

## Distribution Charging Methodologies Development Group (“DCMDG”) - Meeting 95

15 January 2026 at 10:00 via Microsoft Teams

Attendees	Company
Adam McNae [AMN]	Brook Green Supply
Alex Walmsley [AW]	Ofgem
Amanda McFarlane [AMF]	Aurora
Amy Tyler [AT]	Smartest Energy
Ahna Taylor [AT]	SSE
Andrew Malley [AM]	Ofgem
Chris Barker [CB]	ENWL
Chris Berry [CB]	SE First
Chris Ong [CO]	UKPN
Dave Wornell [DW]	National Grid Electricity Distribution
David Fewings [DF]	Sustainable Energy First
Diandra Orodan [DO]	BUUK
Donna Jamieson [DJ]	IDCSL
Ed Grimsey [EG]	BU-UK
Edda Dirks [ED]	SSE Generation
Emma Clark [EC]	SSE
Emma Robinson [ER]	E.ON
Ephie Chalakateva [EC]	National Grid
Itunu Akin-Olawale [IAO]	SP ENW
James Knight [JK]	Centrica
John Harmer [JH]	Waters Wye
Karl Maryon [KM]	Drax
Lorna Murray [LM]	Scottish Power
Mallory Hogan [MH]	Eclipse Power
Nadir Hafeez [NH]	Ofgem
Rachel Lilley [RL]	ESP
Rustam Ellis-Majainah [REM]	OVO
Ryan Farrell [RF]	NPg
Seema Singtalur [SS]	Shell
Seun Adedapo [SA]	NGED
Tony Collings [TC]	Ecotricity
Zviko Baxter [ZB]	St Clements
<b>Secretariat</b>	
Mel Kendal [MK] (Secretariat)	ElectraLink
Richard Colwill [RC] (Chair)	ElectraLink
<b>Apologies</b>	
Craig Booth [CB]	ElectraLink
Victoria Burkett [VB]	E.ON Next

## 1. Administration

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### Recording

- 1.1 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.

### Competition Law Guidance

- 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.

### Draft Minutes

- 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

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- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log, during which the following points were covered:
- 2.2 Action 93/01 – The Secretariat considered whether it was appropriate to put the boundaries into the guidance document, noting that they are subject to change for each price control period and that there is a high likelihood that the guidance document becomes out of date and then contains incorrect information. It was concluded that this should not be included, in the interests of accuracy.
- 2.3 In relation to Action 93/01, JH stated that the purpose of the band boundaries was because they were going to change and a date should be included (clear of how the banding works when the example was prepared). ED supported this by suggesting that the examples, without the information about the boundaries, are not sufficiently clear. Both JH and ED suggest this is reconsidered.
- 2.4 Following the above discussion, the Secretariat agreed to include the band boundaries within the examples, however, with a clear caveat that informs the reader that these are accurate as of the date the examples were created. The action has been updated to reflect this.
- 2.5 Action 93/02 – The document has been updated on the DCUSA website, the link to which will be provided in the minutes of meeting 95. This action is now closed.
  - <https://dcusa-cdn-1.s3.eu-west-2.amazonaws.com/wp-content/uploads/2025/11/07135714/The-Application-of-the-2026-TCR-Banding-Thresholds-When-Appling-the-Exceptional-Circumstances-Process-1.pdf>
- 2.6 Action 93/03 – The Secretariat issued a second follow-up email. The Chair proposes to close this action, as two chasers have been sent. In the event that Zenobe responds, this will be circulated to the DCMDG or discussing in a future meeting. This action is now closed.
- 2.7 Action 04/01 - The document has been updated on the DCUSA website, the link to which will be provided in the minutes of meeting 95 (please see link provided above). This action is now closed.

## DCMDG Live Subgroups

- 2.8 Subgroup 02 ['Annual Allocation Review and Exceptional Circumstances for Future Electricity Transmission Price Control'](#)
- No further updates were provided since the previous DCMDG meeting.
- 2.9 Subgroup 03 ['Site Specific Shared Network Asset Categories'](#)
- No further updates were provided since the previous DCMDG meeting, however, and RFI is currently being developed.
- 2.10 Subgroup 04 ['Schedule 32 – Exceptional Circumstances'](#)
- This subgroup has been closed due to CP (DCP 466 ['Tariff Band to Follow Capacity'](#)) being raised.

## DCMDG Issues

- 2.11 The Chair explained there were two new DCMDG issues currently open.
- [Provide Targeted Relief from Residual Charges for Electric Bus Depots](#)
- 2.12 The Chair confirmed that the Secretariat has reached out to Zenobe to seek any further updates and will update the group once a response has been received.
- [Application of Part 4 of Schedule 16 \(DCP414\) where Supplier is Non-Compliant with Clause 19.15](#)
- 2.13 The Chair informed the group that this has been discussed at the Standing Issues Group (SIG) and the DCP 458 ['Amend DCP 414 process'](#) is currently out to vote, which will if approved, will address these issues.
- 2.14 No further updates were provided since the previous DCMDG meeting.

## 3. Ofgem Update

- 3.1 AM informed the group that a number of derogations have now been published on the website.
- 3.2 SSEN requested a derogation to avoid a fixed daily credit being paid on some sites. NGED (East Midlands) requested a derogation as they could not produce a full set of tariffs for West Midlands and wanted to avoid a possible fixed daily credit.
- 3.3 AM provided the group with the links to the derogations below:
- <https://www.ofgem.gov.uk/decision/managing-effects-surplus-residual-charges-derogation-requests-and-directions>
- 3.4 AM stated that the work carried out under DCP 450 ['Managing the effects of surplus residual charge in the CDCM'](#) has clarified the process for the CDCM, but there is not an established one for the EDCM, and therefore Ofgem are still relying on Derogations as and when requested.
- 3.5 AM stated that due to this, tariffs in those areas will not be expected to be published until the end of February 2026.
- 3.6 DO asked for confirmation that there is not yet a derogation published for DNOs – AM confirmed this is correct, however, suggested that this probably needs to be done within the next couple of weeks.

- 3.7 ED queried whether a volunteer could be found to raise a new mod could be raised in relation to DCP 450 [‘Managing the effects of surplus residual charge in the CDCM’](#) that addresses the excess of residual issue for the EDCM. DW supported this and stated that this has been an issue for SSE for a number of years now and requested that setting up a Working Group to further discuss this. The Chair agreed to discuss this as an AOB item.
- 3.8 AM informed the group that DCP 446 [‘Emergency Disconnections’](#) is likely to be sent back with the aim of making a decision within the next 4 weeks.
- 3.9 The group noted the Ofgem update.

## 4. Query 1 – LLFC Updates without Charging Statements being Updated

- 4.1 The Chair provided an overview of Query 1 below:
- 4.2 AW informed the group that they are increasingly encountering issues whereby DNOs are updating LLFCs without the relevant charging statements being updated, resulting in them being unsure of what the banding is for these new LLFs, and therefore unable to price/bill Customers.
- 4.3 To date, AW confirmed that they have been experiencing this issue with two Network Operators.
- 4.4 AW asked the group whether they can advise what steps the DNO should be taking to ensure the relevant charging statements are available at the point a new LLFC is added and what can be done to prevent this from reoccurring.
- 4.5 DW stated that they have a finite number of LFCs which are then published on MDD. AW explained that the problem is the reissue of the schedule of charges that has not been happening in a timely manner between distributors.
- 4.6 CO stated that from a DNO perspective, they only have 1 LFC for HV band one (only 5 LFCs across bands).
- 4.7 RF suggested that providing examples of this happening may be beneficial to understanding the issue better,
- 4.8 A number of DNOs were confused around this issue, with DW confirming that they do not create new LFCs.
- 4.9 AW queried whether there is currently any governance and/or processes around how far back the re-banding can be triggered from – RF explained that the majority of flows get sent after it happens, however processes such as annual reviews can be backdated to a maximum of 14 months.
- 4.10 JK supported this and stated that some of the LLFs are not included in the capacity invoices. JK note that there is not enough room within the column for the band which could be a DURABILL issue. DW requested that JK raise this with the DUoS team offline.
- 4.11 After further discussion, AW agreed to gather additional evidence/examples of this issue and also reach out to the individual parties that this may be coming from and update the group at the next meeting for further discussion.

Action 95/01	AW to gather further evidence/examples of the LLFC update issue and reach out to the individual Parties they are coming from and update the group at the next meeting.
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## 5. Query 2 – Timescales for LLF Updated linked to April 2026 Band Changes to be Communicated to Suppliers

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- 5.1 The Chair provided an overview of Query 2 below:
- 5.2 A query stated that they are looking to clarify how the LLF updates linked to the April 2026 TCR band charges will be communicated to Suppliers. Their understanding is that when an MPAN moves between TCR bands (e.g., a shift from Band 1 to Band 2 for an LV Site Specific), this shows up as an LLF/DUoS Tariff ID change.
- 5.3 Historically, those LLF changes have come through in D0171 flows. To help them prepare for their billing systems (especially C2M) for the April 2026 updates, they are asking for answers to the below:
- *Whether the LLF updates for the April band changes will be sent via D0171 flows.*
  - *When Suppliers should expect to start receiving them.*
  - *Whether there are any changes to the format or timing we should be aware of.*
- 5.4 RF and CO confirmed that comms have already been sent letting Suppliers know when to expect this. These comms would have gone to all Suppliers and Contract Managers, and this was sent in June 2024.
- 5.5 CO stated that their intentions was to find their definitive list, divide them into 20k limit per day, per region starting in April.
- 5.6 RF suggested further clarification is needed as to whether this will affect market wide half hourly (unsure of the impacts)

## 6. Query 3 – Clarification on how MPANs Associated with Domestic Premises but Serving Communal or Landlord Areas should be Treated for the Purposes of Industry Charges

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- 6.1 The Chair provided an overview of Query 3 below:
- 6.2 The request was for clarification on how MPANs associated with domestic premises but serving communal or landlord areas ('landlord supply' sites) should be treated for the purposes of industry charges. Guidance has been requested on the following:
- *How should landlord supply MPANs be categorised for charging purposes and what factors determine this classification.*
  - *How should this be reflected in profile classes and LLFs/DUoS Tariff IDs.*
  - *How the classification should be considered when assessing eligibility for things such as the RO discount, WHD/ECO, or SVT price cap treatment.*
  - *Whether DCUSA intends to provide, or is able to provide, any Supplier guidance to ensure a consistent approach across DNO areas.*
- 6.3 CO stated that Suppliers had to set a domestic premise indicator against each MPAN (Suppliers responsibility). Therefore, if a Supplier believes a premise is domestic, they can set the indicator to 'true' and they will receive domestic charges.

## 7. Any Other Business

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- 7.1 The Chair asked if there were any other items of business to discuss.
- 7.2 DNO Allowed Revenues
- 7.3 CO informed the group that there is an issue with the allowed revenue that DNOs use for 2028/29, which will be the first year of ED3. Historically, there has not been a PCFM when going across price controls as this only came in with ED2.
- 7.4 As a result, they were able to either use the last year of the previous price control as the revenue to use for the last year of the previous price control as the revenue to use for the first year of the new price control, as they do not have that confirmed until approximately 4 months before it comes in to effect (November/December 2027).
- 7.5 This will be before they receive the 2028/29 allowed revenue, but the licence changes for ED2 states that they have to use the PCFM (will not be received until later in the year).
- 7.6 CO has discussed this internally and have suggested that a derogation could be requested against the licence to allow DNOs to use the last year of ED2. CO also noted that this may be a discussion for outside of this group but wanted to see if there was any interest in members participating in a separate group to further discuss this issue.
- 7.7 DW showed support and interest in joining a separate group to discuss this in order to avoid the volatility that is currently being seen. DW suggested waiting until the allowed revenue is known before setting charges.
- 7.8 RF also confirmed that a separate group for these discussions is sensible.
- 7.9 CO agreed to progress this further offline.
- 7.10 Notice Periods
- 7.11 CO informed the group that the notice period is currently set for 15 months. DCP 437 '[To Shorten the DUoS Pricing Notice Periods](#)' was rejected, which was aiming to reduce the notice period to 14 months.
- 7.12 CO noted that Ofgem have encouraged industry to consider whether there is an appropriate timescale that notice periods are aligned across different codes.
- 7.13 Following this, CO informed the group that a new CP has been raised and will be presented to the DCUSA Panel on 21 January. This CP looks to do a cross-code review of notice periods. It proposes to go back to indicative charges, and these would go out at the end of June. This would also result in final charges being issued after the PCFM.
- 7.14 REM suggested that from a domestic Supply point of view, a risk premium may have to be put in, leading to an increase in Customer prices. The current 15-month notice period provides a level of certainty and reduces the risk premium. REM also suggested being aware of the advance notice on the Ofgem default tariff cap is for domestic Customers as it could get tricky if the aim is to publish rates after the deadline as the price cap will not know how to set rates for the next year.
- Risk premium increasing Customers prices



- 7.15 The Chair agreed to present this discussion at the next Cross Code Steering Group meeting as if approved at the Panel, this would require other codes to also raise similar changes.

Action 95/02	The Chair to present the discussion around the new Notice Period CP raised by UKPN at the next Cross Code Steering Group.
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- 7.16 AT queried whether this is to align final charges and/or draft tariffs. AT also suggested that an appetite for an increased final charge notice period for both TNUoS and DUoS would be more widely accepted across DNOs and Suppliers. CO reiterated that the CP allows for various options but confirmed that the CP states that they will all be set on the same forecasts. CO understands that there may be an increased risk premium, but this would also address the volatility that has been seen with ED2.
- 7.17 AT raised a concern that the notice period may be reduced but volatility may still be seen.
- 7.18 DW suggested discussing within the CP Working Group what the volatility would have been if the notice period had been 3 months for set charges. CO confirmed that this analysis had been done, and the movement would not have been extreme.
- 7.19 AM confirmed that Ofgem would be interested in hearing views on interactions of notice periods and forecasts, with the predictability of the models, as DUoS SCR will give an opportunity to consider those views.
- 7.20 TCR and P222 Data Issue
- 7.21 SA raised an issue with TCR and P222 data and provided an overview to the group.
- 7.22 SA stated that a Final Demand Site has been allocated to a Non-Domestic Aggregated or CT Band 3 (effective 01 April 2026) based on the P222 data that was a default EAC at the time of assessment. They were recently informed by the Supplier that the estimation arose due to the Smart Meter not successfully pulling reads during part of the assessment period.
- 7.23 Subsequently, actual metered data has become available following resolution of the metering issue.
- 7.24 SA confirmed they have analysed the data for the Customer looking at P222 data from August 2020 and this Customer was only in Band 3 for the period around the assessment times and all the Band 3 were default EACs. For all other EACs, this Customer would be in Band 1 and these EACs were not default.
- 7.25 Therefore, the Customer is in the wrong band for its usage which would be picked up in the one-time annual review, but as we know is an issue now and would end up overcharging the Customer up until the annual review.
- 7.26 SA queried whether other DNOs would change it now and whether there is any provision in DCUSA to allow us to do so.
- 7.27 RF stated that a site that is allocated based on a default atomically fall into the annual review. In the annual review, if there is an actual, it will be reallocated based on the actual. The only other option outside of this, would be to have evidence that proves the default as incorrect.
- 7.28 DW supported RF by stating that if the supported EAC is <50% of the default EAC at the last allocation, then they would look to reallocate.

7.29 LM queried whether the Customer has proactively asked for this as the DNOs would usually wait for this request – SA confirmed that the Customer of the Supplier requested this.

## 7.30 Measurement Class G Volume Data

7.31 SA queried whether ElectraLink could make the measurement Class G volume data available that covers at least the last two months so that they can run ED3 banding for sites that were not processed in the original banding exercise.

7.32 CO stated that ElectraLink usually issues data around the Summer time (minus EAC/MIC).

7.33 DW confirmed that this would be helpful as new Customers who have previously not been banded within the last 12 months can now be banded if this data is available. DW suggested that the data runs to the end of January 2026.

7.34 Following the above, the Chair agreed to take an action to follow this up and have this data circulated.

Action 95/03	The Chair to follow-up the Measurement Class G data for the last 12 months (up to the end of January 2026) and circulate to industry.
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## 7.35 FCP Methodology

7.36 SA stated that the methodology did not produce prices for East Midlands and resulted in negative residual for West Midlands and suggested that a subgroup is set up to further discuss this.

7.37 CO noted support for a subgroup but also suggested a simple CP to formalise the process.

7.38 DW stated that the Charge 1s are going very high which then increased the capacity charge. The residual then becomes negative. The models did not solve and therefore could not produce any charges.

7.39 EC confirmed a preference for an initial subgroup to discuss this topic further prior to raising a CP. Other members agreed with this approach.

7.40 Following the above discussion, the Chair agreed to take an action to set-up a subgroup to further discuss the FCP methodology.

Action 95/04	The Chair to set-up a subgroup to further discuss the FCP methodology.
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## 7.41 Smart Meter Licence Costs

7.42 AT queried how the proportion of Smart Meter licence costs that is paid via the DNOs was going to be put through to charges for 2027/28 and whether all of the DNOs are aligned – RF explained that this was discussed with both Ofgem and ENA and DNOs collectively decided to include it within their 2027/28 costs in the PCFM that was used for across the board, so the uplift has now gone from 6% to 40%.

7.43 No other items were raised.

## 8. Agenda Items for the Next Meeting

8.1 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.



## 9. DNO (“Distribution Network Operator”) Operational Matters

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

## 10. Date of Next Meeting

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10.1 The next DCMDG meeting will be held on 19 February 2026 via Microsoft Teams.

## 11. Attachments

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11.1 Attachment 1 – DCMDG Action Log & Forward Work Plan