

Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2024_0918_09_DCMDG 78 Headline Report
Action	For Information

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 78

1. Synopsis

- 1.1 This report sets out the headlines from the 78th DCMDG meeting held on 15 August 2024 via Microsoft Teams. The full minutes and associated papers are available on the DCUSA website.
- 1.2 This meeting was chaired by Angelo Fitzhenry and the technical secretariat for the meeting was Alysson Peña.
- 1.3 A total of 30 industry participants dialled into the meeting.

2. Forward Work Plan and Issues Log

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

3. Ofgem Update

- 3.1 The Ofgem representative presented current and upcoming regulatory initiatives from Ofgem, focusing on grid flexibility, energy storage integration, and capacity markets. Ofgem is or will be holding consultations to shape these focus areas in the future. Concerns were raised about the impact of new regulations on smaller participants, emphasizing the need for clear communication and support.

4. New Issue: Import Capacity Charges for Storage Facilities

- 4.1 It was noted that a new issue had been raised prior to the meeting which related to Import Capacity Charges for Storage Facilities. The issue described some challenges faced by operators of storage facilities connected at LV and HV with respect to the rising level of import capacity charges potentially resulting in such storage facilities becoming unviable and needing to close down. The view from the proposer of the issue was that the LV and HV charges do not take into account the unique operational characteristics of storage facilities which the proposer believes is the case for sites connected at EHV. The argument was that unlike traditional consumers of electricity, storage facilities may only import power intermittently, depending on market conditions and grid needs.

- 4.2 It was noted that as it currently stands, the charges produced by the CDCM could potentially discourage investment in and the development and operation of storage facilities, which play a crucial role in balancing the grid and supporting the integration of renewable energy sources, thus affecting the broader goals of a net zero energy transition.
- 4.3 The issue was acknowledged by the DCMDG members. Members expressed an understanding of the operational challenges faced by storage facilities and, with some agreeing that the current charging methodology may need to be reviewed.
- 4.4 Other attendees did not agree that there was a case for exempting storage from import capacity charges. However, they thought that this could be considered under Ofgem's DUoS SCR.
- 4.5 Members queried whether a change proposal on this issue could be raised, considering the SCR. The Ofgem representative suggested that this would depend on whether the matter was a design piece or a methodology defect. If it was the latter, a change proposal could potentially go ahead. There was no consensus on which category the issue fell under but this could potentially be discussed by a subgroup.
- 4.6 It was noted that the recent and upcoming rises in the level of import capacity charges was a result of a number of factors including the implementation of the Access SCR and the subsequent decision to set the 'Customer Contribution' CDCM input to zero, alongside the general increase in allowed revenues being recovered as well as the recent inflationary pressures.

5. Any Other Business (AOB)

Measurement Class G Data for the Annual Allocation Review as per Schedule 32:

- 5.1 There had been a couple of emails into the DCMDG inbox that centred around the need for DNOs/IDNOs to receive the relevant consumption data for Measurement Class G, which relates to non-half-hourly metered data. The Chair indicated that with respect to Measurement Class G data for the DNOs/IDNOs that this had now actioned and that ElectraLink had provided the data to the DNOs/IDNOs.

Annual Allocation Review Derogation Discussion - RE: Pending Ofgem decision on DCP 433 :

- 5.2 Members discussed that if an Authority decision on [DCP 433 Limitation for backdating of rebates/charges under Schedule 32](#) was not received before the next Annual Allocation Review process needs to take place (i.e., 15 September 2024) that a similar derogation to the one that was requested and granted last year would need to be requested for this year.
- 5.3 It was noted that the original derogation was for the DNOs/IDNOs to follow the inferred obligations in Paragraph 6.11 of Schedule 32 to the extent possible (i.e., by backdating the LLFC ID for applicable sites through settlement processes to a maximum of 14 months) and to raise a Change Proposal to amend the relevant text in the DCUSA (i.e., Paragraph 6.11 of Schedule 32) such that it reflects the reality of how sites are billed and the limitations for backdating of sites on the basis of LLFC IDs. DCP 433 was that change, and it had been hoped that it would have been implemented ahead of this years' Annual Allocation Review.
- 5.4 The Ofgem representative explained that DCP 433 is indeed with the team to make a decision on but that an ETA was not currently known.

6. Date of Next Meeting

- 6.1 The next DCMDG meeting will be held on 19 September 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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