

DCMDG FCP Subgroup Meeting 01

13 May 2026 at 10:00 - Web-Conference

Attendee	Company
Group Members	
Alex Lam	NGED
Patrick Cassels	SSEN
Damian Clough	SSE Generation
Lorna Murray	SPEN
Pavanjeet Singh	Stark
Code Administrator	
Craig Booth	Secretariat, ElectraLink
Richard Colwill	Chair, ElectraLink
Dylan Townsend	ElectraLink
Apologies	
Emma Clark	SSEN

1. Administration

Recording

- 1.1 The Chair informed members that this meeting would be recorded. No members objected to this. 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 group reviewed the “Competition Law Guidance” and “Terms of Reference”. All Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting and agreed to the Terms of Reference.

2. Purpose of the Meeting

- 2.1 The Chair advised that the purpose of the meeting was to discuss the FCP Subgroup issues and agree the scope of the subgroup.

3. Issues & Scope

- 3.1 The group discussed that the charging models are increasingly failing to produce executable or logically coherent outputs, with results that are inconsistent with Ofgem’s expectations and unlikely to be understood or accepted by customers. This is driven primarily by the interaction between forward-looking load growth assumptions and Targeted Charging Review (“TCR”) revenue recovery, resulting in extreme sensitivity and large, non-intuitive swings in fixed charges and credits.
- 3.2 It was noted that these issues have been escalated to Ofgem for three consecutive years, with outcomes managed through increasingly interventionist derogations and workarounds. Tariffs are therefore being set in a manner that is increasingly arbitrary, based on what allows the model to run rather than principled cost allocation. Whilst wider charging reform was expected to resolve these issues, the Group considers that clearer direction within the codes is now required.
- 3.3 The group agreed that, as a minimum, there must be certainty that a viable methodology exists each year before charge setting begins. The group discussed that, more fundamentally, Ofgem may need to reconsider aspects of the current framework, as outcomes are being driven by model operability rather than charging principles.
- 3.4 The Chair summarised that the core causes of the failures are the load growth assumptions and residual charge recovery mechanics under the TCR. Similar issues are being experienced across DNOs despite different approaches, reinforcing the view that the problems are systemic rather than company-specific.
- 3.5 The group agreed that a priority next step should be to collate derogations and mitigation approaches used to date across DNOs, assess their relative merits, and establish a common industry position. It was noted that DNOs are not well placed to make first-principles cost allocation decisions, and that clearer direction or endorsement from Ofgem is required to ensure consistency, defensibility, and avoid claims of discrimination.

- 3.6 The group agreed that an interim solution that works “by default” each year, even if imperfect, would be preferable to continued reliance on ad-hoc fixes. If identified, such an approach could be formalised through a DCUSA Change Proposal to provide regulatory certainty while wider charging reform remains outstanding.
- 3.7 The group agreed that early and clear direction from Ofgem is critical to avoid repeated late interventions, procedural burden, and risks to charge-setting timelines.

4. Actions

DNOs to Provide Supporting Material

- 4.1 Affected DNOs (notably SSE and NGED) to provide copies or links to previously submitted derogation requests, explanatory letters, and any relevant published Ofgem correspondence to support the Secretariat in collating historic derogations.

Collate Historic Derogations and Interventions

- 4.2 Secretariat to collate all relevant FCP-related derogations applied by affected DNOs, together with Ofgem’s associated decisions and responses, to enable a holistic comparison of approaches taken to date.

Produce a Comparative Assessment of Interim Solutions

- 4.3 Group to map and compare the different interim “sticking-plaster” approaches used in recent years, identifying similarities, differences, and practical implications, without forming a judgement on which approach is substantively correct.

Engage with Ofgem on Consistency for the Next Charging Cycle

- 4.4 Chair to engage with Ofgem to:
- 4.4.1 summarise the issues raised by DNOs; and
 - 4.4.2 seek clarity on whether a single, consistent interim approach could be directed or endorsed for the forthcoming tariff-setting round, to avoid divergent DNO approaches and repeated derogations.

5. Next Meeting

- 5.1 The next meeting will be held on 28 May 2026 at 10:00am.

6. Any Other Business

- 6.1 No other business was raised.

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	Affected DNOs (notably SSE and NGED) to provide copies or links to previously submitted derogation requests, explanatory letters, and any relevant published Ofgem correspondence to support the Secretariat in collating historic derogations	DNO Members	New Action
01/02	Secretariat to collate all relevant FCP-related derogations applied by affected DNOs, together with Ofgem's associated decisions and responses, to enable a holistic comparison of approaches taken to date.	Secretariat	New Action
01/03	Group to map and compare the different interim "sticking-plaster" approaches used in recent years, in the next meeting, identifying similarities, differences, and practical implications, without forming a judgement on which approach is substantively correct.	Group	New Action – To be completed during Meeting 02
01/04	Chair to engage with Ofgem to summarise the issues raised by DNOs and seek clarity on whether a single, consistent interim approach could be directed or endorsed for the forthcoming tariff-setting round, to avoid divergent DNO approaches and repeated derogations	Chair	New Action

Closed Actions

Action Ref.			Update