

Distribution Charging Methodologies Development Group (DCMDG) - Meeting 64

15 June 2023 at 10:00

Teleconference via Microsoft Teams

Attendees	Company
Alan Fradley [AF]	SSE
Alice Cockshutt [AC]	Engie
Andrew Neves [AN]	Engage Consulting
Charles Mott [CM]	SSE
Chris Barker [CB]	ENWL
Chris Ong [CO]	UKPN
Colin Paine [CP]	Engie
Dave Wornell [DW]	National Grid
David Fewings [DF]	Inenco
Dimuthu Wijetunga [DWi]	Shell
Edda Dirks [ED]	SSE Gen
George Moran [GM]	British Gas
Georgia Preece [GP]	NPg
Harrison Hunter [HH]	Cornwall Insight
Joe Boyle [JB]	SPEN
Kara Burke [KB]	NPg
Kyran Hanks [KH]	Waters Wye
Lee Stone [LS]	EON
Mark Fletcher [MF]	Shell
Mark James [MJ]	UKPN
Niall Coyle [NC]	EON
Pamela Howe [PH]	NPg
Ryan Farrell [RF]	NPg
Sally Musaka [SM]	SSE
Shannon Murray [SM]	Ofgem
Victoria Burkett [VB]	SSE
Virginia Patey [VP]	St-Clements
Secretariat	
Alysson Peña [AP]	ElectraLink
Dylan Townsend [DT] (Chair)	ElectraLink
Mel Kendal (Technical Secretariat)	ElectraLink

Apologies	
Diandra Orodan [DO]	BUUK
Lorna Murray [LM]	SPEN

1. Administration

- 1.1 The group reviewed the DCUSA “Competition Law Guidance” and agreed to be bound by this for the duration of the meeting.
- 1.2 Attendees reviewed the draft minutes from the last meeting, held on 18 May 2023 and agreed they were an accurate reflection of the discussions held.
- 1.3 The Chair provided updates on the open actions. All updates can be found in **Attachment 1**.
- 1.4 Actions Update
- 1.5 In regard to DCMDG 61_02:
 - All bar one DNO will make their outputs zero based on the responses received. The Secretariat agreed to collate the responses and circulate to members post-meeting.

ACTION 64/01: The Secretariat to collate the DNO responses (regarding Customer Contributions) and circulate to members post-meeting.

- 1.6 In regard to DCMDG 61_03:
 - The website has now been updated in relation to the implementation dates of DCP 421/422/423/424.
- 1.7 In regard to DCMDG 63_02:
 - ‘Connections Reform’ has now been added to the issues log as a new item.

2. Introduction

- 2.1 The Chair welcomed the DCMDG attendees to the meeting.

3. DCMDG Forward Work Plan and Issues Log

- 3.1 The group reviewed the DCMDG Forward Work Plan and Issues Log - the current version can be found as **Attachment 2**.
- 3.2 The Chair provided the following updates on the DCUSA Charging Change Proposals:
 - DCP 395 ‘Allocation of Smart Meter Communication Licence costs within LDNO Tariffs’ - Awaiting implementation, expected April 2024.
 - DCP 343 ‘Use of a Nominated Calculation Agent for the Calculation of the LV Mains Split’ – an Ofgem decision can be expected around 31 July 2023.

- DCP 328 'Use of system charging for private networks with competition in supply' – an Ofgem decision can be expected by 30 June 2023.
- DCP 325 'Reviewing the requirements of Sections 35A ('Provision of Cost Information'), 35B ('Production of the Annual Review Pack'), Schedule 15 ('Cost Information Table') and Schedule 20 ('Production of the Annual Review Pack') – the Working Group will reconvene on 22 June 2023.
- DCP 388 'Amendments to Facilitate Appropriate Residual Charging for Sites with a Mix of Final and Non-Final Demand' – Working Group are currently drafting the second Consultation and will be meeting again on 11 May 2023. An additional meeting will be held on 26 June 2023 prior to the Consultation being issued.
- DCP 411 'Charging De-energised sites', 412 'Discounts from TCR charges for 'peaky' final demand customers' - the Change Report was issued for voting and will be issued to the Authority in due course.
- DCP 414 'Transitional Protection for NHH CT Customers affected by Regulatory Change' – the Change Report was issued for voting and will be issued to the Authority in due course.
- DCP 412 'Discounts from TCR charges for 'peaky' final demand customers' – the next Working Group meeting will be held on 28 June 2023 to finalise the Consultation.
- DCP 420 'Include Car Charging Stations In The Definition For Non Final Demand' – the first Working Group meeting has been scheduled for 06 July 2023.
- DCP 421 'Update the Tables in Schedule 15 of DCUSA' – a doodle poll has been circulated and the first Working Group invite will be circulated in due course.
- DCP 422 'Access SCR Clarifications and Corrections' - the Change Report will be presented to the DCUSA Panel on 21 June 2023.
- DCP 423 'LDNO Discounts for Negative Scaling' - a doodle poll has been circulated and the first Working Group invite will be circulated in due course.
- DCP 424 'Use of System Charging for Complex Sites' - a doodle poll has been circulated and the first Working Group invite will be circulated in due course.

3.3 The Chair provided the following updates on the External Activities:

- Half Hourly Settlement – Ofgem have now approved the re-planning.
- DUoS SCR – Following the open letter, work has now restarted.
- Energy Code Review – There have been a number of Workshops held with industry. The Secretariat agreed to seek further information and update the log post-meeting.



ACTION 64/02: The Secretariat to seek further information around the recent Energy Code Review Workshops and update the log post-meeting.

- 3.4 In relation to the new added item 'Connection Reforms', ED queried whether it would be beneficial to have briefing/update around this within the DCMDG – members of the group supported this.
- 3.5 With the support from the group, the Secretariat agreed to seek further information in relation to Connection Reforms and invite an ENA representative to provide an update at the next DCMDG meeting.

ACTION 64/03: The Secretariat to seek further information in relation to Connection Reforms and invite an ENA representative to provide an update at the next DCMDG meeting.

4. Ofgem Update

- 4.1 SM provided the DCMDG members with an update from Ofgem, during which the following points were covered:
 - DCP 328 – Ofgem are planning on publishing their decision by 30 June 2023.
 - DUoS SCR – Informal discussions have been held with a number of stakeholders with the intent to reaching out to wider stakeholders in the near future to discuss the scope and timelines.
- 4.2 The Working Group noted the Ofgem update.

5. Customer Contributions – DNO Update

- 5.1 The Chair invited ENWL (CB) to share a presentation around Customer Contributions with the group.
- 5.2 CB informed the group that there are some exceptions, however the exceptions are likely to be small. With this, assuming zero Customer Contribution percentages is not necessarily invalidated by these exceptions.
- 5.3 Under the new SCR Connection Charging Methodology, Customers connecting multiple exit points at once will likely result in Customer Contributions towards non-service model assets. With this, CB suggested that the potential extent of this issue should be investigated to determine whether it is materially significant.
- 5.4 CB also stated that setting Customer Contributions to zero results in equal excess and within-agreed-range capacity charges. If this is not cost reflective it can result in distorting the price signals.
- 5.5 GM stated that in relation to service models for domestic, it was not limited to using a single property within the development of these service models. GM also stated that excess capacity does not apply to domestic properties and trying to include a percentage to get an excess capacity charge that has not been driven by those who receive an excess capacity charges, may not be appropriate.

- 5.6 CB informed the group that ENWL will be awaiting the publishing of the DCUSA DNO Cost Table Information in August 2023 before making their decision around what percentage they will be setting their Customer Contributions to.
- 5.7 ED stated that if this issue does not need to be addressed via mod at present, then it needs to be made clear how else this is to be addressed.
- 5.8 DW suggested two mods that could be raised; one looking into whether generation should be treated differently than Customer Contributions, and one creating a new methodology for calculating the percentages for Customer Contributions.
- 5.9 After further discussion, the group agreed to keep Customer Contributions on the agenda for the next meeting for any further updates.
- 5.10 SM agreed to take an action to discuss this internally with Andrew Malley.

ACTION 64/04: SM to speak internally with AM around Customer Contributions.

- 5.11 The Secretariat also agreed to take an action to circulate the presentation by ENWL to the group post-meeting.

ACTION 64/05: The Secretariat to circulate the presentation by ENWL to the group post-meeting.

- 5.12 The aim is to come to a consensus during the next meeting, whether that be all DNOs agree to set the percentages to zero, or whether it is agreed that additional work needs to be carried out.

6. MHHS Update

- 6.1 One member noted that the REP02 file currently holds the number of energised MPANs for each tariff and allows a half-hourly MPAN to change for every half-hour on a given date. The DUoS fixed charges are calculated on an MPAN per day basis, and therefore a concern was raised as to whether a change needs to be made to help provide further clarity – i.e., a solution could be to take the count at a certain time of day.
- 6.2 Another member confirmed this has been raised in the DCUSA MHHS Stakeholder group and indicated that there is a belief that registrations should only happen by a calendar date. This was corroborated this position.
- 6.3 VP noted St Clements are currently working on the assumption that the number of energised MPANs will be recorded at the end of the day as they have seen similar discussions.
- 6.4 CP informed the group that there is a Settlement Analysis Scoping Working Group (SASWG) around the potential impacts on DUoS billing of the MHHS changes. It was noted that there may be a potential impact on the charge banding and the group is currently discussing whether further analysis around this is needed.

7. Agenda Items for the Next Meeting

- 7.1 The Working Group agreed to discuss the below items at the next meeting:



- Customer Contributions
- Connection Reforms
- MHHS Update

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

8. Any Other Business (AOB)

8.1 The Chair asked for any other items of business.

Data requirements following DCP 389 'Clarification on Exceptional Circumstances and Allocation Review for 'New' Sites'

8.2 One member raised the point that as part of the implementation of DCP 389, the DCUSA now contained processes for an annual allocation review for sites that had been banded based on best estimated data and not actual data and for such sites to be reviewed and where necessary, re-allocated to another residual charging band based on actual data. Consequently, the DNOs have advised that they'll require access to Measurement Class G data, which they don't receive for each specific site but only aggregated together.

8.3 It was noted that prior to the TCR being implemented there was a need to source that data from ElectraLink as it held the data. At that time DCUSA Ltd signed a contract with ElectraLink for the provision of data services to source the required data for the DNOs and IDNOs.

8.4 Due to DCP 389, the DNOs and IDNOs, have confirmed that they will need the same data set but for a new time period to fulfil the obligations placed on them by DCP 389. A request was made to the Chair to raise this to the next Panel meeting to seek authorisation from the Panel to obtain the data required on behalf of the DNOs and IDNOs.

ACTION 64/06: The Secretariat to seek authorisation from the Panel to obtain the data required by DNOs and IDNOs to carry out their annual allocation review for sites that had been banded based on either no data or data that was a best estimate.

8.5 There were no further items of business raised.

9. Date of Next Meeting

9.1 The next DCMDG meeting will be held on 20 July 2023 via Microsoft Teams/Teleconference.

10. DNO Operational Matters

10.1 No DNO operational matters were raised.

11. Attachments

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