

DCP 450 Working Group Meeting 03

06 June 2025 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Chris Barker [CBa]	ENWL
Chris Ong [CO]	UKPN
Ed Grimsey [EG]	BUUK
Edda Dirks [ED]	SSE
Emma Clark [EC]	SSE
Georgia Preece [GP]	NPg
James Harvey [JH]	Ofgem
Joe Boyle [JB]	SPEN
Kara Burke [KB]	NPg
Nik Wills [NW]	Stark
Seun Adedapo [SA]	National Grid
Simon Vicary [SV]	EDF
Code Administrator	
Craig Booth [CB]	Chair
Richard Colwill [RC]	Secretariat

1. Administration

- 1.1 The Working Group reviewed the “Competition Law Guidance”. All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.
- 1.2 The Working Group reviewed the previous meeting minutes and agreed them to be an accurate reflection of the discussions held.
- 1.3 An action log has been created, and all updates are provided in **Appendix A**.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of this meeting was to host a Q&A session with CEPA/TNEI and determine next steps.

3. CEPA/TNEI Q&A

- 3.1 OBH (a CEPA representative) attended this meeting and used a slide presentation, attached to these minutes as attachment 1, to explain how the scaling of the DRM asset costs would impact upon the model and other charges. The notable learnings captured were:
 - that it is not possible to specify the order in which tariffs are impacted by the scaling, as it depends on the headroom that is available in the fixes and unit rate charges for each customer category, with those closest to zero being impacted first;
 - that scaling the DRM results in the scaling of the forward-looking charges;
 - that increasing forward-looking charges would mean there is less need for residual charges, which could result in negative residual charges, and vice-versa;
 - that some customers are being charged perfectly with no residual, raising the question of whether this is an error, and which was clarified as being intentional;
 - that gross asset costs influence the allocation of service model costs to fixed charges;
 - that some customer categories are assigned specific assets used only by them, which incur operational and maintenance costs, but for which exact OpEx (“operating expenditure”) for these assets isn't clear;
 - that a standard OpEx rate is calculated by dividing total OpEx by total notional asset values, which is then applied to service model asset values, and, as a result, changing the gross asset costs affects the OpEx rate, which in turn impacts all customers, including those who don't pay a residual charge; and
 - that tweaking actual costs for the purpose of tweaking notional costs would introduce distortions and should therefore not be done.
- 3.2 The Working Group discussed that, outside of the ongoing DUoS SCR (“Significant Code Review”), it would not be feasible to develop solutions that amend or unwind elements of the TCR in a more

significant manner and agreed, through a majority vote, that the current solution will be progressed and will use scaling values. It was agreed that the Proposer would raise the question of other potential solutions at the June 2025 meeting of the Distribution Charging Methodologies Development Group (“DCMDG”), for discussion with industry colleagues and Ofgem representatives.

- 3.3 The Working Group also considered whether it was feasible to perform an impact assessment of the impacts on customers’ charges of using the scaling approach. It was discussed that without scaling the DRM asset values, the model did not produce a full suite of valid charges that could be compared against and, as such, it would therefore not be feasible to perform an impact assessment (i.e., due to comparing invalid results to valid results.) If any alternative solutions were to be developed by the Working Group, an impact assessment between the solutions could be performed (i.e., comparing one solution, which results in a valid suite of charges, against another solution, which also results in a valid suite of charges.)

4. Draft Consultation Document

- 4.1 Following the above decision, it was agreed to progress to consultation based on the original solution laid out in the Change Proposal. The Secretariat took an action to produce a first draft and circulate to the Working Group for review.

ACTION 03/01: The Secretariat to produce a draft consultation and circulate to the Working Group for review.

5. Agenda Items for Next Meeting

- 5.1 The Working Group discussed the next steps, and the following items were captured:

- Review consultation responses
- Determine next steps

6. Any Other Business

- 6.1 The Chair asked the group whether there were any other items of business to discuss.
- 6.2 There were no other items raised.

7. Date of Next Meeting – TBC

- 7.1 The next Working Group meeting is currently TBC - a doodle poll will be issued in due course.

ACTION 03/02: The Secretariat to issue a doodle poll for the next Working Group meeting.

8. Attachments

- Attachment 1 - Understanding DUoS Charge Movements 2026 to 2027

New and Open Actions

Action Ref.	Action	Owner	Update
03/01	The Secretariat to produce a draft consultation and circulate to the Working Group for review.	Secretariat	New Action
03/02	The Secretariat to issue a doodle poll for the next Working Group meeting.	Secretariat	New Action

Closed Actions

Action Ref.			Update
01/02	CO to check internally whether it will be possible to share an example to help illustrate the solution.	CO	Closed. <i>It was noted that this is confidential to the Working Group only and will not be published on the DCUSA website or within the Consultation.</i>
01/01	CO to expand on Section 4 of the Change Proposal to explain why the current mechanism is not working. This wording to be included in the Consultation.	CO	Closed
02/01	ED to draft wording in relation to the increase of fixed charges issue to be sent to CEPA/TNEI for further information.	ED	Closed

DCUSA

02/02	The Secretariat to contact CEPA/TNEI to request further information around the existing underlying methodology and potentially attend the next Working Group meeting.	Secretariat	Closed
02/03	The Secretariat to produce a ToR for CEPA/TNEI which clarifies what the Working Group are looking to achieve from their attendance at the next meeting.	Secretariat	Closed
02/04	The Secretariat to request permission from the DCUSA Panel to share the recent CEPA/TNEI documentation regarding the models with the Working Group.	Secretariat	Closed
02/05	The Secretariat to issue a doodle poll for the next Working Group meeting.	Secretariat	Closed