

Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2023_1220_07_DCMDG 69 Headline Report
Action	For Information

## Distribution Charging Methodologies Development Group (DCMDG) Headline Report 69

### 1. Synopsis

- 1.1 This report sets out the headlines from the 68th DCMDG meeting held on 16 November 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 Alysson Pena.
- 1.3 A total of 27 industry participants dialled into the meeting.

### 1. DCMDG Forward Work Plan and Issues Log

- 1.1 The group reviewed the DCMDG Forward Work Plan and Issues Log, during which the following points were covered:

#### DCMDG-Related Change Proposals:

- 1.2 The Chair provided members with updates on the DCUSA Charging Change Proposals, during which one member explained that with respect to DCP 420, and to a lesser extent, DCP 412, that there is a need for Ofgem to provide a steer. It was noted that such a steer would likely assist with the progression of the change proposals and aid the Working Groups involved to gain a better understanding of Ofgem's thinking on the topics of those changes. The Ofgem representative indicated that Ofgem does want to see both changes progress and that Ofgem think that the issues which these changes are seeking to resolve are indeed issues worth resolving. Members were advised that Ofgem would be interested in hearing more from industry on the topic of these changes and invited members to contact him with any views, thoughts or evidence related to them.

#### DCMDG External Activities:

- 1.3 The Chair informed the group that there two new items had been added to the log, being:
  - Ofgem's letter on strategic transmission charging reform; and
  - Ofgem's Open letter on regulatory arrangements for IDNOs

## 2. Ofgem Update

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2.1 The Ofgem representative provided the group with the below Ofgem updates:

- The Charging Futures Forum was held on 31 October 2023, where it was confirmed that Ofgem have restarted DUoS reform work. During the CFF session, Ofgem shared some initial areas of interest and provided a space for industry to feed in its views on these areas. Amidst their ongoing conversations with stakeholders across industry, Ofgem have identified a shortlist of reforms to DUoS arrangements that they hope will ensure the arrangements are fit for purpose and fully support the energy transition.
  - In the near term, Ofgem will examine issues with the stability of EHV charges and the costs and benefits of DUoS credit arrangements for generation.
  - In the longer term, Ofgem will focus on inconsistencies in charging signals depending on voltage and location of connection across Transmission and Distribution, the locational and temporal granularity of the DUoS charges at all levels, and how costs are allocated between the residual and forward-looking charges.
  - It was noted that Ofgem are also considering some work on future-proofing the IDNO model and a post-implementation review of our residual reform.
- Ofgem is continuing to explore an issue that has been brought to their attention with respect to the assignment of TCR bands for TNUoS charging and how these translate to the MPAN portfolios of Suppliers. It was noted that Ofgem has been contacted by a number of smaller suppliers who have had issues and that Ofgem would be interested in hearing from others if they have experienced issues of the same nature.
- It was noted that an urgent CUSC modification [CMP 425](#) 'Billing Demand Transmission-Residual Site' had been raised which is related to private networks and AM noted that anyone who is interested should contact National Grid ESO to join the workgroup. One member explained that it has recently been issued for consultation and as it was running on a shortened timeframe, there wasn't much time left to input into the development of the modification. The following link is a code modification in relation to DCP 385 and could be of interest to people to participate and interact with:
- In regard to the question of whether a derogation will be needed as a result of DCP 414, which does not impact the charges themselves but will necessitate the re-publication of charging statements, the Ofgem representative confirmed that they will investigate internally and come back to the next meeting with an answer.

## 3. Notification of Updated Charging Statement Addendums

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3.1 The Chair presented an updated paper related to the issue discussed during the October DCMDG with respect to the notification of updated charging statement addendums. It was noted that the paper set out the options members discussed during the October meeting so that further consideration could be given to them by members.

- 3.2 Several DCMDG members noted their support for some of the suggestions 1, 2 and 6 as set out in the paper, with suggestion 6 being the most preferred solution by those members.
- 3.3 The Chair explained that as part of the update on DCMDG discussions provided to the Panel, this topic was covered and that there had been a brief discussion by the Panel. The Chair went on to confirm that in the Panel's view, DNOs currently already advise impacted Supplier Parties and customers of these updates and that any further obligations should be carefully considered as they could become quite onerous.
- 3.4 The member who had raised the initial topic for discussion confirmed that they were happy to carry out some more thinking on whether or not to raise a change now that the topic has been explored in more detail.

#### 4. DUoS Charges for Phased Capacity Sites

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- 4.1 The Chair presented an updated paper related to the issue discussed during the October DCMDG with respect to the concerns that the applicable text in Schedule 22 wasn't clear enough in what charges should be applied to sites the meet the phased capacity site definition. It was noted that Schedule 32 provides more clarity in terms of how the provision should operate and during the last meeting some suggested amendments that would assist with interpretation of this text had been discussed and that the paper set out those suggested amendments.
- 4.2 The Chair explained that as part of the update on DCMDG discussions provided to the Panel, this topic was covered and that there had been a brief discussion by the Panel. The Chair went on to confirm that one Panel member explained that they were aware of this issue and had raised this for discussion during industry meetings at the ENA and that they were now in the process of raising a wider change to Schedule 22 and that this issue would likely form part of that change.
- 4.3 The Chair therefore suggested that the DCMDG were unlikely to need to consider this issue any further and members agreed with that approach.

#### 5. Any Other Business (AOB)

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- 5.1 The Chair raised two other items of business.

##### **Disputes committee Elections**

- 5.2 The Chair explained to the group that he intended on issuing an email to all DCUSA Contract Managers and members of the DCMDG requesting for volunteers to step forward and volunteer to be members of the Disputes Committee. The Chair reminded members, that the DCUSA Panel have established the Disputes Committee for the purpose of facilitating the resolution of unresolved disputes between DNO/IDNO Parties and Customers or their appointed agents with respect to the provisions of Schedule 32 'Residual Charging Bands'.

- 5.3 The Chair noted that when the process was last held in November 2022, only two nominations were received from the DNO/IDNO Parties, leaving the rest of the positions (10 in total) vacant. It was noted that the Secretariat are therefore running this election process once more to try and fill these vacancies and stressed the importance of the committee having enough people available for when they are needed.

## Timelines for revision of Charging Bands and Allocation of sites to those bands

- 5.4 The Chair explained to the group he had recently tried to ascertain correct timeline associated with the new charging bands that will apply from the commencement of the next onshore electricity transmission owner price control period but hadn't been able to with 100% confidence.
- 5.5 The Chair shared some workings on screen (now captured below) to assist in understanding the process used for the review and determination of updated residual charging bands as described in Paragraph 3 of Schedule 32. This sets out that the review of the charging band boundaries is to commence on or before 31 March in the Regulatory Year (t-3) three years prior to the commencement of the onshore electricity transmission owner price control period (t).

DNOs Set Tariffs (with 15 months' notice)	Charging Year Start	Charging Year End	Transmission Price Control Period	t-(number of years)
31-Dec-19	01-Apr-21	31-Mar-22	ET2	
31-Dec-20	01-Apr-22	31-Mar-23	ET2	
31-Dec-21	01-Apr-23	31-Mar-24	ET2	t-3
31-Dec-22	01-Apr-24	31-Mar-25	ET2	t-2
31-Dec-23	01-Apr-25	31-Mar-26	ET2	t-1
31-Dec-24	01-Apr-26	31-Mar-27	ET3	t
31-Dec-25	01-Apr-27	31-Mar-28	ET3	
31-Dec-26	01-Apr-28	31-Mar-29	ET3	t-3
31-Dec-27	01-Apr-29	31-Mar-30	ET3	t-2
31-Dec-28	01-Apr-30	31-Mar-31	ET3	t-1
31-Dec-29	01-Apr-31	31-Mar-32	ET4	t

- 5.6 Members confirmed that 31 March 2024 is the applicable 31 March in the Regulatory Year (t-3) three years prior to the commencement of the onshore electricity transmission owner price control period (t).
- 5.7 The Chair then explained that following on from 31 March 2024 there are some processes that need to be carried out so as to complete the review of the charging band boundaries which leads into the process of allocation of sites to those bands which is dealt with under Paragraph 4 of Schedule 32. However, the Chair noted that there are no timeframes for allocation of sites into charging bands in Paragraph 4, both in terms of when this should occur nor what period of time the data should be taken from.

- 5.8 With the above in mind and using the some workings shared on screen (now captured below), the Chair sought clarity on whether it was in fact paragraph 3.5 of Schedule 32 which states that by 30 June in the same year as the 31 March in year t-3, that DNOs/IDNOs need to have provided Suppliers with their list of each and every MPAN (associated with a Non-Domestic Premises that is connected to that DNO/IDNO Party's Distribution System), with such a list identifying the charging band to which each such MPAN has been allocated (in accordance with Paragraph 4). It was noted that Paragraph 4 just states to use 24 months of data (if available) but not when that period should start and end.

Requirement	Date	Process to be completed
1 (paragraph 3.1)	31-Mar-24	On or before 31 March in the Regulatory Year (t-3) three years prior to the commencement of the onshore electricity transmission owner price control period (t), each DNO/IDNO Party shall provide to the Banding Agent the following information (and shall take reasonable steps to ensure that such information is accurate):
		a. for each Final Demand Site within the groups identified in Paragraph 1.5 (a), 1.5 (b) or 1.5 (c), the Maximum Import Capacity used as the basis for the Use of System Charge billed by the DNO/IDNO Party in February of that Regulatory Year, which will be in respect of the Maximum Import Capacity held as at January in that Regulatory Year.
		b. for each Final Demand Site within the group identified in Paragraph 1.5 (d): i. if half hourly settled, a calculated estimate of the annual metered import consumption prior to February of that Regulatory Year; or ii. if non-half hourly settled, the Estimated Annual Consumption from the P0222 Report for the February of that Regulatory Year (or, if that is not available, the most recent Estimated Annual Consumption from an earlier P0222 Report).
2 (paragraph 3.2)	30-Apr-24	On or before 30 April following the 31 March referred to in Paragraph 3.1, the Banding Agent shall provide to each DNO/IDNO Party the boundaries for each charging band for each group of Final Demand Sites on the same basis as that set out in Paragraph 2.2.
3 (paragraph 3.5)	30-Jun-24	On or before 30 June following the 31 March referred to in Paragraph 3.1, each DNO/IDNO Party shall provide each Supplier Party with a list of each and every MPAN associated with a Non-Domestic Premises that is connected to the DNO/IDNO Party's Distribution System, identifying the charging band to which each such MPAN has been allocated (in accordance with the allocation rules in Paragraph 4).

- 5.9 The Chair subsequently asked DCMDG members what their understanding was of the requirement in Paragraph 3.5 of Schedule 32 and what this meant for the 24 months of data the DNOs/IDNOs will need to use to comply with Paragraph 4 when they come to allocating sites to the new charging bands.
- 5.10 Members discussed their views and it was noted that, at least at this moment in time, there appear to be two approaches that might be utilised as set out below:

from	Jun-22	to	May-24	This aligns with the date for requirement 3 where the last month for which data could be used would be the month prior (i.e., 24 months of data ending May 2024)
from	Feb-22	to	Jan-24	It is possible that a DNO might decide to use 24 months of data that aligns to the dates in requirement 1(a or b) which is to use data 'held as at January in that Regulatory Year' or data 'prior to February of that Regulatory Year' and so would therefore be for the 24 month period ending January 2024.

## 6. Date of Next Meeting

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6.1 The next DCMDG meeting will be held on 21 December 2023 via Microsoft Teams / Teleconference.

## 7. Actions

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7.1 The DCUSA Panel is invited to:

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

**Dylan Townsend**  
**Governance Delivery Manager**