

Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2026_0520_08_DCMDG 98 Headline Report
Action	For Information

## Distribution Charging Methodologies Development Group (DCMDG) Headline Report 98

### 1. Synopsis

- 1.1 This report sets out the headlines from the 98th DCMDG meeting held on 16 April 2026 via Microsoft Teams. The full minutes and associated papers are available on the DCUSA website.
- 1.2 This meeting was chaired by Richard Colwill.
- 1.3 A total of 30 industry participants dialled into the meeting.

### 2. Ofgem Update

- 2.1 The Chair informed the group that Ofgem were not available to attend this meeting.
- 2.2 One member queried the update in regard to DCP 412 '[Allocation of banding for TCR Charges for 'Peak' Final Demand Customers](#)' – another member provided an update stating that this CP is now being progressed after a delay due to its links with wider long-term review network.
- 2.3 It was noted that Ofgem are planning to issue a 'minded-to decision' Consultation in June 2026, followed by a final decision in late Summer/early Autumn.

### 3. Update on Allowed Revenue for 2028/29

- 3.1 Since the last update, one further meeting has taken place, with another scheduled later that day involving ENA and DNOs to develop justification and evidence for the available options. There have been three to four meetings overall involving DNOs, ENA, and Ofgem, and multiple options remain under consideration.
- 3.2 Using the final year of ED2 allowed revenue is effectively ruled out, as it was not intended to be used at ED2 outset. Re-using business plan values, as done at the start of ED2, is also not favoured due to the significant charging issues it caused (notably the 24–25 charge adjustments).
- 3.3 Current thinking is leaning towards using either draft or final audit determination values, though no decision has been made.
- 3.4 Ofgem plans to engage suppliers and other parties for views, with Energy UK also being consulted.

### 4. Residual Charges for Private Networks (DCP 328 Query)

- 4.1 One member raised a query received from a customer on a private network who has a third-party access arrangement with a supplier different from the private network operator's supplier. The customer is being charged residuals twice:
- once directly based on their own meter; and
  - again via a share of the private network's residual charges passed on to them.
- 4.2 This member stated they believe this treatment is consistent with current charging methodologies but noted that DCP 328 '[Use of system charging for private networks with competition in supply](#)' was intended to address or codify a solution to this kind of double-charging issue. This member asked whether there has been any progress or conclusion since the DCUSA 328 rejection, and whether DNOs agree that the current charging treatment is appropriate.
- 4.3 It was noted that after DCP 328 was rejected, a DCMDG subgroup was established to try to progress the issues the modification was intended to address. The subgroup aimed to find a way forward on private network and residual charging issues, including clarifying responsibilities and treatment. The subgroup unfortunately made little progress and did not meaningfully advance the issue.
- 4.4 Ofgem was expected to play an important role in clarifying the way forward, particularly given the wider complexities and grey areas in the private network landscape, but this did not result in concrete outcomes.
- 4.5 The Chair suggested he could raise this with Ofgem to ensure this remains on Ofgem's radar.

## 5. Charging Methodologies and Associated Distribution Systems

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- 5.1 Mike Smith from the Elexon metering team outlined BSC measurement requirements (Sections K & L), including responsibilities for boundary points/system connection points and the role of Codes of Practice and dispensations.
- 5.2 The discussion focused on Associated Distribution Systems (ADS) and the impact of BSC Modification P062 on Settlement and Use of System charging, with concern about inconsistent treatment versus direct LDSO/IDNO connections.
- 5.3 The group highlighted a charging mismatch risk where ADS boundary voltage differs from customer connection voltage and highlighted a largely unused provision in DCUSA Schedules 17 and 18 (within the charging methodologies), which allows an unlicensed network that is part of the Total System and open to supply to be treated as an IDNO.
- 5.4 Line Loss Factors and loss responsibility within ADSs remain unresolved; current workarounds (e.g., difference metering/complex calculations) are viewed as unsatisfactory and may require code clarification.
- 5.5 Actions agreed: Secretariat to ask the Panel whether to seek legal advice from Gowling (Action 98/03) and to establish an issue group to progress options and structure next steps (Action 98/04).

## 6. Annual Review of the Charging Methodologies

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- 6.1 The Chair raised that an annual review of the Charging Methodologies is included in the April agenda.
- 6.2 The Chair queried whether the annual DCMDG discussion is required to explicitly demonstrate compliance with licence condition clause.
- 6.3 It was suggested that holding an explicit annual discussion provides a clear audit trail and reassurance that charging methodology issues remain on DNOs' radar, though views were mixed on whether this is strictly necessary given that changes can be raised at any time.
- 6.4 It was suggested that this review would be high-level and generic, signposting:
- that issues can be raised at any point via CPs;
  - what activity has occurred over the past year (e.g. FCP subgroups, live changes); and
  - providing a prompt for any outstanding or emerging concerns.
- 6.5 There was a view that engagement with Ofgem might also be helpful to ensure shared understanding and assurance.

## 7. Schedule 19

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- 7.1 The Chair noted that the person who had raised this for discussion was no longer available on the call, due to known meeting clashes, so a post meeting update would be provided.

## 8. Any Other Business

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- 8.1 The Chair asked if there were any other items of business to discuss. No other items were discussed.

## 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. Next Meeting

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- 10.1 The next DCMDG meeting will be held on 21 May 2026 via Microsoft Teams.

## 11. Actions

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- 11.1 The DCUSA Panel is invited to:
- **NOTE** the contents of this Paper.

**Richard Colwill**  
**Resource & Change Delivery Manager**