

Distribution Charging Methodologies Development Group (DCMDG) - Meeting 65

20 July 2023 at 10:00

Teleconference via Microsoft Teams

| Attendees | Company |
|-------------------------|-------------------|
| Ahna Taylor [AT] | SSE |
| Alan Fradley [AF] | SSE |
| Alice Cockshutt [AC] | Engie |
| Andrew Malley [AM] | Ofgem |
| Andrew Neves [AN] | Engage Consulting |
| Babatunde Olukotun [BO] | National Grid |
| Charles Mott [CM] | SSE |
| Chris Barker [CB] | ENWL |
| Chris Ong [CO] | UKPN |
| David Fewings [DF] | Inenco |
| Diandra Orodan [DO] | BU-UK |
| Edda Dirks [ED] | SSE Gen |
| Emma Louise Jones [ELJ] | Scottish Power |
| 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 |
| Pamela Howe [PH] | NPg |
| Paul Farmer [PF] | Shell |
| Ryan Farrell [RF] | NPg |
| Sally Musaka [SM] | SSE |
| Thomas Holderness [TH] | Ofgem |
| Tom Perryman [TP] | St-Clements |
| Tony Collings [TC] | Ecotricity |
| Victoria Burkett [VB] | SSE |



| Secretariat | |
|------------------------------------|-------------|
| Dylan Townsend [DT] (Chair) | ElectraLink |
| Mel Kendal (Technical Secretariat) | ElectraLink |
| Apologies | |
| Rustam Majainah [RM] | OVO |

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.
- 1.1 It was flagged that the incorrect meeting minutes were circulated to the Working Group within the meeting pack, and therefore members were unable to review the correct set. The Secretariat agreed to take an action to include the correct meeting minutes for the 15 June 2023 DCMDG (meeting 64) within the post-meeting pack for this meeting and will be reviewed at the August DCMDG meeting.
- 1.2 The Chair provided updates on the open actions. All updates can be found in **Attachment 1**.

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 members with updates on the DCUSA Charging Change Proposals:

4. Ofgem Decision on DCP 328

- 4.1 The Chair presented the key points raised by Ofgem in their decision letter for DCP 328 to the group. The key points can be found below:
 - *A) If a future modification is raised, we would encourage industry to consider the impacts on final consumer bills more thoroughly as this is something which was overlooked in DCP328.*
 - *B) Further, we consider that focus should be placed on ensuring that any future modification is relatively simple and efficient for parties to implement.*
 - *C) In the TCR Direction, we directed DNOs to propose appropriate residual charging arrangements for private networks. We believe there are some fundamental issues with the solutions proposed under DCP328 and we consider that element of the TCR Direction still needs to be met.*

- 4.2 Following Ofgem's decision, members noted that another mod must be raised due to a DNO licence obligation to raise a mod to address the TCR issue.
- 4.3 Although necessary, an Ofgem representative noted that this new mod does not have to be raised immediately and has to be fit-for-purpose. It is important that the principles are reviewed and discussed before diving straight in.
- 4.4 It was suggested that a sub-group/workshop to discuss how a new mod could be taken forward could be really beneficial – the Secretariat agreed to set-up a DCMDG subgroup to discuss the next steps for DCP 328 and will circulate an invitation to members to confirm if they would like to join in due course.
- 4.5 It was noted that it is important to have Ofgem and Elexon representation within the subgroup.

ACTION 65/01: The Secretariat to issue an invitation to DCMDG to join a DCMDG Subgroup to further discuss next steps in relation to DCP 328.

5. Ofgem Update

- 5.1 AM provided the group with the below Ofgem updates:
 - Ofgem had recently made their decision on DCP 328, which (as had been discussed above) was to reject the change.
 - A policy lead has been allocated to DCP 343 and so it is now being assessed.
 - Ofgem have re-started their work on the defining the future scope for DUoS reform and will be releasing more information in the coming weeks.
- 5.2 DCMDG members noted the Ofgem update.

6. Customer Contributions – DNO Update

- 6.1 The Chair noted action 64/01 had not yet been completed however following the last meeting it was evident that one DNO was not aligned with the other DNOs in terms of their intended treatment of the inputs for Customer contributions into the CDCM but was still happy to provide members with the final results.
- 6.2 The Chair suggested that as there was no real clear consensus in terms of whether a new change proposal should be raised to clarify the position or to resolve any of the other points around this item that it would be up to industry to decide if they wish to do so or not.
- 6.3 AM suggested that he'd be interested in holding a meeting with ED and CB to better understand both the concerns and thought processes behind the diversion between approaches. The Chair suggested the Secretariat would be happy to set up a call to assist and that in general it might be beneficial for them to be involved, so as to keep up to date on the result of the discussion.

ACTION 65/02: The Secretariat to arrange for a call between AM, ED and CB to discuss thoughts/concerns related to the treatment of Customer Contributions moving forward.

7. MHHS Update

- 7.1 LS informed the group that a MHHS Change Request (CR) 027 is currently out for industry consultation, which closes on Wednesday, 26 July 2023.
- 7.2 The Working Group noted the update.

8. Non-Final Demand Site Certification Within Price Control Period

- 8.1 The Chair presented a paper to DCMDG members which had been circulated prior to the meeting regarding Non-Final Demand Site Certification within Price Control Period, for further discussion.
- 8.2 The question asked is what happens if a Final Demand Site were to become a Non-Final Demand Site within the applicable price control period. Or in other words, where a Single Site which is a Final Demand Site has made changes to their site such that the Single Site would be in a position to submit a certificate to confirm that their site qualifies as a Non-Final Demand Site.
- 8.3 It was noted that the paper detailed the fact that questions had been put to the DCUSA Code Administrator and that they'd responded based on their understanding of the way it works, which is that such sites could provide certification to DNOs and DNOs would accept valid certificates and move any such sites onto a tariff that did not contain the residual component. The Chair confirmed that the purpose of the discussion paper was to confirm if this was indeed what was happening, as the legal text in Schedule 32 isn't specific as to the mechanics of the process.
- 8.4 DCMDG members considered the thoughts set out in the paper and the key points from their discussion can be found below:
- One member stated that they believe it is working as intended.
 - Another member reiterated that a Customer is only entitled to re-banding in exceptional circumstances (within Schedule 32) and are not entitled to an automatic re-banding if site status has changed.
 - DNO members confirmed that the paper correctly identified what has been happening in practice.
 - Members agree overall that Non-Final Demand Sites should not be charged the residual component of DUoS charges and that this was clear from Ofgem's TCR decision. It was noted that members therefore agreed that if a site provides certification that would entitle them to the status of a Non-Final Demand Site and if distributors are moving those sites onto tariffs without the residual component then that shows that it is working as intended.
 - AM encouraged the group to raise any concerns relating to this or any other TCR related topics to Ofgem, as, whilst they made a clear decision, they are also keen to understand if some things are no longer working or that there are issues/blockers that they should

be aware of. AM went on to state that Ofgem would prefer to be ahead of any issues and be able to discuss these ahead of time rather than be kept in the dark or for modifications to be raised where it was the first they'd heard of an issue.

9. Accessibility of MPAN TNUoS Charging Band

- 9.1 The Chair presented the raised issue relating to Accessibility of MPAN TNUoS Charging Band to the group for further discussion.
- 9.2 The solution description states that it is required that a MPAN's TCB is reported/published in an accessible manner that allows suppliers to verify the correct TCB for an MPAN. It is suggested that the TCB is included on ECOES as a MPAN attribute similar to MC, MTC and PC or that a report be produced for suppliers stating MPAN TCB allocation, i.e., the backing data to the count sent to National Grid in the P402.
- 9.3 The key points can be found below:
- The TNUoS charges are being charged to distribution Customers, and that the Customers have been allocated into Residual Charging Bands as per the requirements of the DCUSA.
 - It was noted that the issue comes about as a result of a previous BSC modification which, had two options during its development. The two options had extremely different costs, with the chose solution being a large amount less than the one that wasn't chosen. Members agreed that it was somewhat of a compromise and that this was a known outcome of that cheaper option being the chosen option. It was suggested that the requested solution would be in keeping with the option not taken forward and would therefore be extremely costly to implement.
 - One member informed the group that this topic had been raised recently by the ESO at the TCMF and they are looking to change their backing data to provide more detail to Suppliers to help with this issue.
 - There was also a discussion on whether this could/should be picked up under the auspices of the DCUSA and that the inclusion of references to ECOES might indicate consideration of a REC change but that equally it could It was suggested that this may potentially be something that is picked up by the CUSC and or BSC.
 - After further discussion, the group agreed that this issue may not be able to be resolved within the DUoS space. It was noted that background work is happening, but it was agreed that this issue will not be discussed further within the DCMG.
 - The Chair agreed to feed this back to the proposer of the issue and determine next steps.
- 9.4 The Working Group noted the discussion.

10. Agenda Items for the Next Meeting

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

- ENA Update on Connections Related Works
- MHHS Update

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

11. Any Other Business (AOB)

11.1 The Chair asked for any other items of business.

11.2 There were no further items of business raised.

12. Date of Next Meeting

12.1 The next DCMDG meeting will be held on 17 August 2023 via Microsoft Teams/Teleconference.

13. DNO Operational Matters

13.1 No DNO operational matters were raised.

14. Attachments

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