

Distribution Charging Methodologies Development Group (DCMDG) - Meeting 74

18 April 2024 at 10:00 via Microsoft Teams

Attendees	Company
Anha Taylor [AT]	SSE
Charles Mott [CM]	SSEN
Chris Ong [CO]	UK Power Networks
Dave Wornell [DW]	National Grid Electricity Distribution
David Fewings [DF]	Inenco
Diandra Orodan [DO]	BU-UK
Dimuthu Wijetunga [DW]	Shell
Donna Jamieson [DJ]	Independent Distribution Connection Specialists
Edda Dirks [ED]	SSE Generation
Georgia Preece [GP]	Northern Powergrid
Harrison Hunter [HH]	Cornwall Insight
Ian Chadwick [IC]	MUA
James Knight [JK]	British Gas
Joe Boyle [JB]	SPEN
Kyran Hanks [KH]	Waters Wye
Laura Waldron [LW]	Engie
Lee Stone [ST]	EON
Mark Fletcher [MF]	Shell
Niall Coyle [NC]	EON
Rustam Ellis-Majainah [REM]	OVO
Ryan Farrell [RF]	Northern Powergrid
Simon Vicary [SV]	EDF
Tony Collins [TC]	Ecotricity
Victoria Burkett [VB]	SSE Energy Supply
Zviko Chigwedere [ZC]	St Clements
Secretariat	
Dylan Townsend [DT] (Chair)	ElectraLink
Alysson Peña [AP] (TechSec)	ElectraLink
Apologies	
Andrew Malley [AM]	Ofgem

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 There were two apologies noted for this meeting.
- 1.3 Attendees reviewed the draft minutes from the meeting held on 28 March 2024 and the DCMDG members agreed that these were an accurate summary of the meeting.
- 1.4 The Chair provided updates on the open actions contained in the actions log which was issued with the meeting papers.

- Regarding Action 09/06, The Chair noted that this is the April yearly rolling action being covered during the DCMDG 74 meeting.
- Regarding Action 71/02, the Chair noted that this action was ongoing; the Chair reassured the working group members that further communications will happen with NGESO before the next DCMDG meeting, this is to seek missing information regarding the banning allocation for the transmission demand residual.
- Regarding Action 72/01, The Chair presented to the members the updated minutes for DCMDG 71 meeting, having added the suggested actions and extra text for context around these added actions. Members agreed these were correct and can now be uploaded to the website and redistributed. This action can be closed.
- Regarding Action 72/02, The Chair noted that this action was completed and therefore this action can be closed.
- Regarding Action 72/03, the Chair reiterated a decision to reject DCP 392 had been made by Ofgem on 16 February 2024 and that the latest update for DCP 411 from Ofgem that had been provided to the Panel meeting on 17 April was that the expected decision date is now 19 April 2024. This action can be closed.
- Regarding Action 72/04. The Chair noted that a document, setting out the agreed approach that the DNOs will use for the determination of the new residual charging bands as well as the 24-month window for the allocation of sites to charging bands, had been completed and a new section for this information to sit on the DCUSA website was added. This action will continue to be ongoing as the Chair is yet to email contract managers.

The information is available via the following page on the DCUSA website:

<https://www.dcusa.co.uk/network-charges/residual-charging/>

- Regarding Action 73/01, the Chair explained to the members that the update the DCMDG 71 Action Log had been completed and therefore this action can be closed.

- A member of the working group highlighted the urgency of progressing Action 71/02 and Action 72/04 given the impact of these have on the different parties, DNOs, banding agents, and the impact of the 5 yearly binding reviews that are currently ongoing.

1.5 Members noted no further comments.

2. Introduction

2.1 The Chair welcomed the DCMDG attendees to the 74th 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:

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

DCMDG-Related Change Proposals:

- With respect to DCP 325, The Chair noted that there have been no new movements at this stage but that this should change once DCP 421 has been finalized.
- With respect to DCP 388, it was noted this Change Proposal is on hold while a BSC modification is raised, so that a solution can be progressed for both the DCUSA and BSC at the same time.
- With respect to DCP 411, the latest update from Ofgem provided to the Panel meeting on 17 April was that the expected decision date is now 19 April 2024.
- With respect to DCP 412, there is a plan for Working Group to meet in May and that the Proposer and Chair both have actions to progress prior to the next meeting.
- With respect to DCP 414 & DCP 395, The Chair noted that these were implemented on 01 April 2024.
- With respect to DCP 420, the Working Group met on 15 April 2024 where the Working Group continued to consider potential solutions that have been put forward. Charge UK was present during this meeting.
- With respect to DCP 421, it was noted that the working group is completing the legal text review and the updated models have been tested and these are fit for purpose and therefore the aim is to have the change report drafted for May's panel.
- With respect to DCP 423, it was noted that CEPA have completed updating and testing is currently ongoing, a consultation is to be issued once completed.

- With respect to DCP 424, this change proposal has been delayed due to a request by Ofgem for further impact analysis on the proposed BSC solution (P441 - Creation of Complex Site Classes). The DCP 424 consultation is now estimated to be released in Q1 2024.
- With respect to DCP 425, the Change Report has been issued on 21 March 2024 for voting and a Change Declaration is to be expected after being accepted by parties and this will be issued to Ofgem for decision.
- With respect to DCP 433, The Working Group issued a consultation on 18 March 2024 to gather feedback on the proposed solution. The deadline for responses is 10 April 2024. The Working Group plan to meet again on 18 April to review the consultation responses and the draft Change Report.
- With respect to DCP 437, this change was submitted to the Panel for Initial Assessment during their February meeting. The Panel approved for DCP 437 to progress to the Definition Phase and for a Working Group to be set up to refine the proposed solution, however, Ofgem noted that the CP may impact upon their DUoS SCR and so was placed on hold until this impact was assessed. During the March Panel meeting, Ofgem confirmed that whilst they do believe there to be an interaction, that they are happy for DCP 437 to proceed. Invitations to join the Working Group have been issued and the first meeting will be scheduled shortly.
- With respect to DCP 438, this change proposal was submitted to the Panel for Initial Assessment during their March meeting. The Panel approved for DCP 438 to progress to the Definition Phase and for a Working Group to be set up in order to refine the proposed solution. The first Working Group meeting is scheduled for 22/04/2024.
- With respect to DCP 439, 'Backdating Tariff Changes' is a new change proposal raised during the April's Panel; currently where an MPAN is identified as having an incorrect LLFC due to the Distributor's oversight, the charging statements say it must be corrected up to six years back. This proposal seeks to change that to a more sensible time period. An invitation has been issued for parties to join the working group.

Legal Text Overlap Tracker:

- The Chair noted that DCP 395 and DCP 414 have now been removed from this document and an update is needed to cover any of the new DCPs that have recently entered into the DCUSA change control process.

ACTION 74/01: The Chair to update the Legal Text Overlap Tracker with any of the new DCPs that have recently entered into the DCUSA change control process.

DCMDG External Activities:

3.2 The Chair informed the group of the relevant active external activities and that an update could be made to the:

- DUoS SCR update, including the March CFF update
- Strategic transmission charging update;
- FSO implementation;
- Open letter on regulatory arrangements for IDNOs, and;
- Code Governance Reform update.

ACTION 74/02: The Secretariat to update the DCMDG External Activities with the latest information for the following items:

- **DUoS SCR update, including the March CFF update**
- **Strategic transmission charging update;**
- **FSO implementation;**
- **Open letter on regulatory arrangements for IDNOs, and;**
- **Code Governance Reform update.**

3.3 Members noted the DCMDG Issues Log & Forward plan.

4. Ofgem Update

4.1 It was noted that Ofgem was not able to attend this meeting to provide an update and there were no updates sent across for the Secretariat to inform the working group members on.

4.2 Ofgem asked the Secretariat prior the meeting to highlight to the working group members that the two problem statement documents mentioned in the CFF are on the charging futures site badged as “explanatory notes” – Members were invited to respond to them if they’d like to and haven’t done so.

4.3 All links shared during the meeting relevant to the Ofgem Update:

- [CDCM Issue Statement](#)
- [EDCM Issue Statement](#)

4.4 There were no further comments from members.

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 have been no recent updates as the working group is currently developing a Terms of Reference (ToR) document to help the process of this change.

6.2 The next meeting will be announced once this document has been finished, which will aid the working group’s workflow.



6.3 The working group continues to note that having an Ofgem representative during these meetings is of great importance.

6.4 Members noted the Private Networks Subgroup Update.

6.5 There were no further comments from members.

7. Items for Annual Review of Charging Methodologies

7.1 The Chair noted that no items were raised prior to the meeting and asked the members to share if there were any to be raised during the meeting. It was noted that there were no specific points raised during the meeting for review as part of the formal Annual Review of Charging Methodologies.

7.2 A member queried what the background to this agenda item was and what purpose it was fulfilling. To which various members explained that this item gets raised yearly due to there being a licence condition for DNOs have to reviewed the charging methodologies at least once a year and currently this is by way of raising a topic of discussion at the DCMDG every April. Members noted that this annual review had been in place prior to the DCMDG forming and in the earlier years, a lot more discussion was had. It was noted that over the last few years, there hasn't been much in the way of an opportunity to bring topics to the table due to the ongoing reviews being carried out by Ofgem.

7.3 One member questioned whether it would be appropriate for the DNOs to approach Ofgem about having this requirement removed from the licence as in their view, the fact that the methodologies are contained within the DCUSA and are subject to open governance means that a yearly review appears unnecessary. Other members agreed with the argument put forward, with some suggesting that it felt much like a tick box exercise, although it was noted that whilst it was a licence condition, that the box would continue to need to be ticked.

7.4 One member noted that a key part of the output of the methodologies are the charges themselves but also the times when those charges apply (i.e., for the red, amber and green time bands which apply to the unit rates (p/kWh) element of DUoS charges. The member then questioned if and how the DNOs review the time periods in which like the red period and the amber periods apply to. The member explained from what they've seen they don't believe that the time bands have changed particularly much over the time and was wondering if they are actively reviewed and how that review takes place, and how is it determined that they are at the correct or the most appropriate times?

7.5 One member responded that they do review the data to look at each of half hour slots for which data is available to understand what is being consumed across a day and to use this analysis to determine whether there is a need to adapt their time bands accordingly. It was noted that this tends to be a process which is carried out each year but that there have been a couple of years since the time bands were introduced where the process wasn't carried out.

- 7.6 The same member went on to note that they have only seen a slight movement in one of the regions they cover where they could have justified moving one of the time bands by about half an hour, but the same wasn't true for their other regions and so for the purposes of consistency, they made a decision to keep the time bands the same.
- 7.7 Members were reminded that in accordance with Paragraph 41A of Schedule 16 DNOs may only change distribution time bands with effect from 1 April and must provide a minimum of 15 months prior notice of such changes.
- 7.8 Another member noted that their company operates in much the same way as mentioned, in that they do generally review the data once a year to make sure that nothing really changed and this seems to be the case across the Board.
- 7.9 It was noted that several years ago, the member's company did think about moving the time bands but that there was quite a bit of pushback from Suppliers as Suppliers systems are set up for to handle particular time bands.
- 7.10 One member pointed to the discrepancy between the way the industry is generally portrayed as being in a state of flux but at the same time the time bands have remained relatively static.
- 7.11 Another member made the point that the reason for this might be down to what data is used, being non half hourly settlement data and that the consumption profiles across that data set have been relatively static for quite a while but that when MHHS goes live, things might change.
- 7.12 Members made no further comments.

8. Any Other Business (AOB)

- 8.1 The Chair asked if there were any other business.
- 8.2 No other business was raised during the meeting.

9. Agenda Items for the Next Meeting

- 9.1 It was agreed to retain the current standing items on the agenda and that there were no additional items requested to discuss at the next DCMDG meeting.

10. Date of Next Meeting

- 10.1 The next DCMDG meeting will be held on 16 May 2024 via Microsoft Teams / Teleconference.