

DCUSA DCP 477 Working Group

Meeting 01 – Minutes

30 June 2026 at 13:30

Via MS Teams

Attendee	Company
Working Group Members	
Emma Clark [The Proposer]	SSE plc
Damian Clough	Scottish and Southern Electricity Networks
John Harmer	Waters Wye Associates
Alex Lam	National Grid Electricity Distribution
Lorna Murray	Scottish Power Energy Networks Holdings Limited
Georgia Preece	Northern Powergrid
Nik Willis	Stark Connect Limited
Code Administrators	
Craig Booth [CB] (CHAIR)	ElectraLink Ltd
George Kestner [GK] (Technical Secretariat)	ElectraLink Ltd
Apologies	
None	

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.

Apologies

- 1.2 No apologies had been received.

Competition Law Guidance

- 1.3 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 advised that the purpose of this meeting is to scrutinise and discuss DCP 477, which is managing the effects of excessive surplus residual revenue in the EDCM, and to agree the next steps.

3. Discuss DCP 477 'Managing the effects of excessive surplus residual revenue in the EDCM' and agree next steps

- 3.1 EC explained the necessity of this CP.

- It had previously been identified that the FCP and EDCM charging methodologies were detrimentally impacted under circumstances where excessive surplus residual revenue existed, with models either providing non-cost reflective outcomes, or the failure of the models to run entire and to produce tariffs.
- Since 2023, Ofgem had agreed derogations for SSEN and NGED, who were the impacted DNOs.
- This CP proposed to add these previously approved solutions to the DCUSA legal text Schedule 17, so that these same solutions could be used by any similarly affected parties. This would speed up the process for tariff setting as these parties would not have to apply for a derogation from Ofgem.
- The Meeting NOTED that the proposed legal text was based upon the text of the derogations that Ofgem had previously approved.
- The meeting NOTED the intention to have this in place ahead of the 2028-29 tariff setting and FURTHER NOTED that this would be a tight but feasible timeframe to meet.

- 3.2 The Working Group NOTED that the DCUSA Panel had resolved to progress DCP 477 as a 'Standard' change, not an 'Urgent' change and asked if the rationale behind this decision could be provided. CB explained that the Panel's position was that Urgent changes were reserved for newly arising time-sensitive matters; as the problem that DCP 477 was seeking to resolve had been an ongoing and identified issue for a few years, the Panel had resolved that an Urgent categorisation was not appropriate. CB FURTHER NOTED that the main difference between standard and urgent changes was that consultation periods could be reduced to 10 working days, as opposed to the usual 15 working days. However, in this instance, the Panel had agreed to a reduction in the consultation and voting periods to 10 working days so this would not delay the progress of this Change Proposal.

3.3 The Change Proposal in its current drafting included three separate solutions to the identified issued. CB asked the Working Group if these solutions should be agreed as the only solutions to be progressed, or if the scope should be widened by being opened up to consideration of additional alternative solutions. The Working Group considered this suggestion, with points raised including the following:

- EC said that the intention of DCP 477 was to have a backstop in place for the 2028-29 tariff setting, should one be needed, which would avoid the need for a derogation request.
- EC said that DCP 477 would essentially formally incorporate an already existing solution within the DCUSA until a more long-term solution was available.
- JH said that as the intention of the CP was to codify the process from the previous derogation, it was not unreasonable to assume that any alternative solutions should have been explored when the derogation was originally agreed.
- The Working Group AGREED that DCP 477 was intended to be a temporary, not an enduring solution, to the identified issue, and that a more effective solution might supersede it in the future if, for example, Ofgem were to perform a complete review of charging models through a mechanism such as an SCR.
- The Working Group AGREED that, whilst these would not be developed or progressed under DCP 477, any other potential solutions or feedback on these could be included as proposals for Ofgem's future consideration should the Authority wish to take them further; therefore, should any additional solutions be proposed then the Working Group would offer them sufficient space to be explored.

3.4 The Working Group NOTED that NGED had adopted the load growth carry-forward approach. AL AGREED to investigate the reasons for the adoption of this method over other approaches and provide confirmation from NGED's legal team that the proposed legal text accurately reflects NGED's approach.

ACTION 01/01: AL to investigate the reasons for the adoption of the load growth carry-forward approach method over other approaches, and provide confirmation from NGED's legal team that the proposed legal text accurately reflects NGED's approach.

3.5 The Working Group NOTED that the Legal Text had not yet undergone legal review and SCRUTINISED the draft Legal Text. Points raised included the following:

- The Working Group NOTED that the Change Proposal was essentially a formal incorporation into the DCUSA of a solution that already existed, and the proposed wordings had not been changed from this.
- The Working Group discussed whether Paragraph 18, titled 'Demand Scaling', was an appropriate title and AGREED to separate this into a separate sub-section.
- Paragraph 18.22 second bullet point included text requiring DNOs to '*Carry over locational components and network use factors from previous years*'. The Working Group NOTED the risk that this might be ambiguous or otherwise inconsistently applied between different DNOs or periods and AGREED to add additional prescriptive requirements around how this information needed to be presented, but FURTHER AGREED to defer any decisions around exactly how this should be presented until after a legal review had taken place.

- Paragraph 18.22 contained three bullet points for the separate solutions. The Working Group discussed whether a priority order for attempting these solutions should be mandated, or whether this should be left to the discretion of the DNO and AGREED to add a question to this effect in the consultation.
- Paragraph 18.23 included reference to negative residual residues. The Working Group discussed whether this should be separated into a new paragraph but AGREED to defer further consideration until after a legal review had taken place
- The Working Group AGREED that all members would review the draft Legal Text to confirm that references and drafting were correct.

ACTION 01/02: ALL WORKING GROUP MEMBERS to review the draft Legal Text to and provide any comments ahead of the next meeting.

- 3.6 The Working Group SCRUTINISED the draft consultation questions. Points raised included the following.
- The Working Group discussed whether additional questions should be added to invite proposals for alternative solutions, either with the intention of being developed by this Working Group or so that they could lie on the table until they could be picked up by a future Change Proposal or SCR.
 - The Working Group considered whether an Impact Assessment should be performed due to the potential impact of customers but NOTED that Question 2 already proposed mandating the DNO to conduct their own assessment as to the cause of the discrepancy when deciding which solution to apply, and so AGREED that this additional question was unnecessary.
 - The Working Group discussed when the proposed Option 3 would be used, and noted that the legal text said, 'To be used when the EDCM model fails to produce a set of tariffs entirely due to the scale of negative residual revenue.' EC asked if this option should therefore be segregated from the other two, so that it was clear that this pathway would only be used if the other two options had failed.
- 3.7 Following their scrutiny, the Working Group AGREED to revise the draft consultation questions to the following:
- *'Do you agree with the proposal to add the three solutions, previously approved for use by Ofgem through derogations, to the DCUSA? Please provide your rationale.'*
 - *'Do you agree with the Working Group's assessment of criteria for when each solution, or multiple solutions, can be used by the DNO? Please provide your rationale.'*
 - And, separately, in an 'any other comments' format: *'Are there any alternative solutions that should be developed through a future Change Proposal or by the Authority as part of a future SCR?'*
- 3.8 The Working Group RESOLVED that the agreed draft consultation questions would form the basis for the Working Group's assessment and would be circulated to the Group as a draft consultation. The Working Group FURTHER AGREED that in parallel with this process, the legal text would be sent to Gowling WLG for legal review.

ACTION 01/03: THE SECRETARIAT to circulate the draft consultation questions, as agreed, for review ahead of approval at the next meeting.

ACTION 01/04: THE SECRETARIAT to send the draft Legal Text to Gowling WLG for legal review.

4. Review revised timetable

- 4.1 CB presented a proposed revised timetable, which aimed to expedite proceedings by cf. 6 weeks.
- 4.2 The Working Group SCRUTINISED the proposed revised timetable.
- The Working Group NOTED that the revised timetable would be tight but AGREED that it was realistically feasible.
 - EC advised that DCMDG expected additional consultations relating to tariff-setting to be published shortly. The Working Group NOTED that this might conflict with this Change Proposal.
 - LM asked if Ofgem were aware of this Change Proposal and if, given the timeframe, they might be able to expedite its approval. CB PROVIDED ASSURANCES that Ofgem were aware that this was being progressed and had been informed that a swift decision would be welcomed but stressed that Ofgem would work to their own timetables. CB PROVIDED ASSURANCES that Ofgem would be kept updated about the progress of this change Proposal as the Working Group developed it further.

5. Next steps and work plan

- 5.1 The Meeting AGREED the second meeting of this Working Group would take place on 08 July 2026, 10:00-13:00.
- 5.2 The Meeting AGREED the third meeting of this Working Group would take place on 13 August 2026, 13:30-16:30

6. Any Other Business

- 6.1 No items of 'Other Business' were raised.

Next Meeting – 08 July 2026

Appendix 1 – Actions Log

New and Open Actions

Ref.	Action	Owner	Update
ACTION 01/01	AL to investigate the reasons for the adoption of the load growth carry-forward approach method over other approaches, and provide confirmation from NGED’s legal team that the proposed legal text accurately reflects NGED’s approach.	AL	DD/MM/YYYY – Ongoing: Text.
ACTION 01/02	ALL WORKING GROUP MEMBERS to review the draft Legal Text to and provide any comments ahead of the next meeting.	All Working Group Members	
ACTION 01/03	THE SECRETARIAT to circulate the draft consultation questions, as agreed, for review ahead of approval at the next meeting.	The Secretariat	
ACTION 01/04	THE SECRETARIAT to send the draft Legal Text to Gowling WLG for legal review.	The Secretariat	

Closed Actions

Ref.	Action	Owner	Update