it was previously stated that work would begin once the Access SCR decision was published, members were advised that work is being

progressed internally with Ofgem and there were no specific dates at this stage, however that further clarity will be provided in the Autumn.

5. DUoS Charging SCR - LinkedIn Post

5.1 Members considered a paper which had been provided to them which set out one members recent post on LinkedIn regarding the work to be progressed under the DUoS SCR. It was noted that the post was a brief thought piece to provoke further consideration of what future distribution charges might look like in light of the move into the new world of increasing electricity demand, a single independent network operator, larger numbers of distributed energy assets, and greater reliance on full chain flexibility to balance and protect the electricity system. It described a potential future where charges are equal across all DNO areas and that these could be set via some form of central mechanism designed to recover the entire pot of allowed revenue and a further mechanism to allocate the correct proportion of allowed revenue to each DNO.

5.2 There was a good discussion on the thoughts contained in the post, with some highlighting that the approach seems to go against what the National Grid had recently published regarding charges that are focussed at a more local level.

5.3 Other members and indeed an Ofgem representative stated that they believed such discussions were a beneficial with a suggestion that it might be that meetings could be arranged to allow discussion on this and other wider policy development areas rather than just topics solely focussed on the DCUSA Charging Methodologies issues as they stand today. Although it was noted that there is unlikely to be enough resource currently for a separate meeting to be attended and such meetings, would potentially need approval of the Panel.

6. TCR Impacts on Customers (Sites with Low Consumption – High-Capacity ratios)

6.1 Members heard from a consultant/broker related to an issue one of their clients were facing in terms of the cost impact of the TCR, however noted that there are likely to be other examples. The specific customer in question was concerned that their business may no longer be viable with the added costs due to TCR on top of the current energy crisis. The consultant noted that the TCR adds around £80,000 a year to their client's energy costs, which is almost as much as their existing annual cost and that in looking to renew the supply contract, which is due to expire this year, that offers have come back in the range of 2.5 to 3.5 times their current annual electricity spend.

6.2 It should be noted that the issue comes from the fact that their client has a need for a large amount of capacity as compared to what they actually use and that this was because they needed to be able to run some energy intensive processes on an ad-hoc basis. Members were asked to consider what, if anything, could potentially be done in terms of changes to the methodology and/or other arrangements such as flexible access etc.

6.3 One member noted that they also have customers in similar circumstances, with one customer experiencing a 6-figure increase and that they have been speaking to Ofgem about this and that they are in the process of drafting a change.

7. BSC Modification: P441 'Creation of Complex Site Classes'

7.1 The Chair advised that following discussions held both bilaterally with Elexon and via the CACoP Forum and Cross-Code Steering Group, that there was an open question as to whether BSC Modification P441 is likely to have any impacts related to DUoS charges. It was noted that P441 was raised following discussions under Issue 88 'Clarification of BSC Arrangements relating to Complex Sites'.

7.2 The group discussed and agreed that they don't believe there are any direct impacts at this time, however that it will depend on the work completed by the BSC. The group agreed to monitor the progress.

8. Housekeeping updates to the DUoS Models

8.1 The Chair noted that during a recent DCMDG meeting, one DNO member asked if some changes could be made to the EDCM LRIC model, specifically some additional columns on some sheets were requested. The Chair noted that prior to the appointed modelling consultants carrying out this task, they wanted to check whether there are any other similar changes that need to be made.

8.2 There was no feedback provided from members.

9. Date of Next Meeting

9.1 The next DCMDG meeting will be held on 18 August 2022 via Microsoft Teams/Teleconference at 10am.

10. Actions

10.1 The DCUSA Panel is invited to:

- **NOTE** the contents of this Paper.

Dylan Townsend
Governance Delivery Manager