

## DCMDG FCP Subgroup Meeting 02

28 May 2026 at 10:00 - Web-Conference

Attendee	Company
<b>Group Members</b>	
Alex Lam	NGED
Ed Grimsey	BU UK
Emma Clark	SSEN
Lorna Murray	SPEN
Phil Moseley	NGED
<b>Code Administrator</b>	
Craig Booth	Secretariat, ElectraLink
Richard Colwill	Chair, ElectraLink
<b>Apologies</b>	
Damian Clough	SSE Generation

## 1. Administration

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### 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. Actions Updates

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- 2.1 Action 01/01 – The Chair confirmed that NGED and SSEN had sent through their derogations. This action was closed.
- 2.2 Action 01/02 – The Chair confirmed the Secretariat had circulated relevant documents. This action was closed.
- 2.3 Action 01/03 – The Chair confirmed this action would be completed in the meeting today. This action was closed.
- 2.4 Action 01/04 – The Chair confirmed initial conversations had taken place, but that further engagement may be needed after today’s meeting. This action was closed as a result of the Secretariat taking an action (action 02/03) to provide an update to Ofgem.

## 3. Purpose of the Meeting

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- 3.1 The Chair advised that the purpose of the meeting was to review the approaches taken under the derogations and discuss the merits of taking any of these forwards as a solution.

## 4. Derogation Approaches Review

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- 4.1 The Group discussed the range of derogation approaches currently being used to address failures in the charging models, broadly agreeing that three main methods have emerged:
  - 4.1.1 reallocating negative fixed charges into capacity charges;
  - 4.1.2 carrying forward prior-year inputs such as locational factors where models break; and
  - 4.1.3 moderating extreme load growth forecasts to allow the model to run.
- 4.2 It was recognised that these approaches are often used iteratively or in combination, depending on the nature of the issue, and that none provides a universal solution. The Group noted practical limitations, including the risk of creating negative capacity charges, increasing divergence from cost reflectivity when historic inputs are reused, and model instability driven by high forecast growth.

- 4.3 The Group discussed that the need for repeated derogations each year is inefficient and time-intensive, and there is increasing justification to formalise these intervention options within the DCUSA. There was general support for raising a new CP to codify the approaches already accepted by Ofgem, with an emphasis on ensuring clarity in the legal drafting around when each option should apply and whether combinations are permitted. The Group recognised that this would likely need to mirror, or build on, previous Ofgem guidance, while also including a sense-check that the proposed legal text would have avoided the need for past derogations.
- 4.4 The Group discussed the benefits of incorporating these solutions into the DCUSA, including improved transparency, consistency across DNOs, and removal of delays associated with derogation approvals, particularly in relation to charge publication timelines. It was also acknowledged that such a change should be positioned as an interim or temporary solution, with a clear statement that a wider, more fundamental review of cost allocation remains necessary.
- 4.5 The Group discussed the need to progress a change quickly to meet regulatory timelines for charging, noting that there may be grounds to progress the proposal as an urgent change due to the potential adverse commercial impacts of delayed or unpublishable charges. The process implications of urgency were noted, including accelerated approval timelines and some flexibility in consultation and voting periods.

## 5. Actions

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### **New DCUSA Change Proposal to be Raised**

- 5.1 SSEN to raise a new CP to propose adding the three approaches into the DCUSA (which may include criteria around when each of the approaches are permitted to be used.)

### **Secretariat to Raise New CP to the Panel**

- 5.2 The Secretariat to raise the CP at the next Panel, or sooner it received more than 5 Working Days prior to the next Panel.

### **Secretariat to Update Ofgem on Progress**

- 5.3 The Secretariat to update Ofgem on the progress of discussions, by way of sharing these minutes with them.

## 6. Next Meeting

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- 6.1 No further meetings are currently scheduled.

## 7. Any Other Business

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- 7.1 No other business was raised.

## New and Open Actions

Action Ref.	Action	Owner	Update
02/01	SSEN to raise a new CP to propose adding the three approaches into the DCUSA (which may include criteria around when each of the approaches are permitted to be used) by no later than 8 <sup>th</sup> June 2026.	Emma Clark	New Action
02/02	The Secretariat to raise the CP at the next Panel, or sooner it received more than 5 Working Days prior to the next Panel.	Secretariat	New Action
02/03	The Secretariat to update Ofgem on the progress of discussions, by way of sharing these minutes with them.	Secretariat	New Action

## Closed Actions

Action Ref.		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	Closed
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	Closed
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	Closed
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	Closed – the Secretariat will update Ofgem on progress, by way of sharing these minutes.