

## DCP 450 Working Group Meeting 04

17 July 2025 at 13:00 - Web-Conference

Attendee	Company
<b>Working Group Members</b>	
Chris Ong [CO]	UKPN
Edda Dirks [ED]	SSE
Georgia Preece [GP]	NPg
Joe Boyle [JB]	SPEN
Kara Burke [KB]	NPg
Monique Periera [MP]	Indigo
Nik Wills [NW]	Stark
Seun Adedapo [SA]	National Grid
Tom Holderness [TH]	Ofgem
<b>Code Administrator</b>	
Mel Kendal [MK] (Secretariat)	ElectraLink
Richard Colwill [RC] (Chair)	ElectraLink
<b>Apologies</b>	
Craig Booth [CB]	ElectraLink
Hannah Proffitt [HP]	ElectraLink

## 1. Administration

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- 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

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- 2.1 The Chair explained that the purpose of this meeting is to review the collated Consultation responses and draft legal text, and agree next steps within the Working Group.

## 3. Review Consultation Responses

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- 3.1 The Chair presented the DCP 450 Collated Consultation Responses document to the Working Group for review – this can be found as **Attachment 1**.
- 3.2 Prior to reviewing the responses, a query was raised in regard to one of the respondents’ comments being marked as confidential. Members queried whether this was intentional as their comments did not appear to have confidential information within them – a representative of the respondent’s company on the call confirmed that this was not intentional and is happy for their responses to be updated to reflect ‘non-confidential’.
- 3.3 Following this, the Secretariat agreed to update the collated Consultation document post-meeting and re-circulate to the Working Group.

**ACTION 04/01: The Secretariat to update the collated Consultation document to update the confidential responses to non-confidential.**

- 3.4 The key points can be found below:
- 3.5 **Q1**
- 3.6 The Chair informed the group that all 9 respondents understood the intent of the CP.
- 3.7 **Q2**
- 3.8 The Chair informed the group that 7 respondents stated that they are supportive of the principle of the CP.
- 3.9 One respondent stated that they are not supportive of the CP due to this change being an interim solution and not addressing the root cause of the problem. The Working Group acknowledge that this CP is an interim solution, however, noted that the sooner the DUoS SCR solution is developed, the better this will be for a long-term solution. The Working Group stated that this will need to be acknowledged within the Change Report.

- 3.10 Another respondent stated that they are not supportive of this CP due to a number of reasons, Firstly, a concern was raised around the possibility of not being able to perform a comparable Impact Assessment on Customers charges using the proposed approach. Members discussed this and agreed that there is not an alternative model to use to compare the 'before' and 'after' approaches as the Distribution Reinforcement Model (DRM) produces erroneous outputs (making comparisons invalid).
- 3.11 CO reiterated the limited intent of the CP – to avoid the need for future derogations until a longer-term solution is developed. It was noted that trying to develop a longer-term solution at this point would likely be rejected for duplicating the DUoS SCR work.
- 3.12 In regard to the concerns raised within this response, one member considered the risk of implementing a solution where the potential impacts are unknown could introduce unintended consequences to other areas of DUoS charging. It was also noted that this CP could act as a long-term solution by default depending on the time it takes to develop a DUoS SCR solution.
- 3.13 One member queried whether the use of Quarterly Projected Tariffs could be used as a comparable 'before/after' model. CO confirmed that Schedule 15 projections only update allowed revenues and incentives, and do not revise full asset cost calculations (therefore cannot be used for comparisons).
- 3.14 CO explained that only a large increase in allowed revenue might remove a negative residual, but quarterly publications would not show this unless the full model is reworked. Asset costs are only updated during the annual final charges' publication (typically in December) and not during quarterly projections. CO reiterated to the group that quarterly publications should be treated as indicative only and are not definitive forecasts of charges.
- 3.15 Following the above discussions, members agreed that quarterly projections are not a reliable form of assessing the impacts of this CP.
- 3.16 The Working Group noted the above concerns and acknowledged again that this is an interim solution and that there is an interaction with the DUoS SCR. Overall, the group reiterated that the longer-term DUoS SCR solution will be most suitable, however it was agreed that an interim solution is better than no solution.
- 3.17 **Q3**
- 3.18 The Chair informed the group that 7 out of 9 respondents agree that the proposal better facilitates the DCUSA Charging Objectives.
- 3.19 One respondent simply responded that they did not believe this, and another respondent agreed that this CP would have a positive impact on Charging Objectives 1 and 6, but not 2 (risk of unfair tariffs) or 3 (not clear to us that the proposed solution results in charges which reflect the costs incurred).
- 3.20 The Secretariat agreed to summarise the views within a table to include in the draft Change Report.

**ACTION 04/02: The Secretariat to summarise the respondent's views in relation to whether the CP is supportive of the DCUSA Charging Objectives within a table and include within the draft Change Report.**

- 3.21 **Q4**

- 3.22 The Chair informed the Working Group that whilst the majority of the respondent's were not aware of any wider industry develops that may be impacted by this CP, there were a number of comments made for the Working Group to be aware of.
- 3.23 The main theme of the feedback provided is that this short-term solution can only go so far and reiterated that the best solution will come from the development of the DUoS SCR solution.
- 3.24 The Working Group also agreed that it may be beneficial to summarise any recommendations that members/industry may want to put forward within the draft Change Report. The Secretariat agreed to take this as an action.

**ACTION 04/03: The Secretariat to summarise and include any Working Group/Industry provided recommendations within the draft Change Report.**

- 3.25 Q5
- 3.26 The Chair informed the group that 7 out of 9 respondents agree that they are supportive of the proposal to implement this CP by 01 April 2027.
- 3.27 One respondent did not agree as they do not agree with the principles of this CP overall. Another respondent stated that they understand the swift implementation timeline for this CP, however they would like to see the proposed solution to be time limited. It was discussed and agreed by the WG that having a specific date included in the legal text would likely result in the need for a further change to be raised to extend any date set now, if the DUoS SCR, or any resulting change had not delivered an enduring solution. As a result, it was agreed that it would be more appropriate to include reference to this change only taking effect until such time that a further change as a result of the DUoS SCR had been implemented. The chair agreed to raise this with the DCUSA legal advisors for their suggested approach to deliver this within the legal text.
- 3.28 The Working Group noted the comments provided.
- 3.29 Q6
- 3.30 The Chair informed the group that 7 out of 9 respondents did not have any further feedback in relation to the draft legal text.
- 3.31 One respondent suggested that following a review of the draft legal text, they believe that the addition to the legal text as drafted should not be as Clause 25A, but should in fact be 94B (as this is the part of the methodology that relates to the residual calculation – following this, the Working Group reviewed this suggestion for the draft legal text in the section below.
- 3.32 Another respondent queried why this change was raised solely for the CDCM and not the EDCM – CO stated that the CDCM was the only area that they saw an impact with. CO explained that another DNO (if impacted) could raise another CP for the EDCM if they are impacted and wish to do so.
- 3.33 After further discussion, the Working Group suggested that the Secretariat reach out to both NGED and SSEN to seek further clarity around whether the wish to raise a separate change for the EDCM. CO noted that if they are seeking to do so, it will not be concluded before the charges are set this December.

**ACTION 04/04: The Secretariat to reach out to NGED and SSEN to seek further clarity around whether the wish to raise a separate change for the EDCM.**

## 4. Review Draft Legal Text

- 4.1 The Chair presented the DCP 450 draft legal text to the Working Group for review – this can be found as **Attachment 2**.
- 4.2 The key points can be found below:
- 4.3 One respondent suggested that following a review of the draft legal text, they believe that the addition to the legal text as drafted should not be as Clause 25A but should in fact be 94B (as this is the part of the methodology that relates to the residual calculation).
- 4.4 CO explained the reasons for the movement of the additional wording to the Working Group, and members agreed that this makes more sense. The Secretariat updated the Clause from 25A to 94B (and included 94/94A for context) live on screen.
- 4.5 After further discussion, the Working Group agreed for the Secretariat to draft the Change Report and aim to present this to the August DCUSA Panel meeting (submission by 13 August 2025).

**ACTION 04/05: The Secretariat to produce a draft Change Report ready to present to the August DCUSA Panel meeting (submission by 13 August 2025).**

- 4.6 The Secretariat agreed to send the draft legal text to Gowling for further legal review (in relation to the movement of the additional wording and the inclusion of a potential timeframe) today, in hopes that this will come back prior to the next Working Group meeting being held on 29 July 2025.

**ACTION 04/06: The Secretariat to send the draft legal text to Gowling for further review (in relation to both the movement of the additional wording and the inclusion of a potential timeframe) post-meeting.**

## 5. Agenda Items for Next Meeting

- 5.1 The Working Group discussed the next steps, and the following items were captured:
  - The Secretariat to produce the draft Change Report ready for submission to the DCUSA Panel by 13 August 2025.
  - The Secretariat to reach out to both NGED and SSEN to seek whether they wish to raise a new CP in relation to the EDCM.
  - The Secretariat to seek further legal review on the DCP 450 draft legal text and feedback to the group.

## 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 – 29 July 2025

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7.1 The next Working Group meeting will be held on 29 July 2025 at 10am.

## 8. Attachments

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- Attachment 1 – DCP 450 Collated Consultation Responses\_WG Comments
- Attachment 2 – DCP 450 Draft Legal Text\_250717
- Attachment 3 – DCP 450 Work Plan

## New and Open Actions

Action Ref.	Action	Owner	Update
04/01	The Secretariat to update the collated Consultation document to update the confidential responses to non-confidential.	Secretariat	<b>New Action.</b>
04/02	The Secretariat to summarise the respondent's views in relation to whether the CP is supportive of the DCUSA Charging Objectives within a table and include within the draft Change Report.	Secretariat	<b>New Action.</b>
04/03	The Secretariat to summarise and include any Working Group/Industry provided recommendations within the draft Change Report.	Secretariat	<b>New Action.</b>
04/04	The Secretariat to reach out to NGED and SSEN to seek further clarity around whether the wish to raise a separate change for the EDCM.	Secretariat	<b>New Action.</b>
04/05	The Secretariat to produce a draft Change Report ready to present to the August DCUSA Panel meeting (submission by 13 August 2025).	Secretariat	<b>New Action.</b>
04/06	The Secretariat to send the draft legal text to Gowling for further review (in relation to both the movement of the additional wording and the inclusion of a potential timeframe) post-meeting.	Secretariat	<b>New Action.</b>

## Closed Actions

# DCUSA

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