

Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2023_1018_06_DCMDG 67 Headline Report
Action	For Information

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 67

1. Synopsis

- 1.1 This report sets out the headlines from the 66th DCMDG meeting held on 21 September 2023 via Microsoft Teams. The full minutes and associated papers are available on the DCUSA website.
- 1.2 This meeting was chaired by Dylan Townsend and technical secretariat support was provided by Melissa Kendall.
- 1.3 A total of 27 industry participants dialled into the meeting.

2. DCMDG Forward Work Plan and Issues Log

- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log and the Chair provided the updates on the DCUSA Change Proposals that are contained in the Forward Work Plan and Issues Log.

3. Ofgem Update

- 1.1 The Ofgem representative provided the group with the below Ofgem updates:
 - A decision will be given for DCP 343 'Use of a nominated calculation agent for the calculation of the LV mains split' shortly.
 - Ofgem noted the benefits from the DCMDG Subgroup relating to post-DCP 328 'Use of system charging for private networks with competition in supply' discussions and will be focusing their attention in this area.
 - Ofgem are also carrying out 'winter prep' and can expect some additional work over the coming months. More updates around this (i.e., price cap impacts' will be discussed in the near future).
 - One member queried whether there will be an update soon in relation to the DUoS SCR, to which the Ofgem representative confirmed that it will not be progressed without the input of wider industry first. Another member stated that it would be beneficial for a development plan of the DUoS SCR to be available to see how it interacts with MHHS for example.

- 1.2 DCMDG members noted the Ofgem update.

2. ENA Update on Connections Related Works

- 2.1 The Chair informed the working group that there have been no answers from ENA at this stage. The Chair is actively pursuing to invite an ENA representative to provide an update at the next DCMDG meeting.

3. MHHS Update

- 3.1 The Working Group noted that there were no further updates this month.

4. Any Other Business (AOB)

- 4.1 The Chair asked for any other items of business.

DCMDG Private Networks Subgroup – Meeting 01 - Update

- 4.2 The Chair presented DCMDG members with the meeting minutes from the DCMDG Private Networks Subgroup – Meeting 01 – that was held on 12 September, in relation to the DUoS Charges for Private Networks with Competition in Supply arrangements.
- 4.3 The Chair informed the group that the initial discussion was useful in teasing out the direction of travel following Ofgem’s decision to reject DCP 328. It was noted that the key takeaway is that there is a need to understand the numbers and types of sites that any new change or changes may impact upon.
- 4.4 The Subgroup have taken away an action to undertake some research in terms of getting a better view of the companies currently operating licence exempt networks both in terms of their size and scale but also gain a better understanding of what types of end users are within those private networks (i.e., who specifically the issue affects).

Derogation Application

- 4.5 The Chair informed the group that a derogation application was submitted to the DCUSA Panel on behalf of all DNOs and some IDNOs with respect to certain obligations requirements set out in Schedule 32.
- 4.6 The Chair stated that the Panel considered the Derogation Application during their meeting a day earlier, that the DNOs and some IDNOs put forward which related to an issue that has come about due to the implementation of DCP 389 ([DNO/IDNO Derogation – Paragraph 6.11 of Schedule 32](#)). The issue is that the way in which the newly introduced Annual Allocation Review of Final Demand Sites allocated to Residual Charging Bands with no actual data (i.e., with a best guess approach) obliges DNOs/IDNOs to potentially backdate rebates/charges past a point which is realistically possible/practical.

- 4.7 The DCUSA Panel considered the above Derogation Application and in accordance with Clause 56.1 of the DCUSA, the Panel resolved to grant the Derogation to all DNO and IDNO Parties in relation to the obligation set out within Paragraph 6.11 of Schedule 32. The Panel has specified that the term of the Derogation is until 31 March 2024. The Panel also encouraged a Party to raise a Change Proposal as soon as possible to amend the relevant text in the DCUSA (i.e., Paragraph 6.11 of Schedule 32) such that it reflects the reality of how sites are billed and the limitations for backdating of sites on the basis of LLFC IDs.
- 4.8 It was noted that the intent is for all DNOs/IDNOs to follow the inferred obligations in Paragraph 6.11 of Schedule 32 to the extent possible (i.e., by backdating the LLFC ID for applicable sites through settlement processes to a maximum of 14 months) and to raise a Change Proposal to amend the relevant text in the DCUSA. The Chair welcomed volunteers to progress the change.
- 4.9 One member queried whether the issues raised in this derogation may be applied to ongoing TCR mods – another member stated that it could potentially affect any of the current CPs looking at residual charging, including:
- DCP-420 Include Car Charging Stations In The Definition For Non Final Demand
 - DCP-412 Discounts from TCR charges for ‘peaky’ final demand customers
 - DCP-388 Amendments to Facilitate Appropriate Residual Charging for Sites with a Mix of Final and Non-Final Demand
- 4.10 It was noted that if any of those CPs are looking to include some form of ability to backdate charges or rebates then they should likely be considering the appropriate wording now that this issue has come to light.
- 4.11 One member queried whether the Panel has given a timeline to raise a new change in relation to the derogation – the Chair explained that the intent is to have a volunteer sponsor the change prior to the October DCUSA Panel meeting being held on 18 October 2023.

5. Date of Next Meeting

- 5.1 The next DCMDG meeting will be held on 19 October 2023 via Microsoft Teams/Teleconference.

4. Actions

- 4.1 The DCUSA Panel is invited to:
- **NOTE** the contents of this Paper.

Dylan Townsend
Governance Delivery Manager