

Distribution Charging Methodologies Development Group (“DCMDG”) - Meeting 84

20 February 2025 at 10:00 via Microsoft Teams

Attendees	Company
Alexander Pentacost [AP]	Eclipse Power
Andrew Enzor [AE]	Field Energy
Chris Berry [CB]	Inenco
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
Ed Grimsey [EG]	BU UK
Edda Dirks [ED]	SSE Generation
Emma Clark [EC]	SSE
Grant Elder [GE]	SSE
Jen StClair-Hughes [JS]	ESP Utilities Group
Joe Boyle [JB]	SPEN
Kara Burke [KB]	Northern Powergrid
Karl Maryon [KM]	Drax
Lee Stone [LS]	E.ON
Mark Fletcher [MF]	Shell
Matthew Smith [MS]	UK Power Networks
Meg Wong [MW]	Stark Energy
Nik Wills [NW]	Stark Energy
Pamela Howe [PH]	Northern Powergrid
Rustam Ellis-Maijanah [REM]	OVO
Simon Vicary [SV]	EDF
Thomas Holderness [TH]	Ofgem
Tony Collings [TC]	Ecotricity
Victoria Burkett [VB]	SSE Energy Supply
Zviko Chigwedere [ZC]	St Clements
Secretariat	
Richard Colwill [RC] (Chair)	ElectraLink
Craig Booth [CB] (TechSec)	ElectraLink
Apologies	
Andrew Malley	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 was one apology noted for this meeting.
- 1.4 Attendees reviewed the draft minutes from the meeting held on 16 January 2025. A member noted that the attendees list had missed Tony Collings from that meeting.

Action 84/01	Secretariat to update the meeting minutes to add Tony Collings to the list of attendees.
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Post meeting note: the draft minutes have been updated and uploaded to the DCUSA website.

- 1.5 The Chair provided updates on the open actions contained in the actions log which was issued with the meeting papers.
- 1.6 Action 78/01 – The Chair noted that time needed to be arranged for a discussion with Thrive. Action ongoing.
- 1.7 Action 78/02 – The Chair noted this had been withdrawn. Action closed.
- 1.8 Action 82/01 – The Chair noted that this has been completed. Action closed.
- 1.9 Action 82/02 – The Chair noted the link was being added and will be uploaded to the website imminently. Action ongoing.
- 1.10 Action 82/03 – The Chair advised he would take this action offline and check if this was on the Panel horizon scan. Action ongoing.
- 1.11 Action 83/01 – The Chair noted that this item related to the next steps for the residual charges around carbon capture and storage plants. This was completed and shared with AM for further comments. This action is now closed.

2. DCMDG Forward Work Plan and Issues Log

- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log, during which the following points were covered:

DCMDG Issues

- 2.2 DW asked whether the issue raised by OTIS regarding capacity issues is being sent to a subgroup. The Chair stated that the Secretariat will reach out to OTIS to check their availability for a first meeting and that this was likely to be in March once Dylan Townsend, the usual DCMDG Chair, was back from leave.

Charging Related Change Proposals

- 2.3 The Chair noted that DCPs [439 'Backdating Tariff Changes'](#) and [440 'Consuming "De-energised" Sites'](#) had been raised at the Panel by the Authority as being sent back to the Working Group for further work. The Chair explained that the Authority had stated that send back letters would be issued for both CPs soon.
- 2.4 DF asked if there was a reasonable expectation for the timescales for the send-back letters to be issued. The Chair agreed to reach out to Ofgem to request an update on this.

Action 84/02	Chair to reach out to Ofgem for clarification on the timescales for the send-back letters for DCPs 439 and 440.
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Post meeting note: the Secretariat has reached out to Ofgem and will update the DCMDG as soon as possible.

- 2.5 The Chair noted that this would amount to three send backs in recent months, including DCP 437 discussed previously at the DCMDG, which is unusual for DCUSA CPs and that lessons would need to be learnt from these.
- 2.6 The Chair noted that [DCP 450 'Managing the effects of surplus residual charge in the CDCM'](#) ("Common Distribution Charging Methodology") had been approved by the Panel for progression to the definition phase as a Part 1 matter. The Chair noted that meeting invitations and a doodle poll had been issued for this.

DCMDG External Activities

- 2.7 The Chair reviewed the updates discussed at the previous meeting and that the Clean Power 2030 initiative had not yet been added to the spreadsheet.

Action 84/03	Secretariat to update the spreadsheet with information on Clean Power 2030.
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Post meeting note: the Secretariat has updated the Forward Work Plan.

3. Ofgem Update

- 3.1 TH presented the Authority's update on behalf of AM, whose apologies had been noted at the start of the meeting.
- 3.2 TH advised that work around surplus residuals had been prominent on Ofgem's publications pages in recent weeks. TH noted that this was around a series of derogations against the notice period and against the charging methodology to resolve the issue relating to when forward looking charges recover too much revenue within the CDCM resulting in a negative residual which exceeds the model's built-in capability of redressing this. TH noted that Ofgem considered this to be a balanced approach with minimal disruption to the networks and minimal additional costs to non-final demand network users.
- 3.3 TH advised that Ofgem had made progress on its cost recovery workstream and that official communications around this should be expected in the next couple of weeks.
- 3.4 TH advised that Ofgem would be providing an update on the DUoS SCR and its relationship with REMA (the "[review of electricity market arrangements](#)"), and that this update may be issued by the end of March.

- 3.5 TH advised that Ofgem had done some work with the ENA ([“Energy Networks Association”](#)) and some government bodies on the question of connections for generation, storage and strategic sites, and the relationship between connection charging and anticipatory investment.
- 3.6 DW asked for more information on the connections work.
- 3.7 TH explained that some sites have high up-front connection costs due to their location on the network and that some of these are not able to change their location on the network. TH explained this was in part due to where the point of connection is set under the CCCM, where the point of connection is entirely dependant on the local context of the network and the most efficient and lowest capital cost under the minimum scheme. TH stated there is a question around how anticipatory investment is considered. TH explained that interested members could reach out to Brian Hoy at the ENA.
- 3.8 LS noted that, predominantly with HV (“high voltage”) and LV (“low voltage”) sites with a MIC (“maximum import capacity”), that a lot of Suppliers forecasts may be impacted by very low or zero fixed tariffs as this would not have been predicted. LS noted that there may be some cases where non-final demand users may wish to come off that status as the fixed charges may be lower than the non-final demand costs.
- 3.9 LS and TH noted that this should be discussed in more detail in the recently raised DCP 450, as referenced in paragraph 2.6.

4. Application of FCP (“Forward Cost Pricing”) Charges

- 4.1 AE gave an overview of the issue using the slides attached to these minutes as attachment 1.
- 4.2 DW noted, as per the presentation, that NGED doesn’t have a lot in its areas but that it was notable that Scotland had a significantly higher number of them.
- 4.3 DW noted that this may be simple to resolve, by creating a new network group under the EDCM (“Extra High Voltage Distribution Charging Methodology”) with a zero against it, and to then assign all the relevant sites to this. AE noted this.
- 4.4 ED asked how long this issue has existed and why it hadn’t come to light prior to Field raising this.
- 4.5 AE clarified it is an issue created by the EDCM since the creation of the methodology and that it may not have come to light due to the low impact on most users. AE stated that it had come to Field’s attention due to an impact on a specific asset due to the high locational charge.

5. DCP 420

- 5.1 The Secretariat gave an update on [DCP 420 ‘Provide targeted relief from residual charges for electric vehicle charging sites’](#).
- 5.2 The Secretariat explained that following the recent consultation, the DCP 420 Working Group had considered the views of both responding Parties, a generator response and customer responses.
- 5.3 The Secretariat explained that voting Parties favoured options 2, 4 and 5, which:
- 5.3.1 under option 2, would see an exemption created for eligible EV charging sites, similar to backup connections;

- 5.3.2 under option 4, would see a fixed pence per kilowatt adder introduced, charging customers residual based on consumption, similar to the way residual was charged pre-TCR ([“Targeted Charging Review”](#)); or
- 5.3.3 under option 5, would see customers moved one band lower, similar to the [DCP 412 ‘Allocation of banding for TCR Charges for ‘Peak’ Final Demand Customers’](#) solution which is currently out to vote, and would see customers charged their residual under the lower band.
- 5.4 The Secretariat noted that under options 4 and 5, eligible sites would still pay towards their residual charges, whereas under option 2 they would not.
- 5.5 DW noted, as Proposer of DCP 420, that option 4 was his preferred option as it somewhat fixes itself over time, as the more EV charging sites are used, the more residual they will pay.
- 5.6 LS noted that this was similar to UMS.
- 5.7 The Secretariat explained that it was clear from responding customers that they considered speed of implementation to be extremely important and that, as such, the Working Group had agreed:
 - 5.7.1 to progress DCP 420 with options 2 and 5, as these could be progressed more quickly, and that an end date of April 2030 would be added as a sunset clause, reflecting that these options are interim solutions; and
 - 5.7.2 to have a new issue raised at the DCMDG to progress option 4 separately, which if implemented, and assuming DCP 420 had been previously approved, would replace options 2 and 5, as an enduring solution.
- 5.8 The Secretariat noted that although option 4 was noted as the enduring solution, that it too was intended to be a temporary measure and would be subject to some form of a sunset clause.
- 5.9 The Chair explained that when the issue is presented to the next DCMDG, either a Party could agree to take ownership of the CP and raise this or the DCMDG members could vote for the Secretariat to raise this, under new abilities granted under [DCP 417 ‘Ability for the DCUSA Secretariat to Raise Change Proposals’](#).
- 5.10 ED noted that, as a member of the Working Group, there were some strong views from both Working Group members and respondents to the consultation that amendments to the TCR was not the appropriate mechanism to provide support to these network users. The Chair noted, and agreed with, this observation.

6. MHHS (“Market-wide Half-Hourly Settlement”) Update

- 6.1 The Chair noted there were no updates to be shared.

7. AAR (“Annual Allocations Review”) Lessons Learnt Subgroup Update

- 7.1 The Chair asked whether there were any updates on this.
- 7.2 VB noted that Dylan Townsend had circulated some documents for review.

- 7.3 DO expressed concerns around [section 105 of the Utilities Act 2000](#) as network operators were being asked to provide the old LLFC in addition to the new LLFC ID, which is not a requirement in the DCUSA legal text and which may make it impossible for them to comply with due to compliance concerns with the Act. DO explained that these concerns had been raised to the Secretariat in August 2024 and expressed frustration that these had not been addressed. DO explained that a letter had been issued to the DCUSA Panel expressing these concerns, which the Chair acknowledged he had seen.
- 7.4 Various members of the DCMDG debated whether there was a compliance issue and agreed it may be prudent to get legal advice from DCUSA's legal advisors, Gowling LLC.
- 7.5 The Chair explained that he could check whether the Panel felt legal advice was necessary, but cautioned that such advice would only be a legal view and Parties may hold different views.
- 7.6 The Chair noted that, to date, the documents had been sent only for a review.
- 7.7 The Chair agreed to take this offline to consider the best way forward to resolve the issue. VB noted that she would be able to provide more context to the Chair, offline, if this was of assistance.

Action 84/04	Chair to consider how to resolve concerns around compliance in submitting the new and old LLFC IDs.
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8. Any Other Business

- 8.1 The Chair asked if there were any other business to be discussed.
- 8.2 There were no other business raised.

9. Agenda Items for the Next Meeting

- 9.1 The Chair explained that in addition to the standing items and any other issues raised, the agenda for the next meeting would include:
- 9.1.1 discuss 'AAR' concerns and agree how to address these;
 - 9.1.2 provide an update on a CP being raised for the FCP issue raised by Field; and
 - 9.1.3 provide an update on the CP to be raised resulting from the above DCP 420 update and gain agreement on how this will be progressed (and who will raise it).

10. DNO ("Distribution Network Operator") Operational Matters

- 10.1 The Chair asked if there were any DNO Matters to be raised. No matters were raised.

11. Date of Next Meeting

- 11.1 The next DCMDG meeting will be held on 20 March 2025 via Microsoft Teams.

12. Attachments

- 12.1 Attachment 1 – Field's FCP Issues Presentation
- 12.2 Attachment 2 – DCMDG Action Log
- 12.3 Attachment 3 – DCMDG Forward Work Plan