

DCP 477 Working Group - Meeting 02

08 July 2026 at 10:00 – 13:00

Attendee	Company
Working Group Members	
Alex Lam [AL]	National Grid
Damian Clough [DC]	SSE
Emma Clark [EC]	SSE
Georgia Preece [GP]	NPg
John Harmer [JH]	Waters Wye
Code Administrator	
Craig Booth [CB] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Apologies	
Lorna Murray [LM]	SPEN

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 The Chair noted received apologies. These can be found in the attendees list above.

Competition Law Guidance and Terms of Reference

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

Previous Minutes

- 1.4 The Chair invited the Working Group to review the previous meeting minutes – no further feedback was received, and the minutes were approved.

Open Actions

- 1.5 The Chair confirmed that all actions captured within this meeting will be recorded within the action log; this can be found in the Appendix.

2. Purpose of the meeting

- 2.1 The Chair explained that the purpose of this meeting is to review and refine both the draft Consultation document and draft legal text within the Working Group and agree next steps.

3. Review and Finalise Draft Consultation Document

- 3.1 The Chair presented the draft Consultation document live on screen for the Working Group to review and further discuss.

- 3.2 The key points can be found below:

- 3.3 EC added a footnote against paragraph 1.2, which stated:

- ‘Surplus residual revenue occurs when the revenue collected from forward-looking network charges exceeds the revenue permitted under the price control. ‘Excessive is demonstrated by negative fixed charges or the failure to produce a set of tariffs’.

- 3.4 The Working Group reviewed the addition and were happy to include the above footnote.

- 3.5 Within paragraph 1.1, the Secretariat suggested including ‘This is an interim solution to avoid the need for annual derogation requests until such time the DUoS SCR (or another project/Change Proposal) has progressed an enduring solution.’

- 3.6 JH queried whether this could be an enduring solution – EC believes this solution should not be seen as enduring and suggested a more in-depth review is needed as part of the SCR; however, it was noted that this solution could potentially endure if no alternative is put in place.

- 3.7 Following this, the Working Group agreed to amend the wording to state, 'This is **intended to be** an interim solution to avoid the need for annual derogation requests until such time the DUoS SCR (**or another project/Change Proposal**) has progressed a **more robust and** enduring solution.'
- 3.8 The Working Group agreed to the added clarification point within paragraph 1.4 confirming that the option references (Option 1 and Option 3) are as per the Ofgem document.
- 3.9 In regard to the DCUSA Charging Objectives, members agreed to amend the wording under paragraph 5.2 to state, 'The majority of the Working Group believes that relative to the status quo, DUCSA Charging Objectives 1, 2, 3 and 6 are better facilitated by this change...'.
- 3.10 The Chair asked DNO members (that are affected by this change) what date does this solution need to be implemented and live in the DCUSA by, in order to avoid the need for a derogation. Members discussed this, and ultimately agreed that the earlier the better, and suggested an implementation date of 05 November 2026.
- 3.11 The Chair also informed the group that an Ofgem representative (Tim Aldridge) has been copied into the DCP 477 communications (i.e., meeting minutes) so ensure they are aware of the discussions being held.
- 3.12 In regard to paragraph 1.5, AL suggested updated wording to replace the current paragraph with more accurate information; the updated wording can be found below:
- 'The derogation was approved by Ofgem because the FCP model failed to converge when using the Holistic Transition pathway load forecasts, NGED therefore proposed, and Ofgem approved, an alternative approach that applied the load growth assumptions used for the 2026/27 charging year within the 2027/28 Authorised Network Model, allowing a complete set of EDCM tariffs to be produced while avoiding the most convergence issues'.
- 3.13 The Working Group discussed this and agreed to keep the above wording (following a number of minor amendments) under the current paragraph 1.5. Members also noted the importance of making it clear within the draft legal text that there are two options to take forward; failing those two options, a third option remains (the first two options must be exhausted first).

4. Review and Finalise Draft Legal Text

- 4.1 The Chair presented the draft legal text document live on screen for the Working Group to review and further discuss.
- 4.2 The key points can be found below:
- 4.3 In regard to Schedule 17 (Section 18), the Working Group agreed to the below amendments:
- Paragraph 18.22, bullet 2 – add 'Carry over locational components and network use factors from previous years'.
- 4.4 EC clarified that the EDCM model itself did not fail to run as a result of the FCP figures or charges that had been entered; it was the authorised network model that failed to converge. AL agreed, stating that this is the main reason as to why derogations are being sought towards the FCP side of the network model.
- 4.5 Following the above, members agreed it needs to be made clear to state that paragraph 18.24 is to be used when the authorised network model fails to converge.

- 4.6 JH queried whether the above points actually need to be placed before paragraph 18.22 within the legal text to state that if there are no inputs, it will be unknown as to whether there is service residual revenue within the EDCM – AL agreed with this point and stated that if this issue arises before the EDCM model, then it should be mentioned prior to delving in to the EDCM model within the legal text.
- 4.7 EC stated that paragraph 18.24 needs to be clear as to why this option was included, i.e., why carrying over the locational components from a prior year did not alleviate the issues for EDCM purposes.
- 4.8 Members discussed both options and clarified that they are both effectively ways and means of getting to the same answer, whereby you can either carry data from a previous year or restrict that load growth so that it can still run. The problem is how the third option is classed that has been approved for 2027/28 for NGED purposes and how to explain how this option should be used.
- 4.9 Following the above discussions, the group agreed to the below wording for paragraph 18.24:
- ‘Where the Authorised Network Model fails to converge and cannot use the holistic transition pathway load forecast required by DCUSA and produce ~~rational~~ **expected** FCP outputs, use the load growth assumptions used to create the prices in the previous year together with the current year’s Authorised Network Model, rather than using the holistic transition pathway demand forecasts required by the standard methodology’.
- 4.10 In relation to the agreed wording in paragraph 18.24, JH queried whether ‘rational’ can be defined and whether ‘what is acceptable’ can be codified – the Chair suggested updating the wording to state ‘expected FCP outputs’.
- 4.11 The Chair stated the Consultation needs to articulate that a mathematical output was produced, the numbers worked, however, the output produces was not as expected with no clear reasons as to why this was produced. AL agreed to take an action to produce some wording to articulate this.
- 4.12 AL also agreed to speak internally with the engineering team to seek an example that might explain the scenario further and why they had to use the previous load growth assumptions.
- ACTION 02/01: AL to produce wording for the Consultation that articulates that a mathematically correct process produced an unexpected output.**

ACTION 02/02: AL to speak internally to the engineering team to seek an example that might explain the unexpected output further and why they had to use the previous load growth assumptions.
- 4.13 EC stated that this CP is there to facilitate a smooth 2028/29 charge setting year on the assumption that they are still to set this year by December. JH suggested that the legal test should state that both Option A or Option B can be used and this has to be put in the charging statement, as this solves the current problem.
- 4.14 The Working Group discussed the suggestion above and agreed it may be more suitable to make it clear within the legal text that if paragraph 18.22 did not eradicate the issue, then either Option A or Option B (under paragraph 18.23) could be chosen. Members were unsure of whether this can work vice versa at present (i.e., if one of the options under paragraph 18.23 fails to eradicate the issue, paragraph 18.22 could be used).
- 4.15 The Chair agreed to provide the current draft legal text to both EC and AL to assess the wording and update as necessary.

ACTION 02/03: The Secretariat to provide both EC and AL with the current draft legal text offline.

ACTION 02/04: Both EC and AL to assess the current wording within the draft legal text and update as necessary, for the Working Group to review during the next meeting.

- 4.16 JH queried whether paragraphs 18.24 and 18.25 add anything to the legal text following the above conversations – The Chair suggested that paragraph 18.25 could state where a DNO applies an intervention from paragraphs 18.22 and 18.23 above, this will be explained within the charging statements. The Working Group were happy with this suggestion.
- 4.17 The Working Group agreed to schedule another meeting for 14 July 2026 to review the output of the agreed actions.

ACTION 02/05: The Secretariat to schedule the next Working Group meeting to be held on 14 July 2026 at 11am.

5. Agreed Next Steps

- 5.1 The Working Group discussed the next steps, and the following items were captured:
- AL to produce wording for the Consultation that articulates that a mathematically correct process produced an unexpected output.
 - AL to speak internally to the engineering team to seek an example that might explain the unexpected output further and why they had to use the previous load growth assumptions.
 - Both EC and AL to assess the current wording within the draft legal text and update as necessary, for the Working Group to review during the next meeting.

6. Any Other Business

- 6.1 The Chair asked the group whether there were any other items of business to discuss.
- 6.2 There were no other items raised.

7. Date of Next Meeting – 14 July 2026

- 7.1 The next Working Group meeting is scheduled to be held on 14 July 2026 at 11am.

8. Attachments

- Attachment 1_DCP 477 Work Plan

Appendix A – Actions Log

New and Open Actions

Action Ref.	Action	Owner	Update
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.	Alex Lam	Ongoing.
01/04	The Secretariat to send the draft Legal Text to Gowling WLG for legal review.	Secretariat	Ongoing.
02/01	AL to produce wording for the Consultation that articulates that a mathematically correct process produced an unexpected output.	Alex Lam	New Action.
02/02	AL to speak internally to the engineering team to seek an example that might explain the unexpected output further and why they had to use the previous load growth assumptions.	Alex Lam	New Action.
02/03	The Secretariat to provide both EC and AL with the current draft legal text offline.	Secretariat	New Action.
02/04	Both EC and AL to assess the current wording within the draft legal text and update as necessary, for the Working Group to review during the next meeting.	Emma Clark / Alex Lam	New Action.
02/05	The Secretariat to schedule the next Working Group meeting to be held on 14 July 2026 at 11am.	Secretariat	New Action.

Closed Actions

DCUSA

Action Ref.	Action	Owner	Update
01/02	All Working Group Members to review the draft Legal Text to and provide any comments ahead of the next meeting.	Working Group	Closed.
01/03	The Secretariat to circulate the draft consultation questions, as agreed, for review ahead of approval at the next meeting.	Secretariat	Closed.