

# Distribution Charging Methodologies Development Group (DCMDG) - Meeting 80

17 October 2024 at 10:00 via Microsoft Teams

Attendees	Company
Chris Barker [CB]	ENWL
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
Donald Preston [DP]	SSEN
Georgia Preece [GP]	Northern Powergrid
Harrison Hunter [HH]	Cornwall Insight
James Knight [JK]	British Gas
Joe Boyle [JB]	SPEN
Karl Maryon [KM]	Drax
Kavya	Brook Green Supply
Lee Stone [LS]	EON
Monique Pereira [MP]	Indigo Power
Ryan Farrell [RF]	Northern Powergrid
Simon Vicary [SV]	EDF
Victoria Burkett [VB]	SSE Energy Supply
Edda Dirks [ED]	SSE Generation
Rustam Ellis-Majainah [REM]	OVO
Grant Elder [GE]	Forbury Assets
Emma Clark [EC]	SSEN
Emma Robinson [ER]	EON
Mark Fletcher [MF]	SHELL
Ed Grimsey [EG]	BUUK
Zviko Chigwedere [ZC]	St Clements
<b>Secretariat</b>	
Dylan Townsend [DT] (Chair)	ElectraLink
Alysson Peña [AP] (TechSec)	ElectraLink
<b>Apologies</b>	
Kara Burke [KB]	Northern Powergrid
Andy Malley [AM]	Ofgem

## 1. Administration

- 1.1 The Chair asked members if they were comfortable for this Working Group to be recorded. No members objected to this request. The purpose of this recording is purely to aid the Technical Secretariat in producing an accurate report of the meeting. The recording will be deleted after the minutes are approved.
- 1.2 The Working Group reviewed the “Competition Law Guidance” and it was noted that all members agreed to be bound by the Competition Law Guidance for the duration of the meeting.
- 1.3 There were two apologies noted for this meeting.
- 1.4 Attendees reviewed the draft minutes from the meeting held on 19 September 2024 and members agreed that these were an accurate summary of the meeting.
- 1.5 The Chair provided updates on the open actions contained in the actions log which was issued with the meeting papers.
  - Action 78/01: The Secretariat to set up a subgroup to support the import capacity charges for storage facilities issue raised by OH from Thrive Renewables. The Chair informed that other matters took priority and therefore this has yet to be actioned and will be done as soon as possible. Action ongoing
  - Action 78/02: The secretariat to schedule a further meeting for the Private Network Subgroup at which Ofgem will attend to assist in agreeing next steps. The Chair noted the above statement applied to again and therefore this has yet to be actioned and will be done as soon as possible. Action ongoing.
- 1.6 Members had no further comments.

## 2. Introduction

---

- 2.1 The Chair welcomed the DCMDG attendees to the 79<sup>th</sup> 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:

- There were no new issues raised and no further updates on the two issues currently contained within the log.

### Charging Related Change Proposals:

- **DCP 325: 'Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20'**  
The working group met on September 16 and agreed to issue an RFI, which was issued. They are meeting again on October 22 to review RFI responses.
- **DCP 388 'Amendments to Facilitate Appropriate Residual Charging for Sites with a Mix of Final and Non-Final Demand' - No change; it is on hold pending the proposer raising a BSC modification.**

- **DCP 412 'Allocation of banding for TCR Charges for 'Peak' Final Demand Customers'** - Legal text has been reviewed and sent back to the working group. They are meeting on October 23 to finalise the Change Report, aiming for November completion.
- **DCP 420 'Provide targeted relief from residual charges for electric vehicle charging sites'** - the Working Group have developed and recently issued a consultation seeking industry views on a number of potential solutions. Responses will be reviewed during their next meeting scheduled for 12 November. A mid-consultation Q&A session is scheduled for 21 October.
- **DCP 423 'LDNO Discounts for negative scaling'** - The next meeting is on October 28 to discuss a potential modelling issue that had been identified by a respondent to the consultation and to agree next steps.
- **DCP 424 'Use of System charging for complex sites'** - continues to be delayed pending further assessment on that is required as part of BSC modification P441.
- **DCP 442 'Aligning enduring flexible connections'** - The Working Group had developed and issued an RFI, and the working group will meet on 25 October to review responses.
- **DCP 443 'Excess Capacity'** - The Working Group met on 16 October to review consultation responses. Next steps will be provided in a post-meeting note.
- **DCP 440 'Consuming "de-energised" sites'** - There has been no significant movement in the last month, as the Working Group identified issues with data that had been gathered for inclusion in the Change Report and this is currently being discussed and addressed.
- **DCP 445 'Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements'** - had been issued for voting on 17 October, with responses due by 07 November after which it will be issued to Ofgem for their final decision.
- **DCP 433 'Limitation for backdating of rebates/charges under Schedule 32'** - is currently awaiting authority consent, with an expected decision date of 08 November.
- **DCP 438 'Rate of Return Change Proposal'** - Also with OFFGEM, with an expected decision date of December 11 but that during the Panel meeting on 16 October, the Ofgem representative to the Panel noted that following feedback from the Panel and DCMDG, that a mid-December decision date would be too late, Ofgem are hoping to bring the decision forward to 08 November, which is in line with DCP 433.
- **DCP 439: 'Backdating Tariff Changes'** - is now awaiting authority consent, following the Party vote which resulted in a recommendation to accept DCP 439.
- **DCP 425 'Cost Apportionment Factor "cap" Methodology'** - had been implemented on 01 October 2024.
- **DCP 421 'Update the Tables in schedule 15 of DCUSA'** - had been implemented on 25 September 2024.
- **DCP 437: 'To Shorten the DUoS Pricing Notice Periods'** - The Change Report was issued to the September Panel meeting and was approved by the Panel during that meeting and was then issued out for voting. DCP 437 is now awaiting authority consent, following the Party vote which resulted in a recommendation to accept DCP 437.

### Legal Text Overlap Tracker:

- The Chair noted that this had been updated.

### DCMDG External Activities:

- **DUoS SCR (Distribution Use of System Significant Code Review):** The Chair briefly mentioned the latest Charging Futures Forum (CFF) was held on 2nd October, and that would be included in the updates.
- **Market-Wide Half-Hourly Settlement (MHHS):** The Chair made reference to the fact that DCP 445 has been raised and as such would be included as an update.
- **Energy Code Reform:** The Chair confirmed that the government had published its response to the consultation on code manager licensing and secondary legislation and that this would be added as an update.
- **FSO (Future System Operator) Implementation:** The Chair noted that the FSO (now known as the Independent System Operator and Planner) had been fully implemented on the 1st of October 2024. This includes the introduction of the National Energy System Operator (NESO), as well as the new Electricity System Operator (ESO) Licence and the Gas System Planner (GSP) license. With these changes now in effect, the Chair proposed removing the FSO implementation item from the log.
- **Connections Reform:** The Chair briefly touched on the connections reform, stating that while there had been significant activity on the transmission side, no concrete changes impacting DCUSA had been identified. He welcomed any insights from members if they had information that might affect DCUSA. There were no comments.
- **Electric Vehicles:** The Chair pointed out that DCP 420, which relates to electric vehicles, was raised and consultation was still ongoing and that this would be included against this item.

## 4. Ofgem Update

- 4.1 The Chair noted that AM had provided apologies for this meeting and that no other Ofgem representative had joined the meeting. The Chair explained that no Ofgem update had been provided ahead of the meeting, but invited any questions or thoughts to be passed on to Ofgem. It was noted that no members raised any questions in response.

## 5. MHHS Update

- 5.1 The Chair noted that the Change Report for DCP 445 'Implementation of Market-wide Half Hourly Settlement (MHHS) Arrangements' had been submitted to the DCUSA Panel for consideration during their meeting on 16 October. The Panel had approved for the Change Report to be issued to Parties for voting on 17 October.
- 5.2 The Chair also reminded members that MHHS Change Request (CR) 55, which is looking to shift the current M10-milestone out by 5 months, could, if approved, mean that DCP 445 is implemented later than originally expected due to its implementation date being pinned to the M8 milestone, which itself is linked to the M10 milestone which CR55 seeks to amend.

## 6. Private Networks Subgroup Update

---

- 6.1 In terms of an update related to the private network subgroup, the Chair noted that this had been covered briefly earlier in the meeting but reconfirmed that the intent will be to have what will likely be one final meeting to close off discussions for now but that this had not yet happened due to periods of annual leave

## 7. 'AAR Lessons Learnt' Subgroup Update

---

- 7.1 In terms of the update on the subgroup formed to consider the lessons to be learnt regarding Annual Allocation Review the Chair noted that as previously highlighted whilst there had been in a delay in progressing those discussions, he had taken another form of action that would hopefully assist. It was noted that the Chair had circulated an email to Parties explaining to DNOs/IDNOs what their obligations were and to inform Suppliers about the data they had or would shortly be receiving.
- 7.2 The Chair went on to note that he'll pick up with VB separately the topic of whether or not there was a need to continue the discussion within the subgroup and determine next steps from there. It was noted that this discussion took place directly after the meeting, with the next steps agreed.

## 8. Any Other Business (AOB)

---

- 8.1 The Chair asked if there were any other business to be discussed.

### **Charging Statements Process:**

- 8.2 One member raised a concern about the format of the charging statement produced in accordance with standard licence condition 14 (SLC 14) and its appendices, particularly in light of the upcoming changes due to Market Wide Half Hourly Settlement (MHHS). It was mentioned that the tariffs for the 2026/27 charging year are expected to be published at the end of the year or in January for IDNOs, and the format might change due to MHHS impacts.
- 8.3 A DNO member responded by explaining that a group of DNOs had reviewed the existing SLC 14 charging statements and that given the transition period where both migrated and non-migrated MPANs will exist, they agreed to make several minor changes to the document, such as amending references to Line Loss Factor Class (LLFC) and updating the glossary with terms like "market segment" and "DUoS tariff ID." This revised document was sent to Ofgem for review, and Ofgem has 28 days to either approve or veto the changes.
- 8.4 The DNO member further explained that the annexes to the charging statement are not expected to change significantly, except for minor updates to reflect the inclusion of DUoS Tariff IDs alongside LLFCs. It was mentioned that DNOs and IDNOs would need to revise their statements no later than 40 calendar days before the charges take effect. It was noted that some DNOs plan to republish the 2025/26 statements before Christmas to align with the new format.
- 8.5 The member who raised the concern inquired if any IDNOs were involved in the group that reviewed the charging statement, to which the DNO member acknowledged that IDNOs might not have been included in the review process and suggested that the revised document could be forwarded to the IDNOs for their visibility.
- 8.6 The member also asked if there would be any changes to the format of the annexes, as these are used by various parties to upload data into their systems. The DNO member confirmed that the format of the annexes would remain the same, with only minor updates to the content.

- 8.7 The DNO member offered to send the revised document to across to the member who raised the concern and suggested that once Ofgem's review period has lapsed without any veto, the document could be shared more broadly with all DNOs and IDNOs.

#### **IDNO EHV Charges:**

- 8.8 The Chair brought up the topic of Extra High Voltage (EHV) charges for Independent Distribution Network Operators (IDNOs), and mentioned that Ofgem had indicated in their response to a call for input that they were looking for an appropriate vehicle to take this discussion forward. The Chair sought input from the group on whether this should be handled by the DCMDG or another forum, such as the Transmission Charging Methodology Forum (TCMF).
- 8.9 One member suggested that since the discussion involves EHV connections, which are typically fed from a Grid Supply Point (GSP) or above, it might require a joint effort between the DCMDG and the TCMF.
- 8.10 The Chair agreed that a joint approach might be necessary and mentioned that he would seek further input from Andy Malley at Ofgem to determine the best way to proceed.

#### **Updated Models for the purposes of setting charges:**

- 8.11 The Chair explained that he had Issued the modelling specification pack to CEPA/TNEI (the appointed DCUSA modelling support consultants) for them to update the relevant charging methodology models for the next set of DUoS tariffs that will apply from 01 April 2026. The Chair noted that this was issued on 03 October, with the instruction to update the models to include any of the amendments that are needed as a result of the implementation of DCP 421.
- 8.12 Members noted that the expectation is for the revised models to be provided no later than 20 working days following the submission of the request which is well within the timeframes set out in the DCUSA which provides for 30 working day

#### **Disputes Committee Elections:**

- 8.13 The Chair provided an update on the Disputes Committee elections, mentioning that they had received a number of nominations and would be issuing further communications about the elected members and any remaining vacancies.

### **9. Agenda Items for the Next Meeting**

- 9.1 No new items were requested to be added and therefore the Chair noted that for the time being, the agenda will contain the current standing items.

### **10. DNO Operational Matters**

- 10.1 The Chair asked the DCMDG members if there were any DNO Matters to be raised, there were none.

### **11. Date of Next Meeting**

- 11.1 The next DCMDG meeting will be held on 21 November 2024 via Microsoft Teams / Teleconference.