

Distribution Charging Methodologies Development Group (“DCMDG”) - Meeting 87

15 May 2025 at 10:00 via Microsoft Teams

Attendees	Company
Amanda McFarlane [AMc]	Aurora
Andrew Malley [AM]	Ofgem
Ben Godfrey [BG]	National Grid
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]	
Ed Grimsey [EG]	BU UK
Edda Dirks [ED]	SSE Generation
Emma Clark [EC]	SSEN
James Knight [JK]	Centrica
Jen St. Clair-Hughes [JSCH]	ESP
Joe Boyle [JB]	SPEN
Kara Burke [KB]	Northern Powergrid
Karl Maryon [KM]	Drax
Kavya Kavya [KK]	BrookGreenSupply
Kyran Hanks [KH]	Waters Wye
Mark Fletcher [MF]	Shell
Matthew Smith [MS]	UKPN
Meg Wong [MW]	Stark
Monique Pereira [MP]	SSE
Nik Wills [NW]	Stark Energy
Rustam Ellis-Majainah [RE]	OVO
Ryan Farrell [RF]	NPg
Simon Vicary [SV]	EDF
Tony Collings [TC]	Ecotricity
Victoria Burkett [VB]	SSE Energy Supply
Zviko Chigwedere [ZC]	St Clements
Secretariat	
Dylan Townsend [DT]	ElectraLink
Mel Kendal [MK] (TechSec)	ElectraLink
Richard Colwill [RC] (Chair)	ElectraLink
Apologies	
Craig Booth [CB]	ElectraLink
Lee Stone [LS]	E.ON

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 Attendees reviewed the draft minutes from the previous meeting. No comments were made on the accuracy of the minutes.
- 1.4 The Chair provided updates on the open actions contained in the actions log which was issued with the meeting papers.

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 Members discussed issue 9 ‘Application of fixed DUoS charges on a per-MPAN basis’ and the Chair informed that no response has been received yet by Tim Ellingham, however, it is likely to be archived.
- 2.3 The Chair gave an update on issue 13 ‘DCP 420 Option 4 solution development for Electric Vehicle Charging Sites’ and informed the group that the Secretariat has raised this change, and the CP has now been produced. This CP (DCP 454 ‘*Provide enduring targeted relief from residual charges for electric vehicle charging sites*’) will be presented to the DCUSA Panel on 21 May 2025.
- 2.4 The Chair noted that although DCP 420 and DCP 454 will be progressed as separate Working Groups, the ToR has been requested to be used also for DCP 454 as there will be work that cross over both changes (i.e., data gathering).
- 2.5 ED noted that the next Working Group meeting is scheduled for 01 May 2025.

DCMDG External Activities

- 2.6 The Chair noted that there have been no further updates since the last meeting.

3. Ofgem Update

- 3.1 AM gave the following updates:
 - Ofgem are starting to work on the cost-recovery planning, with an expected publication during the Summer.
 - Ofgem are open to feedback and/or any questions regarding the recent send-backs (DCP 437/439/440) and what can be done to avoid this moving forward.
 - Ofgem noted that they are open to any comments/feedback in relation to the recent DUoS SCR publication.

- 3.2 In relation to the recent send-backs, the Chair noted that the key change moving forward is to seek engagement with Ofgem prior to the Change Report to gain a better understanding of potential information that is missing.
- 3.3 ED queried an update in relation to the decision on DCP 412 *'Allocation of banding for TCR Charges for 'Peak' Final Demand Customers'* – AM explained that there are currently overlaps with both DCP 412 and DCP 420 with the current work happening around cost-recovery. AM stated that an update will be provided as soon as possible.
- 3.4 ED queried whether Ofgem could provide some steer in regard to DCP 420 as it will also have overlaps with cost-recovery work that is ongoing (similarly to that of DCP 412), as this could be beneficial in terms of progression – AM noted if something becomes apparent whereby changes are needed, the Working Group will be notified straight away.
- 3.5 In relation to the recent DUoS SCR publication, EC queried whether the call for input will it interact with the 2027/28 tariff setting process later on this year – AM believes this will not as outputs will not be created in time for tariff setting.

4. Connection Boundary between Distribution & Transmission

- 4.1 The Chair invited BG to present a slide deck to the group in relation to the Transmission Boundary Costs Proposal.
- 4.2 BG explained to the group that DNOs are not explicitly funded for all transmission reinforcement linked to Customer Connections, with costs historically assumed to be covered by Customer Contributions. While ESO/NGET recovers reinforcement costs via increased GSP exit charges, this does not apply to all cases.
- 4.3 Where large generation or demand connections trigger transmission reinforcement, the full costs fall on the first mover. This creates several challenges:
- The first mover bears all of the financial risk, as there is no cost socialisation by the DNO.
 - Queue attrition can result in the first mover being left to cover the full cost alone.
 - Requirement for full upfront payment, rather than recovery through exit charges.
- 4.4 BG stated that these factors are creating a barrier to connecting low carbon technologies.
- 4.5 BG informed the group that around 60% of GSPs are connection assets funded by distribution Customers. These assets were excluded from the Targeted Charging Review (TCR) and Significant Code Review (SCR) reviews. They are funded through New Transmission Capacity Charges (NTCC) and Transmission Connection Point Charges (TCPC) mechanisms, supported by existing allowances or an Uncertainty Mechanism. As of June 2024, £440m of NTCC CAPEX has been agreed with ESO and passed on to Customers.
- 4.6 In terms of solution strategy, NGED proposes levelisation of the charging boundary, capacity-based charging, and DSO flexibility markets, allowing DNOs to socialise unapportioned costs via long-term exit charges while aiming for full cost recovery.
- 4.7 CB noted that as more Customers accept contracts for apportioned capacity, Transmission construction agreements will be revised with NESO to remove any residual unapportioned costs.

- 4.8 In terms of solution delivery, NGED proposes adding an additional two rows to the CCCM (Transmission and Transmission/132kV Substation) which all DNOs would need to agree on. It was also suggested that a letter of approval from Ofgem for the proposed changes.
- 4.9 AM confirmed that Ofgem are pleased that this is being discussed and are mindful that this may be a further opportunity to clarify ongoing works. AM is seeing out feedback in relation to the appetite of this change and also feedback around what additional role Ofgem should take on in this.
- 4.10 ED queried the relation between the issue and the TCR/SCR – BG explained that there is a degree of interaction between transmission and distribution networks, and this was not addressed within both the Targeted Charging Review (TCR) and Significant Code Review (SCR) reviews. With this, there is a lack of clarity around the treatment of this interaction. ED suggested including the background of this within the Change Proposal when produced.
- 4.11 ED also queried whether this issue is covered by the second comma provisions – BG stated that this is not covered as it also excludes Transmission.
- 4.12 EC queried what the exit charge calculation in respect of the unapportioned costs will look like and how this will be reflected in the charge book - BG explained that the DNO has the choice of deciding how much of the Transmission reinforcement costs they would like to pay up front and how much would be added to the exit charge. When the user requests an offer from NESO, it would be calculated how many Customers have access to that capacity and much capacity is unallocated. The percentage relating to allocated Customers will go towards capital contributions and the unallocated percentage would go towards exit charges.
- 4.13 Following this, BG agreed to take an action to gather a more detailed explanation internally of what the exit charge calculation would look like, and feedback to the group.

Action 87/01	BG to gather a more detailed explanation internally of what the exit charge calculation would look like, and feedback to the group.
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- 4.14 Following the above discussions, the Secretariat agreed to reach out to BG offline in regard to drafting the Change Proposal.

Action 87/02	Secretariat to reach out to BG offline to discuss drafting the Change Proposal for Connection Boundary between Distribution and Transmission.
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5. Final Review of the Annual Allocation Review (AAR) Template & Guidance

- 5.1 The Chair informed the group that the Annual Allocation Review (AAR) guidance was reissued a week prior to this meeting for a final review. This was also presented on screen.
- 5.2 The Chair reminded the group of the recent changes to the spreadsheet following discussions held at the previous meeting.
- 5.3 Members approved the changes and accepted this as the final version of the AAR Template & Guidance document. The Secretariat noted that they will issue comms to all DNOs/IDNOs to state that this is how the AAR should be treated (by using the template) going forward.

Action 87/03	Secretariat to issue comms to all DNOs/IDNOs to state that this is how the AAR should be treated (by using the template) going forward.
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6. DCP 414 Guidance Update (REC Response)

- 6.1 The Chair informed the group that a meeting has been scheduled in the coming days with REC in regard to the DCP 414 Guidance update.
- 6.2 The Chair noted that a post-meeting update will be provided and included within the minutes as a post-meeting note.

Action 87/04	Secretariat to provide a post-meeting update to the group in regard to the DCP 414 Guidance update (REC response).
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- 6.3 **Post Meeting Note:** A meeting has been scheduled between the Secretariat and REC on 23 May 2025 – an update will be provided to the group in due course.

7. MHHS Update (inc. SIG Update)

- 7.1 The Chair provided the group with the MHHS update that was recently presented at the SIG meeting held on 25 April 2025.
- 7.2 The Chair of the SIG meeting noted that there were issues with the data held within EMDS, whereby DCUSA members were asked to validate the data within the EMDS but there was some confusion as to which data source was to be used to make a comparison against.
- 7.3 SIG members agreed that there should only be one source of data used as this would give industry Parties one version of truth. Following this, an action was taken by the SIG/MHHS Stakeholder Group members to conduct a data comparison between the EMDS and the Swagger and highlight any inconsistencies at the next MHHS Stakeholder Group meeting.
- 7.4 The feedback on the data comparison will be provided at the next SIG meeting (being held on 02 June 2025) with the group then being able to agree on the principles of which data source to use to validate the data within the EMDS.
- 7.5 The Chair noted that a post-meeting update will be provided and included within the minutes as a post-meeting note.

Action 87/05	Secretariat to provide a post-meeting update to the group in regard to the MHHS Update.
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8. Any Other Business

- 8.1 The Chair asked if there were any other business to be discussed.
- 8.2 Re-issue of DCMDG Meeting Invites
- 8.3 The Chair informed the group that the Secretariat is looking to cancel all of the current scheduled DCMDG meeting invites and replace them with new meeting invites (the original dates/times will remain unchanged) due to technical issues on the Secretariats end with access to the recordings.

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:
- Connection Boundary between Distribution and Transmission
 - DCP 414 Guidance Update
 - MHHS Update
 - Site-Specific Shared Network Asset Categories

10. DNO (“Distribution Network Operator”) Operational Matters

- 10.1 The Chair asked if there were any DNO Matters to be raised. One DNO matter was raised by CB:
- 10.2 Site-Specific Shared Network Asset Categories
- 10.3 CB presented a query to the group in relation to site-specific shared network asset categories and how it is defined currently within the EDCM legal text. A slide deck was presented on screen and this can be found as **Attachment 2**.
- 10.4 CB stated that as per DCUSA, under the EDCM: A Connectee’s notional site-specific shared network asset value is the value of network assets that are deemed to be used by that Connectee, other than sole use assets.
- 10.5 DCUSA defines five network levels – the category code defines which levels are used beyond the SUA, which assets are paid for, and through which tariff element.
- 10.6 CB informed the group that this query concerns an issue of categorisation of an EDCM connection where there is some ambiguity within the legal text and provided the group with an example of this ambiguity.
- 10.7 Customers are categorised into various categories, and CB noted that the example provided provides a level of ambiguity as depending on interpretation, either category (for example Category 1100/11010) might fit this case.
- 10.8 CB would like to understand what best practice looks like when this type of scenario occurs. Following this query, the Secretariat agreed to add this as an item to further discuss at the next DCMDG meeting (88) being held on 19 June 2025.

11. Date of Next Meeting

- 11.1 The next DCMDG meeting will be held on 19 June 2025 at 10am via Microsoft Teams.

12. Attachments

- 12.1 Attachment 1 – DCMDG Action Log & Forward Work Plan
- 12.2 Attachment 2 – Site-Specific Shared Network Asset Categories Slide Deck