

Distribution Charging Methodologies Development Group (DCMDG) - Meeting 71

18 January 2024 at 10:00 via Microsoft Teams

Attendees	Company
Alice Cockshutt [AC]	Engie
Anha Taylor	SSE
Andrew Malley [AM]	Ofgem
Chris Barker [CB]	Electricity North West
Chris Ong [CO]	UK Power Networks
Ciaran Fitzgerald	OVO
Dave Wornell [DW]	National Grid Electricity Distribution
David Fewings [DF]	Inenco
David Hearn [DH]	Advanced Electricity Networks
Diandra Orodan	BU-UK
Dimuthu Wijetunga [DW]	Shell
Donna Jamieson [DJ]	Independent Distribution Connection Specialists
Edda Dirks [ED]	SSE Generation
Emma Clark	SSEN
Georgia Preece	Northern Powergrid
Harrison Hunter [HH]	Cornwall Insight
Ian Chadwick	MUA
James Knight [JK]	British Gas
Joe Boyle	SPEN
Kara Burke [KB]	Northern Powergrid
Karl Maryon	Drax
Kyran Hanks [KH]	Waters Wye
Lorna Murray	SPEN
Mark Fletcher [MF]	Shell
Paul Farmer [PF]	Shell
Rachel Grundy	Inenco
Ryan Farrell [RF]	Northern Powergrid
Simon Vicary	EDF
Tom Perryman [TP]	St Clements Services Limited
Tony Collings	Ecotricity

Victoria Burkett [VB]	SSE Energy Supply
Secretariat	
Dylan Townsend [DT] (Chair)	ElectraLink
Alysson Peña [AP] (TechSec)	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 21 December 2023 and agreed they were an accurate reflection of the discussions held.
- 1.3 The Chair provided updates on the open actions contained in the actions log which was issued with the meeting papers. In regards Action 09/06, The Chair reminded the members that in April the annual review of the Charging Methodologies will be held and suggested that members should forward issues and agenda items ahead of the meeting.
- 1.4 One member noted that Action 66/08 contained in the log, needed a clear response from Ofgem before the next meeting, due to the timings, meaning by mid-February statements will need to be published (40 days notice).

2. Introduction

- 2.1 The Chair welcomed the DCMDG attendees to the 71st DCMDG meeting.

3. DCMDG Forward Work Plan and Issues Log

- 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 there have been no new movements for DCP 325 at this stage, this is dependant of DCP 421.
- 3.4 With respect to DCP 388, it was noted that it is on hold while a BSC Change is raised, so that a solution can be progressed alongside each other.
- 3.5 With respect to DCP 392 & DCP 411, the Chair noted that these changes are with Ofgem awaiting approval. DCP 392 decision has been pushed back to 26 February 2024 and DCP 411 decision has also been pushed back to 28 February 2024.

- 3.6 With respect to DCP 395 & DCP 414, the Chair noted that these are awaiting implementation on 1 April 2024.
- 3.7 With respect to DCP 412, AM noted that Ofgem has asked the WG to add flexibility to the process due to the effect on certain users.
- 3.8 With respect to DCP 420, AM noted that charges might find it difficult if they are getting a big, fixed charge. Conversations have been held with National Grid Electricity Distribution to research the possibility of other solutions.
- 3.9 With respect to DCP 421 & DCP 423, the Chair noted that these two changes align, consultations have been circulated and they are both heading towards Change Report phase relatively soon.
- 3.10 Lastly, with respect to DPC 425, the Chair noted that this change is heading for the Change Report phase.

DCMDG External Activities:

- 3.11 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.
- 3.12 Members noted the DCMDG Issues Log & Forward plan and no further comments were raised.

4. Ofgem Update

- 4.1 AM 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.
- 4.2 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 while a solution is sought.
- 4.3 AM noted that on National Grid Electricity Distribution has also encountered negative tariffs and it may be due to other issues involved.
- 4.4 As a solution another derogation was provided for a notice period and a derogation for use of a different methodology. Ofgem's intention is to get to a situation where everyone is at a comfortable place and be able to recover revenue and plans for further discussions will be held to continue ensuring that solutions are meeting expectations.

5. MHHS Update

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

6. Private Networks Subgroup Update

- 6.1 The Chair explained that there had been a meeting held on 16 January 2024 where the subgroup had some discussions on a few different topics, including a list of various entities which looked to be operating in the private networks space as well as the draft RFI that had been produced.
- 6.2 The request from the sub-group is to have an Ofgem representative feeding into the work of the group at a minimum and would prefer attendance where possible. It was noted that this would help the group to better understand whether the direction of travel meets Ofgem's expectations. It was also noted that the sub-group have requested for the creation of a terms of reference to guide their processes and agreed that there would be benefit in seeking Ofgem's guidance and input on the terms of reference.
- 6.3 AM has reassured members that Ofgem's intent is to attend as many of these meetings as possible and to be as involved as possible, which sometimes can be very difficult.
- 6.4 The Chair noted that the working group is working on a draft RFI which was reviewed on the last meeting and as result from this meeting a terms of reference document is now being created.

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

- 7.1 The Chair presented a paper with collated answers from different DNOs and IDNOs members to understand what their preferences are and reasoning behind choices.
- 7.2 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.
- 7.3 A member noted that some DNOs/IDNOs did not respond the form and they should be prompted to engage and share their views.
- 7.4 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.

71/01 Confirmation 24-month window for next Charging Bands Allocation: DNOs have taken an action to discuss the 24-month window associated with the allocation of sites to residual charging bands between themselves and to come to an agreement on the approach to take and to feedback the outcome of this to the next DCMDG meeting.

- 7.5 Members agreed that it would be beneficial for the ESO to be provided with the approach agreed by the DNOs, so that they are aware of what has been agreed for the distribution residual banding allocation window. It was also noted that it would be useful to have a the same confirmation from the ESO as to the data and period of time they intend to use for the purposes on the Transmission Demand Residual Banding Allocation.

71/02 Confirmation 24-month window for next Charging Bands Allocation: Secretariat to provide the ESO with the approach agreed by the DNOs, so that they are aware of what has been agreed for the distribution residual banding allocation window and to seek similar confirmation from the ESO with respect to the Transmission Demand Residual banding allocation of sites to residual charging bands.

~~7.5~~7.6 Members made no further comments.

8. Agenda Items for the Next Meeting

8.1 The Chair sought confirmation from members whether there were any items for the agenda in addition to the below items at the next meeting:

- MHHS Update
- Private Networks Subgroup Update
- Confirmation of 24-month window for next Charging Bands Allocation

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

9. Any Other Business (AOB)

9.1 No items of 'other business' were raised during the meeting.

10. Date of Next Meeting

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