

Meeting Session	Panel (Open Session)
Paper Reference	DCUSA_2026_0819_07_DCMDG 101 Headline Report
Action	For Information

Distribution Charging Methodologies Development Group (DCMDG) Headline Report 101

1. Synopsis

- 1.1 This report sets out the headlines from the 101st DCMDG meeting held on 16 July 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 37 industry participants dialled into the meeting.

2. DCMDG Forward Work Plan and Issues Log

- 2.1 The group reviewed the DCMDG Forward Work Plan and Issues Log and noted progress against a number of outstanding actions. Several actions were closed following completion, including actions relating to previous working group activities, publication updates and charging matters.
- 2.2 Members discussed Ofgem's recently issued consultation on proposed derogations relating to electricity distribution charging notice periods for the first two years of ED3. It was noted that four options had been presented for stakeholder feedback.
- 2.3 Ofgem advised that no formal decision has yet been taken regarding the potential debt relief scheme, whilst members also received updates on a number of ongoing industry initiatives and subgroup activities.
- 2.4 The group noted the establishment of a new Change Proposal under the Retail Energy Code to address concerns regarding the interpretation of market message requirements associated with reporting negative values. Members were advised that the proposal seeks to provide greater clarity and avoid future inconsistencies in implementation across market participants.
- 2.5 The group also noted that DCP 479 'Update to Schedule 20 ('Production of the Cost Information Review Pack') and the CDCM inputs to maintain alignment with the distribution licence' was approved by the DCUSA Panel on 15 July 2026. The proposal seeks to address the treatment of Connections Reform Costs within charging governance arrangements.

3. Ofgem Update

- 3.1 Ofgem confirmed that its consultation regarding ED3 electricity distribution charging notice periods has now been issued and encouraged stakeholders to engage with the consultation process and raise any questions.

- 3.2 Members were informed that DCP 412 'Allocation of banding for TCR Charges for 'Peak' Final Demand Customers' is in its final stages of consideration.
- 3.3 Ofgem also advised that it expects to consult on P441 'Creation of Complex Site Classes', with a decision anticipated in due course.
- 3.4 Members sought an update on DCP 466 'Tariff Band to Follow Capacity'. Ofgem advised that consideration of DCP 466 is expected to follow completion of the DCP 412 decision and indicated that the proposal is not anticipated to involve a complex determination. Members were reminded that an indicative decision date of 14 September 2026 has previously been provided.

4. DCP 477 Update

- 4.1 The group received an update on DCP 477 'Managing the effects of excessive surplus residual revenue in the EDCM'. Members were advised that the proposal seeks to implement within the DCUSA legal text a number of approved measures designed to manage increasing levels of surplus residual revenue arising in the FCP variant of the EDCM.
- 4.2 It was noted that the proposal is intended to facilitate implementation ahead of the 2028/29 charging year and reduce the reliance on derogation letters by incorporating the approved approaches directly within the governance framework.
- 4.3 Members were informed that the DCP 477 consultation was issued on 14 July 2026 and is scheduled to close on 31 July 2026.
- 4.4 The group also discussed the potential development of a parallel Change Proposal focused on arrangements from April 2029 onwards. Members noted that this work could provide a longer-term solution pending wider consideration through Ofgem's Distribution Use of System Significant Code Review work.
- 4.5 During the discussion, members considered whether a common methodology could be adopted across all DNO areas. It was suggested that this could form part of the longer-term discussions associated with the potential parallel Change Proposal. Ofgem welcomed engagement from stakeholders wishing to contribute ideas as wider charging reform discussions continue.

5. DCMDG Meeting Dates

- 5.1 The Chair provided a further update on the review of DCMDG meeting dates. Members were advised that a paper setting out potential alternative meeting arrangements will be prepared for consideration at the next meeting.
- 5.2 The review is intended to consider wider industry meeting schedules and identify options that may better support stakeholder engagement and coordination across charging-related workstreams.

6. Any Other Business

- 6.1 No additional items of business were raised by members.

7. Next Meeting

7.1 The next DCMDG meeting will be held on 20 August 2026 via Microsoft Teams.

8. Actions

8.1 The DCUSA Panel is invited to:

- **NOTE** the contents of this Paper.

Melissa Kendal
DCUSA Analyst