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| Meeting Session | Panel (Open Session) |
| Paper Reference | DCUSA_2024_0821_08_DCMDG 77 Headline Report |
| Action | For Information |

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 77

1. Synopsis

- 1.1 This report sets out the headlines from the 77th DCMDG meeting held on 18 July 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 Alysso Pena.
- 1.3 A total of 31 industry participants dialled into the meeting.

2. Actions

- 2.1 There were some discussions during the review of new and ongoing actions which are captured below:
 - Regarding Action 72/04, related to the issuing of an email to Supplier Parties to inform them of the residual charging band allocation process, the Chair explained that prior to issuing the email out, that he had recently received feedback from two Suppliers, indicating that with they had not received all data from all DNOs/IDNOs which was to be provided by 30 June 2024. The original action was therefore expanded upon to not only cover an information piece to Suppliers but also to all DNOs/IDNOs to point them in the direction of the information placed on the DCUSA website and to make the point that if those provisions have been missed by any party, then they should definitely rectify that as soon as possible and provide the data as per as per the requirements of Schedule 32 of the DCUSA.
 - Regarding Action 76/02, related to the circulation of material related to the structure for Line Loss Factor (LLF) IDs moving forward, that an updated version of what had been presented during the June meeting had been circulated to the DCMDG members with the minutes of the last meeting and the action could now be closed. One of the members who presented the material during the June meeting provided an update with respect to what has happened since the last meeting and their proposed next steps.

3. Forward Work Plan and Issues Log

- 3.1 The group reviewed the DCMDG Forward Work Plan and Issues Log but there was no substantive comments raised during this item.

4. Ofgem Update

- 4.1 The Ofgem representative, having missed the June meeting, explained that in between times, the distribution charging team have been putting together a document which is somewhere between open letter and a call for input which they have run past some of the DNOs already. It was noted that the document will be focussed on some recent problems seen with the DUoS methodology and their work has involved putting options together on what can be done to make sure that if DNOs have problems setting tariffs in the short term, what Ofgem will do to sort that out. The original intent was for that document to be published at the end of June, but with the election being announced it meant that it had to be pushed back.

POST MEETING NOTE: The document discussed above was issued on 25 July, which can be located via: <https://www.ofgem.gov.uk/call-for-input/distribution-use-system-charging-managing-effects-surplus-residual-charges>

- 4.2 The Ofgem representative went on to note that Ofgem are starting to get together the beginnings of their forward-looking DUoS reform work but that some of this is conditional on when more information becomes available in terms of the direction of travel for other market design work (i.e., REMA and TNUoS charges). This was with the view of being better able to understand where the government intends to take zonal versus national pricing questions but that once these areas start to firm up, then Ofgem can start to think about which bits are left for network charges to do, and that's when Ofgem think they can really start to engage industry. This will likely take the form of publishing a proper scope of work and some discussion points. It was explained to members that Ofgem are starting to build up a programme of work for the DUoS SCR and hope to produce something towards the latter half of this year that people can comment on.
- 4.3 There were a couple of questions for the Ofgem representative from members regarding the status of Ofgem's Standing Charges Review, and the a subsequent discussion which centred around a point that one of the biggest drivers of the increase in standing charges was due to the implementation of the TCR and that whilst stability in charges across time is welcome, consideration should be given to stability across regions too, as if there is one region that has higher standing charges, then those customers will still complain and it is Suppliers who will be on the end of those complaints but have no real way in which to address the issues, given the way the price cap works and the fact that such charges are generally just passed through to consumers.

5. Private Networks Subgroup Update

- 5.1 Members noted that there had been a longer than expected pause between meetings of the sub-group, but that the Chair raised an item for discussion. That item was with respect to some information which the Chair had found which appeared to confirm that any Private Network Operator which operates a private network with competition in supply, would need to have published a charging statement. Further to this, it the Chair noted that any such charging statement would need to be approved by Ofgem and so wondered whether the questions which the sub-group were seeking answers to, regarding how many of these sites exist and where are they located, might in fact be able to be answered by Ofgem. On this specific point, The Ofgem representative suggested that the numbers might be a few dozen but that there is work to be done to ensure information is available/joined up.

5.2 On the broader topic of the work of the private networks sub-group, the Ofgem representative explained that his view was that it might be best for work in this area to remain paused for the moment, as there are several workstreams that are likely to interact with any such work, including since the new government has come in, their proposed 'Local Power Plan' that is likely to be pushed forward. Other interactions were noted as including proposed changes across of the BSC and the DCUSA looking at arrangements for concepts such as complex sites, local balancing and how competition in supply can be facilitated for certain types of users. Members noted the message that it is a complicated landscape at the moment and that there could be some quite significant developments in this area and so waiting whilst some of these areas start to conclude is likely the best course of action.

6. Date of Next Meeting

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

7. Actions

7.1 The DCUSA Panel is invited to:

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

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