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| Meeting Session | Panel (Open Session) |
| Paper Reference | DCUSA_2024_0221_09_DCMDG 71 Headline Report |
| Action | For Information |

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 71

1. Synopsis

- 1.1 This report sets out the headlines from the 71st DCMDG meeting held on 18 January 2024 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 the technical secretariat for the meeting was Alysson Pena.
- 1.3 A total of 31 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, but notes that no significant discussions were had that are worth highlighting to the Panel.

2. Ofgem Update

- 2.1 The Ofgem representative noted that SSEN raised a concern that EDCM tariffs were showing negative residuals. The EDCM model are starting to pick up net zero investment are seeing bigger forward looking charges, which means there are covering more revenue and due to a kind of way that the EDCM model was working in order to not recover too much money from those users, it was producing negative standing charges and one that shouldn't happen because they're there for revenue recovery and that is not the intent of what these are there for.
- 2.2 Ofgem has worked with SSEN to find a solution and as result in the meantime, Ofgem has given a derogation to SSEN allowing them to use a previous year model input while a solution is sought.
- 2.3 The Ofgem representative noted that on National Grid Electricity Distribution has also encountered negative residuals but that the cause was different to that of SSEN. Much like for SSEN, a derogation was provided for the required notice period to not apply. Ofgem's intention is to hold further discussions related to these issues with a view to ensuring that any solutions meet expectations.

3. Confirmation 24-month window for next Charging Bands Allocation

- 3.1 The Chair presented a paper with collated answers from different DNOs and IDNOs to understand what their preferences are and reasoning behind choices.

- 3.2 The Chair noted that these answers are not necessarily the last position and flexibility can be found to what the approach should be. It was also noted that there seemed to be general agreement that alignment amongst all DNOs/IDNOs was desirable.
- 3.3 A member noted that some DNOs/IDNOs did not respond the form and they should be prompted to engage and share their views.
- 3.4 DNO members agreed to take an action to discuss the matter between themselves and come to a unified agreement on the approach to take and this will then be fed back to the DCMDG during the next meeting.
- 3.5 Members made no further comments.

4. Date of Next Meeting

- 4.1 The next DCMDG meeting will be held on 15 February 2024 via Microsoft Teams / Teleconference.

5. Actions

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

Dylan Townsend
Governance Delivery Manager