

# Distribution Charging Methodologies Development Group (DCMDG) - Meeting 70

21 December 2023 at 10:00 via Microsoft Teams

Attendees	Company
Alice Cockshutt [AC]	Engie
Charles Mott [CM]	Scottish and Southern Electricity Networks
Chris Barker [CB]	Electricity North West
Chris Ong [CO]	UK Power Networks
Dave Wornell [DW]	National Grid Electricity Distribution
David Fewings [DF]	Inenco
David Hearn [DH]	Advanced Electricity Networks
Dimuthu Wijetunga [DW]	Shell
Donna Jamieson [DJ]	Independent Distribution Connection Specialists
Edda Dirks [ED]	SSE Generation
Grant Elder [GE]	Optimal Power Networks
Harrison Hunter [HH]	Cornwall Insight
Iain McKie [IM]	Ofgem
James Knight [JK]	British Gas
Kara Burke [KB]	Northern Powergrid
Kyran Hanks [KH]	Waters Wye
Lee Stone [LS]	EON Energy
Mark Fletcher [MF]	Shell
Mark James [MJ]	UK Power Networks
Pamela Howe [PH]	Northern Powergrid
Rustam Ellis-Majainah [RM]	OVO
Ryan Farrell [RF]	Northern Powergrid
Thomas Holderness [TH]	Ofgem
Tom Perryman [TP]	St Clements Services Limited
Victoria Burkett [VB]	SSE Energy Supply
<b>Secretariat</b>	
Dylan Townsend [DT] (Chair)	ElectraLink

## 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 meeting held on 16 November 2023, during which it was noted that some comments on the minutes had been shared by a DCMDG member in advance of the meeting and these were as follows:
  - In the second to last bullet point under paragraph 4.1, the last sentence didn’t make sense, to which the Chair agreed and noted that it should have been removed as the hyperlink to CMP 425 had been added above as part of the internal review process and thus, should be updated as per the below:
    - 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:~~

**70/01 Minutes of the November meeting: The Secretariat to update the minutes for meeting 69 to remove the final sentence in the second to last bullet point under paragraph 4.1 and to ensure the hyperlink to CMP 425 looks like a hyperlink.**

- With respect to the actions that had been recorded formally in the minutes, it was suggested that a further three could be added (also to the log), based on the following paragraphs:
  - 4.1 - last bullet point, where it was suggested that an action for Ofgem should have been recorded, to which the chair noted that this was an ongoing action already (DCMDG\_66/03) and agreed that the text should be updated to reflect this but that no new action was needed
  - 8.5 – it was suggested that an action for LS should have been recorded, to which the Chair advised that, due to the item being related to a query and not full issue, that LS didn’t need to do anything with the feedback gained via discussions at the DCMDG but said he would consider his options and any next steps but didn’t agree to do anything specific. LS agreed with the Chairs synopsis.
  - 11.10 – it was questioned whether it had been agreed that both time windows could be used but that either way, the minutes should be clear on the outcome of the discussion and that there may have been an action on the Chair to draft a way forward for next meeting. The Chair noted that, he agreed to put down in writing an overview of the discussion that was had and that he had done so via the inclusion of all the detail within the set of minutes for the meeting. In terms

of whether or not it was agreed that the two options mentioned were agreed as options that could be used, the Chair explained that the point of the discussion was to find out if a particular option presented was a correct interpretation of the relevant timelines and that as part of that discussion, another option was put forward and therefore was recorded in the minutes alongside the option originally put forward. There hadn't been any discussion as to whether one option was more preferable or if both options should or could definitely be used. The Chair suggested that this be picked up under AOB if there is a desire to discuss the topic further.

- 1.3 It was agreed that following the amendments agreed to be made to the minutes that they were an accurate reflection of the discussions held.

## 2. Introduction

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- 2.1 The Chair welcomed the DCMDG attendees to the 70<sup>th</sup> DCMDG meeting.

## 3. DCMDG Forward Work Plan and Issues Log

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

### DCMDG-Issues:

- 3.2 Regarding the sole issue in the issue log the Chair reconfirmed that he intends on reaching out to the person who raised it to confirm whether they are comfortable that it is closed down or if something else needs to be done.

### DCMDG-Related Change Proposals:

- 3.3 The Chair noted that an Ofgem decision had come through regarding DCP 343 and that had been to reject the change and therefore, DCP 343 would be removed from the tracker moving forward.
- 3.4 With respect to DCP 412, it was noted that the meeting that was going to be held on Monday, 18 December 2023 had in fact been postponed as the Proposer and Chair had both realised that the actions they both took to create the legal text and update the consultation document are more time consuming than initially thought. It was proposed that the next meeting be held early in the new year.
- 3.5 With respect to DCP 420, the Chair noted that there hadn't been much movement over the last few months but that there was now a meeting scheduled for it, which DW confirmed was for 11 January 2024.

### DCMDG External Activities:

- 3.6 The Chair informed the group that the only update made to this tab was the inclusion of applicable dates to the Ofgem letter on strategic transmission charging reform item that has been an agreed action from the last meeting. The Chair asked if members thought anything needed to be added or amended, to which LS queried if the Ofgem Forward Work Plan Consultation should be added. LS explained that as part of Ofgem's Forward Work Plan Consultation he was surprised to not find the DUoS SCR mentioned. The Chair explained that following a skim of the document, it would appear that any items included in their Forward Work Plan that would be of interest to the DCMDG are in fact already included in this tracker. With respect to the DUoS SCR the Chair confirmed that it was indeed in the Forward Work Plan but that the way it was described made it a little difficult to find.
- 3.7 Members noted the DCMDG Issues Log & Forward plan. Members added no further comments.

## 4. Ofgem Update

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- 4.1 It was noted that AM had emailed the Chair to send his apologies for the meeting and therefore there wouldn't be an Ofgem update during this meeting.
- 4.2 The Chair asked members if they had anything that they had wanted to raise that could be sought via email but it was noted that no items were raised.

## 5. MHHS Update

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- 5.1 The DCMDG noted that there were no further updates this month.

## 6. Private Networks Subgroup Update

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- 6.1 The Chair explained that there had been a meeting held on 19 December where the subgroup had some discussions on a few different topics:
- 6.2 CUSC modification [CMP425: 'Billing Demand Transmission Residual By Site'](#) for which Ofgem recently made a decision was discussed in terms of how that might be applicable or not to the distribution side of things. The Chair noted that there had been a good conversation around how it might be useful to lean on the principles of what and how it dealt with issues related to competition in supply for transmission but that the actual mechanics of the change would be less applicable.
- 6.3 A presentation was given by Reg Platt from Emergent Energy relating to their BSC and DCUSA Sandbox trials. It was noted that Emergent Energy establishes and operates microgrids within residential housing developments, typically deploying solar PV generation, and potentially heat pumps, EV chargers and shared battery storage. Emergent enables housing companies (usually social housing providers and councils) the opportunity to benefit from lower decarbonisation costs and reduced energy bills for residents by either funding their own microgrid, or having capital funding provided. Emergent and their clients recognise that residents of microgrids must be able to exercise their right to switch their electricity supply but that the current arrangements are effectively preventing those types of customers from being able to choose a third party supplier on private networks.

6.4 The Chair explained that In short, Emergent Energy’s solution is to effectively reverse the mathematical logic that applies to difference metering and have called their approach ‘on-site aggregation’ which uses data from submeters to understand the volumes associated with customers supplied by the private network rather than boundary meter data and third party supplied customers meter data to work out the total volumes across all customer sites. This means there isn’t a need for a large number of bilateral agreements between all the relevant parties.

6.5 In terms of how this feeds into the work of the subgroup, it was noted that it will effectively introduce an additional arrangement to the three existing arrangements (being Shared/Difference/Full Settlement). It was also noted that Emergent Energy intend on raising a change to the DCUSA for the charging related aspect and that there is a current BSC Modification that is being developed too. Therefore, the sub-group would need to be mindful of this but it doesn’t really change the fact that the three original arrangements need to be dealt with.

6.6 The Chair highlighted that the next sub-group meeting was due to be held on 16 January 2024.

## 7. Agenda Items for the Next Meeting

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

- MHHS Update
- Private Networks Subgroup Update
- Timelines for revision of Charging Bands and Allocation of sites to those bands

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

## 8. Any Other Business (AOB)

8.1 The Chair raised one other items of business.

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

8.2 As was noted earlier in the meeting, members discussed their views in terms of what the next steps should be in terms of the two options for time periods used to allocate sites to charging bands 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.

- 8.3 DCMDG members discussed their views on whether one or another or both approaches could or should be used with respect to the time period being used for the 24 months of data needed for the allocation of sites to charging bands in terms of the next round of banding ahead of the start of the next electricity transmission owner price control period.
- 8.4 It was noted that members were of the view, that it would be ideal if agreement could be reached on what 24 month period is used. This is because it would give certainty to industry and customers alike and would prevent situations where say customers with multiple sites are or are not eligible for say a different band or to be considered (or not) for a reallocation due to a difference in the time period chosen as compared to a different outcome in a different area. However, recognising that such alignment might be difficult to obtain, especially given that there may only be a month or two before that data is pulled, the next best thing would be to have all DNOs/IDNOs confirm which 24 month period they are intending on using for their allocations.
- 8.5 It was agreed that the Chair would issue all DNOs/IDNOs an email, setting out the two options which had been discussed for the first time in November and ask that they reply to the email confirming the 24 month period they intend on using for the allocation of sites to charging bands for the next transmission price control period. The idea is that this information will be provided back to the DCMDG during their next meeting.

**70/02 Timelines for revision of Charging Bands and Allocation of sites to those bands: The Chair to issue all DNOs/IDNOs an email, setting out the two options which had been discussed for the first time in November and ask that they reply to the email confirming the 24 month period they intend on using for the allocation of sites to charging bands for the next transmission price control period and report these findings back to the DCMDG.**

## 9. Date of Next Meeting

- 9.1 The next DCMDG meeting will be held on 18 January 2024 via Microsoft Teams / Teleconference.