

Distribution Charging Methodologies Development Group (DCMDG) Terms of Reference

1. Scope

- 1.1 The Distribution Charging Methodologies Development Group (“DCMDG”), which is defined under Schedule 28 of the Distribution Connection and Use of System Agreement (“DCUSA”), allows industry stakeholders to raise, discuss and propose solutions to issues related to the electricity Distribution Use of System (“DUoS”) charging methodologies as set out in the DCUSA. Licensed Distribution Network Operators (“LDNOs”) are required by licence to set their DUoS charges using these methodologies. The DCMDG will act as a forum for any Party or interested person to discuss or present on an issue which relates to or impacts upon the Use of System Charging Methodologies
- 1.2 The DCMDG will act under the auspices of the DCUSA Panel (“the Panel”) but will have no powers to enforce changes to the DCUSA or any existing industry agreements or associated systems.
- 1.3 Where discussions or agenda items relate to the processes associated with charging and billing, but are not directly related to the charging methodologies, these discussions will be recorded in the minutes of the meeting and referred to the Standing Issues Group (“SIG”) for further discussion.

2. Objectives

- 2.1 The objectives of the DCMDG shall be to:
 - Meet periodically with any person whose interests are materially affected by one or more of the Use of System Charging Methodologies;
 - Review issues relating to the Use of System Charging Methodologies that are submitted to it by the Panel or by way of DCMDG Issue Forms;
 - Discard issues as requiring no further action or to develop and propose cost/risk-based solutions to issues;
 - Identify the impact of such solutions on the DCUSA;
 - Consider such solutions in the light of the Charging Objectives;
 - Carry out a pre-assessment of issues and provide the Panel with an early view as to the potential impact of Change Proposals that may be proposed from time to time;
 - Review, on behalf of the Panel, industry developments and their possible impact on the DCUSA;

- Consult outside the DCMDG where appropriate;
- Carry out any other activity requested by the Panel;
- Carry out discussion and assessment of any other matter relating to the Use of System Charging Methodologies which an attendee of a DCMDG meeting believes is appropriate;
- Facilitate discussion relating to the implementation of the Use of System Charging Methodologies; and
- Allow full discussion on subjects which are of relevance and interest to those attending the DCMDG.

- 2.2 The objectives set out in these Terms of Reference are pursuant to those set out in Schedule 28 of the DCUSA. Should the objectives set out in these Terms of Reference differ then those objectives set out in Schedule 28 of the DCUSA shall prevail.
- 2.3 For the avoidance of doubt, the DCMDG will not consider the impact of existing and proposed charges on individual users, nor will the forum cover specific contractual matters or issues related to the DCUSA, as these will be dealt with through the relevant governance structures.
- 2.4 Subject to the above limitations, interested persons may raise issues with the Secretariat for inclusion on the agenda.

3. Stakeholder Membership

- 3.1 Attendance at the of the DCMDG is intended for the following:
- Chair;
 - Technical Secretary;
 - DCUSA Parties;
 - Ofgem and HMG representation;
 - Representatives of electricity consumers; and
 - Other industry stakeholders.
- 3.2 The Secretariat, in conjunction with the Chair, reserves the right to prioritise attendance of a DCMDG meeting in the event of oversubscription to that meeting by limiting attendance to one representative per organisation.
- 3.3 This structure aims to ensure an effective and manageable forum is maintained.

4. Appointment of the Chair

- 4.1 The Chair of the DCMDG will be appointed by the DCUSA Panel for a period of 12 months.
- 4.2 In the event that the Chair is unable to attend an individual meeting, the Secretariat acting on behalf of the DCUSA Panel will provide an alternate Chair.

5. Role of the Chair

- 5.1 The Chair's role will be to chair meetings, facilitate discussions and seek to establish a proposed way forward.
- 5.2 The Chair also has a role in the formation of sub-groups (see Section 9 below).

6. Secretariat

- 6.1 The DCMDG will be supported by the Secretariat, who shall be responsible for:
- Booking, convening and circulating notice of meetings;
 - Logging DCMDG Issue Forms and validating them for completeness;
 - Circulating the agenda for each meeting of the DCMDG at least ten days in advance of the meeting (or as far in advance as reasonably practicable in the case of emergency meetings);
 - Writing minutes of the meeting in a style and level of detail specified by the Chair;
 - Circulating minutes of the meeting no later than ten Working Days following the meeting;
 - Publishing all meeting papers and minutes on the website; and
 - Providing a report to the Panel from each meeting as appropriate, giving a summary of key issues and progress being made, and including the task list or work plan for the DCMDG.
- 6.2 Section 6 of these Terms of Reference is pursuant to Section 7 in Schedule 28 of the DCUSA. Should Section 6 of these Terms of Reference differ then Section 7 set out in Schedule 28 of the DCUSA shall prevail.
- 6.3 The Secretariat will record the audio and video of discussions held during DCMDG meetings. The recording will be used solely for the purpose of aiding the Secretariat in the production of an accurate record of the meeting. The Secretariat will retain the recording for no longer than 60 days after a meeting is held, after which it is automatically deleted.

7. Meeting Frequency

- 7.1 The DCMDG will schedule meetings on a monthly basis. The convening of any additional meetings of the group will be on an as required basis depending on the number of issues on the table and the urgency for the resolution of them.

- 7.2 The Chair may convene an emergency meeting of the DCMDG where necessary, for the purpose of debating urgent operational issues and, where appropriate, developing Change Proposals to overcome these.
- 7.3 The Chair will be required to give a minimum of five days' notice of any such emergency meeting. Where practical and expedient, emergency meetings of the DCMDG may be conducted wholly, or partly, by conference call.
- 7.4 The Chair will be entitled to cancel any scheduled meetings of the DCMDG if, having consideration to the views of the group, they consider there are insufficient items of importance for debate at the meeting to warrant holding it.
- 7.5 Reasonable endeavours should be taken to provide teleconference facilities for all meetings and include the ability for both in person and remote attendees to view presentations.
- 7.6 Paragraphs 7.1 – 7.4 of these Terms of Reference are pursuant to Section 6 in Schedule 28 of the DCUSA. Should Paragraphs 7.1 – 7.4 of these Terms of Reference differ then Section 6 set out in Schedule 28 of the DCUSA shall prevail.

8. Quoracy

- 8.1 In addition to the Chair and Secretariat, a minimum of five attendees, of which at least two must be representing distinct DCUSA Parties, is required to achieve quoracy.

9. DCMDG sub-groups

- 9.1 From time to time, the DCMDG may establish sub-groups either on a single-issue basis or to review a group of similar issues or larger subject area. The Chair of the DCMDG will seek approval from the Panel in respect of the establishment of a sub-group.
- 9.2 The Chair will facilitate the establishment and composition of any subgroups formulated as necessary to develop and assess specific issues. The Chair will be responsible for ensuring there is an adequate work plan to ensure processes are timely and efficient. The DCMDG Chair will appoint the Chair of each DCMDG sub-group.
- 9.3 The convening of a meeting of any such sub-group will be on an as required basis depending on the number of issues on the table and the urgency for resolution.
- 9.4 The role of each DCMDG sub-group will be to complete a more detailed review of the issue in question and propose suitable solutions to the DCMDG to review.
- 9.5 The DCMDG sub-groups shall at all times operate in accordance with Sections 1-3 of this document which are deemed to form the Terms of Reference for such sub-groups.

10. Pre-Change Proposal Process

10.1 To support the effective delivery of Schedule 28, Section 2, Objective (f) “carry out a pre-assessment of issues and provide the Panel with an early view as to the potential impact of Change Proposals that may be proposed from time to time”, it is recommended that Proposers adopt the following process prior to the submission of a formal Change Proposal:

- Firstly, consider whether the proposed draft Change Proposal is sufficiently defined to be shared and discussed with the DCMDG or whether it may be better suited to be raised as an Issue in the first instance.
- Prepare a draft Change Proposal that can be shared in advance of a DCMDG meeting.
- In preparing the draft Change Proposal, the Proposer should have reviewed existing DCUSA Change Proposals that are in progress and also the wider landscape in terms of the work of Ofgem’s Charging Futures Forum and Task Forces that may be addressing the subject matter at hand. The review is to avoid any duplication or wasted effort on the part of the Proposer, the DCMDG and DCUSA. Proposers are also encouraged to refer to Ofgem’s Charging Futures Coordination Guidance¹.
- In preparing the draft Change Proposal, the Proposer should have reviewed which sections of the DCUSA Legal Text may be impacted.
- The Proposer should be prepared to present in person or via teleconference, the rationale behind their draft Change Proposal at the DCMDG and receive constructive feedback in the spirit of a ‘critical friend’ audience.
- Based upon the feedback received at the DCMDG, the Change Proposal will either be regarded as suitable for submission via the DCUSA Change Process or it may be that further work is required by the Proposer prior to submission.

11. Forward Work Plan

11.1 To support the production of a forward work plan as referenced in Schedule 28, DCMDG, Section 7 – Secretariat, clause (g) “providing a report to the Panel from each meeting as appropriate, giving a summary of key issues and progress being made, and including the task list or work plan for the DCMDG”, the Secretariat will compile and manage a listing of all current issues and tasks that the DCMDG are undertaking. In parallel with this the Secretariat will compile and manage a listing of all current (and to be implemented) charging related Change Proposals as well as listing of other ongoing or future developments that may impact Charging and thus be of interest to the DCMDG.

¹ http://chargingfutures.com/media/1080/charging-futures-coordination-guidance-nov-17.pdf?utm_source=Charging+Futures+-+electricity+transmission+and+distribution+network+users&utm_campaign=c96e89a82c-CHARGING_FUTURES_2017_10_27&utm_medium=email&utm_term=0_f46a3d5be7-c96e89a82c-57610145&mc_cid=c96e89a82c&mc_eid=12dee955f1

12. Decision Making

- 12.1 Recommended solutions to issues may be agreed at DCMDG meetings. The recommendations may include, but are not limited to, changes to the DCUSA and best practice guidance to Parties.
- 12.2 Recommendations are to be agreed by majority consensus of those attending the relevant DCMDG meeting.
- 12.3 Section 10 of these Terms of Reference is pursuant to Section 9 in Schedule 28 of the DCUSA. Should Section 10 of these Terms of Reference differ then Section 9 set out in Schedule 28 of the DCUSA shall prevail.

13. Reporting

- 13.1 The DCMDG reports directly to the Panel via the Secretariat in conjunction with the Chair. A report will be provided to the Panel from each meeting, as appropriate, giving a summary of key issues and progress being made and including the task list or work plan for the group.
- 13.2 The DCMDG Chair will ensure that a report on the activities of each DCMDG sub-group is given at each meeting of the DCMDG.

14. Funding

- 14.1 The Panel will be responsible for the costs of Secretariat services and ancillary charges such as meeting and teleconferencing charges.
- 14.2 Any additional expenses for the DCMDG and its sub-groups must be authorised beforehand by the Panel.
- 14.3 DCUSA Ltd will be responsible for the costs of administering the DCMDG and its sub-groups including any additional authorised expenses.
- 14.4 The expenses of members of and attendees at the DCMDG shall be the responsibility of each such member or attendee.

15. Governance

- 15.1 Save as set out in these Terms of Reference, procedures of the DCMDG shall be in accordance with any recommendation made by the DCMDG.
- 15.2 All attendees of the DCMDG and its sub-groups must comply with their legal obligations at all times, in particular duties of confidentiality under statute and industry agreements, and the obligations arising from the Competition Act 1998, especially where actions could lead to the prevention, restriction or distortion of competition, or constitute an abuse of dominant position as constructed within the Act.

- 15.3 The DCMDG Chair may request legal advice or guidance via the Panel. The Secretariat will communicate such advice or guidance to the DCMDG. All attendees must comply with such advice or guidance when taking part in the activities of the DCMDG or any sub-group.

Conduct and Communications

- 15.4 DCMDG members shall conduct themselves in a professional and respectful manner during the course of the DCMDG; this applies to DCMDG meetings and all associated correspondence between DCMDG members and with the DCUSA Panel.
- 15.5 DCMDG members shall not record any audio or video of the meetings they attend and will refrain from using automated note taking software which utilises Artificial Intelligence (“AI”) to transcribe the discussions that take place during DCMDG meetings. By attending a DCMDG meeting, DCMDG members are taken to have accepted that the Secretariat will record the meeting in accordance with the provisions set out in Paragraph 6.3 above.

16. Publication of DCMDG Materials

- 16.1 The DCMDG will be designated a page on the DCUSA website.
- 16.2 The website will be the main source for notification of meetings; publication of each meeting’s minutes; and storage for presentations and papers. These papers will also be emailed to the DCMDG mailing list. The area of the website used will not require any specific login access.
- 16.3 The draft agenda should be published on the website at least ten Working Days in advance of the meeting (or as far in advance as reasonably practical in the case of emergency meetings).
- 16.4 Meeting papers and presentations should be published on the website at least five Working Days in advance of the meeting. Late papers should be avoided but should be added to the website as soon as practically possible.
- 16.5 DCMDG draft minutes should be published and circulated no later than ten Working Days following a DCMDG meeting.

17. Relationship to the Charging Futures Forum

- 17.1 On 09 November 2017, Ofgem announced the launch of the Charging Futures Forum (“CFF”) – see information at: <https://www.ofgem.gov.uk/decision/charging-futures-forum>. The CFF has the aim of bringing together the various ongoing and emerging electricity network charging reviews into a joined-up work programme.
- 17.2 The DCMDG will continue to provide a regular opportunity for industry to present and discuss DCUSA Charging Methodology issues. If DCMDG members wish to raise an issue that may fall under the broader remit of the CFF, they should contact the CFF lead secretariat at chargingfutures@neso.energy. This is so issues can be prioritised and co-ordinated with other electricity network charging initiatives (across transmission and distribution).