

Distribution Charging Methodologies Development Group (“DCMDG”) - Meeting 91

18 September 2025 at 10:00 via Microsoft Teams

Attendees	Company
Ahna Taylor [AT]	SSE
Amanda McFarlane [AMF]	Aurora
Andrew Malley [AM]	Ofgem
Charles Mott [CM]	SSE
Chris Barker [CB]	ENWL
Chris Berry [CB]	Sustainable Energy First
Chris Ong [CO]	UKPN
Dave Wornell [DW]	National Grid Electricity Distribution
David Fewings [DF]	Sustainable Energy First
Diandra Orodan [DO]	BUUK
Dimuthu Wijetunga [DW]	Shell Energy
Donald Preston [DP]	SSEN
Donna Jamieson [DJ]	IDCSL
Ed Grimsey [EG]	BUUK
Edda Dirks [ED]	SSE Generation
Emma Robinson [ER]	E.ON
Ephie Chalakateva [EC]	National Grid
Hakan Feridun [HF]	Energunite
Hannah Penfold [HP]	ESPUG
Itunu Akin-Olawale [IA]	ENWL
John Harmer [JH]	Waters Wye
Kara Burke [KB]	Northern Powergrid
Karl Maryon [KM]	Drax
Laura Waldron [LW]	Engie
Lee Stone [LS]	E.ON
Lorna Murray [LM]	SPEN
Mark Fletcher [MF]	Shell
Matthew Smith [MS]	UKPN
Monique Pereira [MP]	Indigo Networks
Nik Wills [NW]	Stark Energy
Rebecca Chiverton [RC]	ESPUG
Rustam Ellis-Majainah [REM]	OVO
Ryan Farrell [RF]	NPg
Ryan Ward [RW]	Scottish Power
Seun Adedapo [SA]	NGED
Tony Collings [TC]	Ecotricity
Secretariat	
Craig Booth [CB]	ElectraLink
Mel Kendal [MK] (Secretariat)	ElectraLink
Richard Colwill [RC] (Chair)	ElectraLink
Apologies	
Emma Clark [EC]	SSE

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.

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:

- 2.1.1 Action 90/01 – The Chair confirmed that the DCMDG Terms of Reference have been updated. This action was closed. One member suggested that the SIG ToR should also be updated to reflect the same (i.e., items that may be presented at the DCMDG) – the group agreed to this, and the Secretariat agreed to take an action to complete this.

Action 91/01	Secretariat to update the SIG Terms of Reference around discussions that should be considered for presentation at the DCMDG instead of/in addition to the SIG.
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- 2.1.2 Action 90/02 – The Chair confirmed that a draft version will be discussed during the meeting for further comments. This action was closed.
- 2.1.3 Action 90/03 - The Chair confirmed that a reminder for the doodle poll deadline of the subgroup has been issued, and invitations will be circulated shortly. This action was closed.
- 2.1.4 Action 90/04 - The Chair confirmed that this has now been removed from the agenda, but reassured members that any related items can be discussed during AOB and can also be re-added to the agenda if needed. This action was closed.
- 2.1.5 Action 90/06 - The Secretariat confirmed that the aim is to present the new CP to the October Panel for approval to progress to a Working Group. This action was closed.

DCMDG Issues

- 2.2 The Chair explained there were no DCMDG issues currently open.
- 2.3 The Chair suggested adding a new tab to the spreadsheet that will include updates on any current subgroups for members to review during each meeting – the group agreed that this would be beneficial, and the Secretariat agreed to take an action to include this.

Action 91/02	Secretariat to include a new tab on the DCMDG Issues Log + Forward Work Plan that will provide members with current subgroup updates.
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3. Ofgem Update

- 3.1 AM confirmed that the decisions for both [DCP 437 'To Shorten the DUoS Pricing Notice Periods'](#) and [DCP 439 'Backdating Tariff Changes'](#) are currently being made. Ofgem are awaiting additional legal advice in regard to [DCP 446 'Emergency Disconnections'](#) which has led to a slight delay in the decision of this change, but more information will be provided at a later date.
- 3.2 Ofgem are currently looking at the links between a number of TCR related changes (i.e., [DCP 412 'Allocation of banding for TCR Charges for 'Peak' Final Demand Customers'](#), [DCP 420 'Provide targeted relief from residual charges for electric vehicle charging sites'](#) and [DCP 454 'Provide enduring targeted relief from residual charges for electric vehicle charging sites'](#)) and how they link to the cost review.
- 3.3 AM informed the group that Ofgem delivered a presentation at the DCUSA Stakeholder Engagement Day, providing what their priorities currently are over the coming months (particularly around the SCR). AM stated that an expanded version of this presentation will also be delivered at the DCUSA Strategy Day being held on 14 October 2025. AM suggested potentially providing DCMDG members with an update to provide an overview of what was discussed.
- 3.4 Following the above, AM informed the group that Ofgem have thought about the Governments recent decision on how electricity market design impacts DUoS (reformed national pricing option going forward).
- 3.5 Following the Governments decision, AM confirmed that Ofgem have provided an open follow-up letter. Ofgem are keen to hear views from industry on how the Government Announcement, and the Transmission Team's response to this, should be thought about from a Distributors perspective moving forward.
- 3.6 AM invited industry members to provide feedback around their vision for how IDNOs and complex sites will contribute to the objectives that the Government has set out.
- 3.7 DW reiterated AMs earlier update regarding how changes such as DCP 412, DCP 420 and DCP 454, link to the cost review; DW asked AM what this means for the mentioned CPs – AM confirmed that Ofgem does need to make a decision as to whether these CPs move forward as stand-alone issues or the CPs are added into the cost review. Whichever the decision may be, AM confirmed that a view on these CPs will be provided as soon as possible.
- 3.8 CO queried the timeframe of the decisions to be made for both DCP 437 and 439 – AM confirmed that both decisions will be made very soon. DCP 446 may take slightly longer due to seeking legal advice, however, an updated decision date will be issued to the next DCUSA Panel meeting.
- 3.9 In regard to [DCP 450 'Managing the effects of surplus residual charge in the CDCM'](#), CO also queried whether there will be processes in place whether this CP is rejected, or a decision has not been made yet, within the next month. AM confirmed that in this instance, Ofgem are discussing potentially going ahead with derogations for the ongoing issue. AM will discuss internally to seek when the expected decision date on this CP will be and update the group.

Action 91/03	Ofgem (AM) to update the group on when the expected decision date for DCP 450 will be.
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- 3.10 DW asked AM whether Ofgem can provide an updated timeline around RIIO-ED3 during the next DCMDG meeting – AM confirmed that they can invite a colleague to the next meeting who will be able to provide this update.

Action 91/04	Ofgem to provide an updated timeline around RIIO-ED3 to the next DCMDG meeting.
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4. The Application of the 2026 TCR Banding Thresholds when Applying the Exceptional Circumstances Process

- 4.1 Following an action taken at the previous DCMDG meeting to review the guidance note drafted by the Secretariat, RF presented a response paper for the Working Group to further discuss.
- 4.2 RF gave an example to the group and asked ‘if a Customer was allocated today, are DNOs looking at the ED3, or just the current allocation?’ – DW confirmed that yes, the ED3 as well as their current allocation. LM explained that although they do not currently look at ED3, they are mindful that customers could reallocate to another band, with the aim to complete a ‘wash-up’ task early next year to see which sites have been re-banded. It was agreed that this was a similar process, just using a different time frame. CO confirmed that they will be completing a similar task as LM.
- 4.3 After further discussion, it was agreed for the Secretariat to issue out the response document (being presented on screen) to DCMDG members for a final review. If no further feedback is provided, it was agreed that the Secretariat can then issue out the guidance document to wider industry.

Action 91/05	Secretariat to circulate the response document (ED3 Price Control) to DCMDG members for final review/additional feedback.
Action 91/06	Secretariat to issue the ED3 Price Control Guidance document to wider industry.

- 4.4 LM did suggest that when issuing the document to wider industry, it may be worth noting that some DNOs do this in tandem, and others will carry out a ‘wash-up’ task as they both achieve the same objective.

5. Schedule 32 Exceptional Circumstances

- 5.1 HF shared a presentation on ‘revisiting Schedule 32: Residual Charging Bands’ to DCMDG members for further discussion.
- 5.2 HF explained that due to rising Residual charges, applicable Customers will want to reduce their agreed MIC with their DNO/IDNO based on their historical HH data usage; however, existing Commercial Codes are preventing the supplies to move to lower Residual Bands after lower MIC levels are agreed.
- 5.3 HF suggested the below amendments (Section 6.2, suggestion to remove the yellow highlight):
- “Where a Customer or its Registrant applies to the DNO/IDNO Party to have a Final Demand Site reallocated as described in Paragraph 6.1(b), such application must be accompanied by:
 - a) for Paragraph 6.1(b)(i), a signed Connection Agreement for the Final Demand Site, and a signed letter from the Customer’s company director (or equivalent) confirming exceptional and significant changes to the use of the site; or ...”

- 5.4 In regard to Section 6.3, it currently states that ...“the Maximum Import Capacity at the Final Demand Site must have either increased or decreased by more than 50 percent...”. HF suggested that the percentage threshold seems particularly high to be deemed as a significant difference, and asks DCMDG what percentage ‘significant difference’ should be classed as.
- 5.5 HF provided the group with a number of examples as to what the implications would be if there is no change. If the Customer reduces their agreed MIC, the proposed changes will result in all supplies being charged fairly the same based on their latest agreed MIC. If the Customer does not change their agreed MIC, the proposed changes would encourage Customers to reduce their agreed MIC where suitable.
- 5.6 The key benefits of this change can be found below:
- Customers are charged more fairly for DUoS & TNUoS.
 - Available capacity (not in use by Customers) reallocated to those who need.
 - Clearer Residual charges which are easier to administer.
- 5.7 The Chair informed the group that DF has also provided a paper that supports the above proposal to lower the 50% materiality threshold. This was shared live on screen for members to review.
- 5.8 DF informed the group that by lowering the threshold, this frees up significant network capacity for DNOs and helps towards achieving Net Zero by reducing the amount of reinforcement required. DF also mentioned that when a site is taken over with new ownership, their capacity should be reassessed so they are not tied to the previous capacity.
- 5.9 LS stated that the direction did not mention that the materiality threshold had to be set at 50%, only that it should be set at a level that does not allow for gaming. It also states that change of ownership should be considered within the rounds.
- 5.10 CB suggested it can appear as gameable in terms of change of ownership for a commercial site. CB also suggested it would make sense to look at the transmission side at the same time.
- 5.11 It was agreed that the Secretariat would update Ofgem on the above discussions as AM had to provide his apologies for this section of the meeting.

Action 91/07	Secretariat to reach out to Ofgem to discuss the suggested TCR changes and update the group on potential next steps.
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- 5.12 CB stated that if the materiality threshold percentage is lowered, there may be more weight to put on the asymmetry of the arrangement.
- 5.13 DW queried if the need for the letter is removed, does that mean that every time that the P22 data is changes (which happens on a regular basis), does this mean that Customers will have to be re-banded each quarter?
- 5.14 As there was a lot of discussions around this proposal, TC suggested that it may be beneficial for HF to raise this issue as a formal DCUSA Change Proposal as this would be better suited for the current discussions/debates being held. The Chair explained that a DCUSA Party would need to raise this as a CP. LS suggested that it may be best to seek Ofgem’s views on this potential change prior to formally raising a new CP (the Secretariat has already agreed to take an action to seek Ofgem’s views).

- 5.15 The Chair suggested that, following getting feedback from Ofgem, a subgroup would be best to be formed, to further discuss the potential changes proposed and to identify a willing Party to raise the new Change Proposal.

6. Any Other Business

Digitalisation Subgroup

- 6.1 The Chair reminded the group that there has been a subgroup created in relation to the digitalisation update (provided by FA at the previous meeting) which will include the collation of charging statements, if members would like to join.
- 6.2 Members asked if the meeting poll for the subgroup could be recirculated – the Secretariat agreed to take an action to recirculate this to enable more members to join.

Action 91/08	Secretariat to recirculate the digitalisation subgroup meeting poll.
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Negative Residual Query

- 6.3 AT had a query in regard to negative residual and continuing negative residual for final charge settings; if derogations are required to set the final prices, how are DNOs calculating their prices shown within their illustrative charges table within their quarterly updates?
- 6.4 CO explained that there have been ongoing issues with negative residuals and LPN every year. For the quarterly updates, they take the previously published CDCM model and change the financial inputs (a continuation of what was used to calculate the previous final charges). The updates are a forecast of what is believed to happen as a baseline.

7. Agenda Items for the Next Meeting

- 7.1 The Chair explained that there we no specific items for the agenda, however the progress of the actions would be assessed and a draft agenda produced with these in mind.

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

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

9. Date of Next Meeting

- 9.1 The next DCMDG meeting will be held on 16 October 2025 via Microsoft Teams.

10. Attachments

- 10.1 Attachment 1 – DCMDG Action Log & Forward Work Plan