

DCUSA DCP325 Cost Information Review Pack Presentations 01

26 March 2026 at 14:00 - Web-Conference

Attendee	Company
Working Group Members	
Kara Burke [KB]	NPg
Rob Scott [RS]	BrytEnergy
Sally-Ann Young [SAY]	SSE
Leon Stafford [LS]	UKPN
Emma Robinson [EM]	Eon
Thomas Glen [GT]	SPEN
Lauren Roy [LR]	SPEN
Charles Mott [CM]	SSE
Dave Wornell [DW]	NGED
Stuart Ford [SF]	Holborn Energy
Chirs Baker [CB]	SP ENW
Ed Grimsey [EG]	BU-UK
Christos Papaevangelou [CP]	NGED
John Harmer [JH]	Waterswye
Louise Bunny [LB]	NPg
Meredith Bradley [MB]	YU Energy
Ahna Taylor [AT]	SSE
Ana Clara Zaneti [ACZ]	EDF
Stephen Millar [SM]	SPEN

Code Administrator	
Andy Green [AG] (Chair)	ElectraLink

1. Administration

Recording

- 1.1 The Chair noted that the meeting is being recorded. The purpose of this recording is purely to aid the Technical Secretariat in producing an accurate report of the meeting.

Competition Law Guidance and Terms of Reference

- 1.2 The Working Group agreed to be bound by the Competition Law Guidance for the duration of the meeting.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of the meeting to review the Schedule 20 CIRP review packs which is a requirement that was introduced by [DCP 325](#), which removed the responsibility for the hosting of the webinar from the ENA to the DCUSA.
- 2.2 It was also highlighted that the timeline for the 2027 webinars would also be reviewed to see how best to handle any derogations that may delay the date that some DNOs publish their CIRPS.

3. Review the timing of the first webinar of 2027 and onwards

- 3.1 The Chair explained that due a some DNOs being granted derogations for the publication of their final tariffs, this has meant that this webinar has taken place later than initially intended.
- 3.2 The Chair explained that derogations were something that the DCP 325 Working Group hadn't discussed and as such, an agreement was needed as to how to best approach the webinar post the publication of final tariffs for 2027.
- 3.3 A DNO member stated that it would probably be best to host the webinar 3 weeks after the initial date of the publication of final tariffs for 2027 (as originally intended) and if some DNOs had derogations, these could then be reviewed with a later webinar, once the final publication of tariffs had been completed by these DNOs.
- 3.4 There was no dissent to this suggestion so the chair agreed that in 2027, the initial webinar will go ahead as planned and then separate sweep up sessions would take place for the DNOs with derogations in line with their publications.

4. Review of presentations

- 4.1 The Chair moved on to the presentations. These can be found within Attachment 1DCUSA CIRP 01.

NPg

- 4.2 KB advised that there weren't many changes compared to the November submission and started with passthrough.
- 4.3 KB advised that there were some updates for smart meter communication licence costs and that this was aligning to the proposed increase in the share of DCC costs that DNOS pick up. It was noted that changed from 6% to 40%.
- 4.4 This is the main cause for the large increase seen from 2027/2028 onwards. This equated to £4 million in the Northeast and £10.6 million in Yorkshire.
- 4.5 KB also advised that they did have some offsetting costs in business rates for prescribed rates in 2027/2028, so that offset the smart meter licence cost a little bit.
- 4.6 In terms of incentives KB advised there was a change in forecast of interruptions, which was driven by the latest business expectations for the 2025/2026 as well as a change in forecast in DSO incentives as well, so this has been reflected in the forecasts moving forwards.
- 4.7 In terms of other revenue terms there were some changes to fast money as well and depreciation that had been updated to align to the December PCFM.
- 4.8 In terms of indexation the August HM treasury had been used.
- 4.9 AT asked if all DNOs were obligated to use the Autem OBR forecast for final charge setting, KB advised yes and this is proscribed in the licence.
- 4.10 AT also queried the change/decrease in the NPg forecast to indexation verses other DNOs and asked if this was due to previous charge setting, as different forecasts can be used by DNOs.
- 4.11 KB advised this was correct and that DNOs can use different inflation figures other than for autumn charge setting. As such what DNOs use for forecasts for indexation in some periods (other than the autumn charge setting) may differ between DNOs.
- 4.12 KB advised there were some small changes for recovered revenue driven by the November invoices which meant some expectation changes moving forwards.
- 4.13 All the above changes had an impact on over and under recovery and that concluded the NPg presentation.
- 4.14 KB did highlight that this publication didn't cover anything for the debt recovery scheme, but this could have an impact on future publications.

NGED

- 4.15 DW informed the group that their highlights since the last publication were below
 - Return– Increase on Nov 25 Submission (1.2m for NGED 2027/28)

- Prescribed Rates – Large reduction on Nov 25 Submission (-16.8m)
- Smart Meter Com License costs – Large increase on Nov submission due to how DCC costs are going recovered. (DNO share moving from 6% to 40%) (59.1m)
- Tax Allowance- Increase on Nov 25 Submission (3.3m)
- Correction Term- Large decrease Due to allowed revenue changes and change in revenue forecast (-19.4m)
- Inflation- Increase following the Nov OBR forecast (9.1m)
- Total Changes for NGED show an increase of 36.2m

4.16 DW advised the above was in nominal pricing. DW also advised the group that the CIRP template has been created so that suppliers and other uses can update certain fields/values, meaning if someone wanted to test the impact of a particular change i.e. a change in inflation, the template allows this to happen.

4.17 In terms of the year-on-year price change for 26/27, the main contributing factors were below

- Increase in business rates for 2026/27 carry through and 2027/28 (~22% of the increase)
- DCC costs due to DNOs paying a larger proportion (~17%)
- Inflation increases in 2026/27 carry through and 2027/28 (~33%)
- Under recovery in prior years suppressing allowed income in 2026/27 (~20%)
- Change in 25/26 Allowed revenue Carrying through (~6%)
- Higher ODI forecasts (~6%)
- Others (~-2%)

4.18 There were no questions on the NGED presentation.

UKPN

4.19 LS advised that the data is based on the CDCM published in Dec-25 and PCFM published as part of Iteration 3 submitted to Ofgem in Dec-25. All inputs remain the same as the published CDCM models in Dec-25.

4.20 LS advised that since the November publication, allowed revenues had reduced over the forecast period by £72m. This was predominately driven by the reduction of passthrough cost as well as a reduction to inflation, offset by an increase in the WAK (weather adjustments).

4.21 The main reduction in 2026/2027 was the reduction of business rates which was offset by DCC costs.

- 4.22 It was noted that for the November submission an internal inflation value was used however, this publication uses the OBR forecast, as per licence.
- 4.23 LS also highlighted that for 2028/2029 and 2030 there is no information for ED3 currently, so they have taken the last year of ED2 2027/2028 calculated revenue and adjusting for inflation.
- 4.24 LS advised that they have produced a slide that shares a comparison of revenue collected between their November publication and this CIRP so parties could see the changes since the last publication.
- 4.25 LS also advised there was an appendix for specific DNOs and whilst he wasn't planning on going through this during the call, if anyone had any questions, they were welcome to contact him.

SSE

- 4.26 CM advised there were a few changes since the last publication in November, mainly driven by the fact the figures in November being based on the previous PCFM.
- 4.27 CM also advised that the inflation figure was updated to use the OBR figure.
- 4.28 CM noted that there had been changes to fast money driven by the below.
 - 2024/25 – 2027/28 have been updated to match the latest published PCFMs
 - There has been movement across the Actual and Allowed Allocations for Fast Pot 1 and 2
 - Later years are matching 27/28 with exception of the Load Related Capex for both Fast Pots
- 4.29 For depreciation there had been some small movement driven by RIIO-2 depreciation.
- 4.30 Some small movement in returns driven primarily due to movement in RAVs.
- 4.31 For passthrough the prescribed rates and DCC costs have driven the movement.
- 4.32 There were also changes driven by the movement of connection dates and inflation.
- 4.33 For incentives, the majority of the change were driven by the interruption's incentive scheme.
- 4.34 For fall out revenue figures and nominal pricing changes were driven by the below.
 - Calculated Revenue changes are summation of previous slides
 - The Correction Term changes are due to movements in AR and Inflation
 - Legacy Allowed Revenue set to a 0 value for ED3 years
- 4.35 AT ask if the change of 6% to 40% for the DCC costs had been confirmed or not?
- 4.36 KB advised that it hadn't confirmed yet so it could change. The assumption was that confirmation of the change in costs would be known sometime in Q3 of 2026.

SP ENW

- 4.37 CB highlighted that their pack presents the nominal movements from the November publication.

- 4.38 CB advised that all their figures are expressed in nominal terms and so may include movements due to both inflation changes and underlying movements.
- 4.39 Figures for 2028/2029 onwards based on prior year and are speculative at this point in time while the ED3 price control remains unfinalised.
- 4.40 CB advised that the big change was the same as mentioned by the previous DNOs, the DCC costs in passthrough.
- 4.41 CB further mentioned that this is when the forecast data in these packs is especially uncertain, because DNOs are still finalising their business plans for the upcoming price control period, and they are waiting for complete information about the new price control and how it will function.
- 4.42 There were no questions asked on the SP ENW presentation.

SPEN

- 4.43 LR advised that from the last submission in November 2025, expected revenues have increased by a total of £44.9m, compounded throughout the years across SP Distribution and SP Manweb,
- 4.44 It was highlighted that similarly to other DNOs, they'd updated the forecast inflation for the cost tables using the October 2025 OBR value, which was also used to set their tariffs for 2027/2028.
- 4.45 LR advised that slide 3 of their presentation shows a breakdown of the £44.9m being compounded through the years. Similarly to other DNOs the main drivers were updated business rates and also the smart DCC costs moving again as mentioned previously from the 6 to the 40%.
- 4.46 The above results in an increase in revenue in 2027/2028. It was also highlighted that for the correction factor, tariffs were already set for 2026 and 2027. The changes of these years drive a negative change to the correction term which will be included in the 2027/2028 tariffs.

5. Any Other Business

- 5.1 AT had a question in terms of the uncertainty over the 2028/2029 price setting with the new price controls and asked what approach will be used DNOs for the CIRP until the period of uncertainty has passed?
- 5.2 Specifically, AT asked what the plan was to manage the uncertainty and what values/figures DNOs will be using in their future packs i.e. will numbers be held, are all DNOs following the same approach etc.
- 5.3 DW advised that the timeline is that draft business plans are to be done in July 2026 and then finalised in December 2026. This meant it was unlikely they'd be any updates in 2026 but noted there were discussions ongoing with Ofgem around how to deal with allowed revenue.
- 5.4 DW advised that as so much of the allowed revenue will be unknown, they'll not have any values to share.
- 5.5 TG, advised that they were taking a similar approach and that they were due to discuss this with Ofgem week commencing 30 March 2026.

- 5.6 The other DNO's all stated their approach will be similar until the uncertainty starts to pass.
- 5.7 AT advise if the draft determination were to happen in July 2026, it would be helpful if the draft plans could be shared in the September 2026 CIRP publications.
- 5.8 Several DNOs highlighted that as this would entail sharing business plans, of which some of the information may be commercially sensitive, so they would need to establish first if these values can be shared.
- 5.9 KB asked if the name of the call could be changed to either schedule 20 presentations or CIRP. There were no objections to this, so the Chair agreed to change the name of the call.

6. Attachments

- Attachment 1DCUSA CIRP 01.

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	The Secretariat to change the name of the next webinar.	Secretariat	New action