

DCP 477 Working Group – Meeting 04

13 August 2026 at 13:30 – 16:00

Attendee	Company
Working Group Members	
Alex Lam [AL]	National Grid Electricity Distribution
Emma Clark [EC]	Scottish and Southern Electricity Networks
Georgia Preece [GP]	Northern Powergrid
John Harmer [JH]	Waters Wye Associates
Lorna Murray [LM]	SP Energy Networks
Ofgem Observer	
Tim Aldridge [TA]	Ofgem
Code Administrator	
Dylan Townsend [DT] (Chair)	ElectraLink
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 The Chair noted that no formal apologies had been received.

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 Members reviewed the open actions which are captured within Appendix A below, and updates on previous actions have been recorded in Appendix A.

2. Purpose of the meeting

- 2.1 The Chair explained that the purpose of this meeting is to review consultation responses received and to then review what needs to be completed in terms of producing the Change Report.

3. Review and Finalise Draft Consultation Document

- 3.1 The Chair explained the process for reviewing consultation responses, including that the Secretariat had provided a version with some initial observations which would hopefully aid the Working Group's approach to summarising and commenting on responses.

Question 1

- 3.2 The Working Group reviewed the responses to question 1, which asked if respondents agreed with the proposal to add the three solutions, previously approved through derogations, to the DCUSA. The Working Group noted that all five respondents agreed with the proposal to add the three solutions, previously approved through derogations, to the DCUSA and in doing so, they provided rationale that the proposal:

- should be an interim measure and that some respondents would like to see a long-term solution developed under the DUoS SCR;
- covers all of the required solutions to known issues;
- provides increased certainty, with respect to when tariffs will be published.
- was built based on solutions that have been reviewed and approved by Ofgem before; and
- avoids the need for repeated derogation requests which would otherwise result in delays.

Question 2

- 3.3 The Working Group reviewed the responses to question 2, which asked whether respondents agreed with its assessment of the criteria for determining when each solution, or a combination of solutions, may be used by a DNO. The Working Group noted that respondents broadly supported the proposed criteria but that there were two additional items raised, being:

- A request for additional guidance to be developed to supplement the legal text and provide DNOs with clearer, step-by-step direction where the issue is caused by a reduction in allowed revenue as the text doesn't provide the level of granular instruction on how this is to be completed in practice.
- A request that the legal text include clearer wording regarding the circumstances when each option should be used.

- 3.4 In considering this feedback, the Working Group agreed that additional guidance should be developed to supplement the legal text and provide DNOs with clearer, step-by-step direction in terms of implementing the solution to be used where the issue is caused by a reduction in allowed revenue as the text doesn't provide the level of granular instruction on how this is to be completed in practice.

- 3.5 Members discussed the suggestion that supplementary guidance should be developed to support implementation of the proposed intervention to be used where the issue is caused by a reduction in allowed revenue. It was noted that guidance material had previously been developed as part of discussions between impacted DNOs and Ofgem and that this information could provide the basis for additional implementation guidance. Members discussed whether such material should form part of the legal text, be included as an appendix, or be maintained separately as supporting guidance. Whilst no final decision was reached regarding format, the Working Group agreed that development of

supplementary guidance would assist future users of the methodology and should be progressed separately without delaying implementation of DCP 477

- 3.6 Members also discussed whether a hierarchy should apply between the available options, taking account of previous practice, consistency of approach and the technical challenges associated with forecasting new customers and operating the EDCM model.
- 3.7 The Working Group recognised that different DNOs may adopt different approaches because of their individual circumstances. However, members considered that a DNO should ordinarily continue to use the intervention approach previously approved by Ofgem unless a material change in circumstances justified an alternative.
- 3.8 The Working Group agreed that the legal text should be amended to clarify the circumstances in which each option may be used which is captured within documents previously issued by Ofgem on this topic, including where the model fails to run entirely, and to reinforce consistency with previously applied approaches. EC agreed to prepare the necessary amendments for circulation to the Working Group.

ACTION 04/01: Legal Text Clarifications: EC to amend the draft legal text to clarify the circumstances in which each option may be used, including where the model fails to run entirely, and to reinforce consistency with previously applied approaches.

Question 3

- 3.9 The Working Group discussed the responses to question 3, which asked if respondents any alternative solutions that should be developed through a future Change Proposal or by the Authority as part of the SCR. The Working Group noted, that three respondents did not identify any immediate alternatives, one respondent suggested that those DNOs currently using the FCP variant of the EDCM could consider moving to the LRIC variant of the EDCM and the remaining respondent indicated that they planned to submit a future change proposal to address the issue in the mid-term.
- 3.10 With respect to the suggestion that affected DNOs consider moving to the LRIC variant of the EDCM, it was noted that the rationale for this is because it didn't have any known issues with excessive surplus residual revenue and that in doing so, it would remove the need for an additional schedule within the DCUSA and would ensure all DNOs are using the same processes. In response, members of the Working Group who utilise the FCP variant explained that, whilst this might sound good in theory, it would be a decision that each individual DNO would need to make for themselves, and aside from that, there were a few things to consider, being:
 - that moving to alternative methodologies would require significant time and resources to implement and thus would not necessarily be a quick fix;
 - that the LRIC variant of the EDCM potentially has other issues which would warrant further investigation and discussion (e.g., whether its use of a 40 year time horizon and flat 1% load growth scenarios remain appropriate); and
 - that it would likely result in substantially different tariffs for EHV end users, and that this volatility would likely be an issue for end customers.

Question 4

- 3.11 With respect to question 4 and whether or not respondents believed that the proposed solution would better facilitates the DCUSA Charging Objectives: the Working Group noted that all five respondents agreed that the proposal better facilitates DCUSA Charging Objectives, particularly Charging Objectives 1, 2, 3, and 6. The supporting rationale set out in the responses included that DNOs compliance with their licence conditions would be improved as the proposal provides mechanisms for valid tariff production, and that it would also reduce regulatory uncertainty and improve efficiency because DNOs

would be able to produce tariffs without the need to rely on Ofgem derogations which results in the delayed publication of tariffs which has knock on impacts across both IDNOs and Suppliers.

- 3.12 It was additionally noted that one respondent considered that Charging Objective 4 may also be better facilitated by the proposal, although no other respondents explicitly commented on this point.

Question 5

- 3.13 The Working Group reviewed the responses to question 5, which asked whether there were any consumer impacts, benefits or risks arising from the proposal that should be considered as part of the assessment of DCP 477. The Working Group noted that respondents generally considered the proposal to formalise arrangements already applied through approved derogations and did not identify any fundamentally new charging approaches or material consumer risks.
- 3.14 The Working Group also noted that the proposed solutions would provide greater stability and certainty in the short term. However, one respondent cautioned that prolonged reliance on these interim arrangements could lead to significant tariff volatility for affected end users when a longer-term solution is introduced.
- 3.15 Members further noted that the complexity of the charging methodologies and associated models means that affected customers may have limited visibility of the factors driving future charging changes. The Working Group recognised that this could make any future transition to a longer-term solution more challenging for impacted customers and that this consideration should be acknowledged as part of the overall assessment of the proposal.

Question 6

- 3.16 In reviewing the responses to question 6, that asked respondents if (aside from the DUoS SCR) they were aware of any other wider industry projects or initiatives that DCP 477 may impact upon, to which it was noted that no respondents identified any other wider industry projects or initiatives that DCP 477 may impact upon.

Question 7

- 3.17 With respect to question 7 and whether or not respondents agreed with the Working Group's view that DCP 477 should be implemented by no later than 5 November 2026, the Working Group noted that all five respondents supported implementing the solution by no later than 5 November 2026, Three respondents highlighted that implementing the solution by that date would provide certainty/guidance for DNOs for 2028/29 tariff setting processes. Two respondents noted that implementing the solution by that date would remove the need for derogations in the future.

Question 8

- 3.18 The Working Group reviewed the responses to question 8, which asked whether respondents thought that the proposed legal text set out in paragraphs 18.22 to 18.24 should reside in that section of text (i.e., under the 'Demand Scaling' heading), or somewhere else (e.g., under a new heading).
- 3.19 It was noted that one respondent expressed a preference for a new section heading, while others were comfortable with the current placement of the text (i.e., under the 'Demand Scaling' heading) or had no strong views on the matter. It was noted that one respondent had suggested that, given the main body of Schedules 17 and 18 are essentially aligned in terms of their paragraph numbering and text, that there may be reason to amend Schedule 18 to include the proposed 18.22 – 18.24 and 22.5 new numbering with 'Not Used' to maintain alignment between the schedules.
- 3.20 Whilst members acknowledged the rationale behind maintaining alignment between Schedules 17 and 18, the Working Group did not reach a definitive view regarding whether additional "Not Used"

provisions should be introduced solely for drafting consistency purposes. The Chair therefore proposed that the suggestion be referred to the legal advisors when the updated legal text is submitted for review, allowing specialist drafting advice to be obtained before any decision is taken. Members agreed with this approach.

ACTION 04/02: Legal Advice on Schedule Alignment: The Secretariat to raise the subject of Paragraph numbering alignment (i.e., a respondent's suggestion to add 'not used' paragraphs to Schedule 18 such that it would align with Schedule 17 changes as part of DCP 477) with the legal advisors when submitting the draft legal text for final review which will be post meeting 05.

Question 9

3.21 The Working Group reviewed the responses to question 9, which asked whether respondents had any comments on the proposed legal text. Members noted that two respondents supported the legal drafting as provided with the consultation and two others reiterated feedback they had provided in response to question 2 which covered:

- A request for additional guidance to be developed to supplement the legal text and provide DNOs with clearer, step-by-step direction where the issue is caused by a reduction in allowed revenue as the text doesn't provide the level of granular instruction on how this is to be completed in practice.
- A request that the legal text include clearer wording regarding the circumstances when each option should be used.

3.22 With respect to the request for additional guidance to be developed to supplement the legal text, the Working Group noted that text to this effect should be in circulation as this information was shared in documents exchanged between DNOs and Ofgem. It was agreed that this would be a good way of achieving the desired outcome and that it need not form part of the legal text but could be a document shared between the impacted DNOs. It was suggested that in any case, the guidance could be developed concurrently and should not delay the Change Report.

3.23 One respondent highlighted that the legal text appears to include the addition of a new paragraph 5.4 in Annex 1, but that there is an existing paragraph 5.4. in Annex 1 and asked if the proposed text is supposed to read as a replacement of the existing text in that paragraph, or an addition to those existing paragraphs under the same heading. The Working Group confirmed that the text should be read as an additional paragraph being included, and not a replacement, and noted that its placement needs to be reviewed as and that either an update needs to be made to the paragraph number or its placement changed with the legal text as necessary.

ACTION 04/03: Legal Text Paragraph Placement Review: EC and LM to review and confirm the correct placement and numbering of the new legal text paragraph (currently 5.4) in Annex 1 of Schedule 17, ensuring it does not unintentionally replace existing content.

4. Review of Draft Change Report

4.1 The Chair presented the draft Change Report live on screen for the Working Group to review and further discuss. The Chair noted that the document was very much still in the draft stage and where the content had been transferred from the consultation and additional placeholders added for the overview of consultation responses as well as the Working Group's final proposed solution and items that warranted further discussion.

4.2 The Chair outlined the timetable for finalising the draft change report and legal text, with the group agreeing to review and provide comments ahead of the next meeting, aiming to meet the deadline for submission to the DCUSA Panel in time for them to consider it during their meeting in September.

4.3 Members agreed to the approach outlined by the Chair.

- 4.4 The Chair recorded actions for the Secretariat to finalise the Working Group's comments against the consultation responses received and include the Working Group Conclusions at the end of each question based on the discussions during the meeting and to update the draft Change Report so that it includes the summary of consultation responses and the conclusions of the Working Group in terms of the final solution and any specific points that they have updated following the consultation.

ACTION 04/04: The Secretariat to finalise the Working Group's comments against the consultation responses received and include the Working Group Conclusions at the end of each question.

ACTION 04/05: The Secretariat to update the draft Change Report so that it includes the summary of consultation responses and the conclusions of the Working Group in terms of the final solution and any specific points that they have updated following the consultation

5. Agreed Next Steps

- 5.1 The Working Group discussed the next steps, and the following items were captured:
- The Secretariat to finalise the Working Group comments in the collated consultation responses document and to update the draft Change Report inline with the actions taken and circulate both documents to members for review;
 - Working Group members who have taken actions to complete those as necessary
 - The next meeting date had been agreed to previously and would be held on 25 August 2026 at 1:30pm.

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 items of other business raised.

7. Date of Next Meeting – 25 August 2026

- 7.1 The next Working Group meeting is scheduled to be held on 25 August 2026 at 1:30pm.

8. Attachments

- Attachment 1_DCP 477 Work Plan

Appendix A – Actions Log

New and Open Actions

Ref	Action	Owner	Update
04/01	Legal Text Clarifications: EC to amend the draft legal text to clarify the circumstances in which each option may be used, including where the model fails to run entirely, and to reinforce consistency with previously applied approaches.	EC	
04/02	Legal Advice on Schedule Alignment: The Secretariat to raise the subject of Paragraph numbering alignment (i.e., a respondent's suggestion to add 'not used' paragraphs to Schedule 18 such that it would align with Schedule 17 changes as part of DCP 477) with the legal advisors when submitting the draft legal text for final review which will be post meeting 05.	Secretariat	
04/03	Legal Text Paragraph Placement Review: EC and LM to review and confirm the correct placement and numbering of the new legal text paragraph (currently 5.4) in Annex 1 of Schedule 17, ensuring it does not unintentionally replace existing content.	EC and LM	
04/04	The Secretariat to finalise the Working Group's comments against the consultation responses received and include the Working Group Conclusions at the end of each question.	Secretariat	
04/05	The Secretariat to update the draft Change Report so that it includes the summary of consultation responses and the conclusions of the Working Group in terms of the final solution and any specific points that they have updated following the consultation	Secretariat	

Closed Actions

Ref	Action	Owner	Update
03/01	EC to check internally whether the Holistic Transition scenario should be used and feedback to the group.	Emma Clark	Closed: <i>This was removed from the version that was consulted on.</i>
03/02	The Chair to finalise the draft Consultation and draft legal text documents.	Secretariat	Closed: <i>Consultation issued on 14 July</i>
03/03	The Chair to issue the DCP 477 Consultation to wider industry for feedback.	Secretariat	Closed: <i>Consultation issued on 14 July 2026 with a response deadline of 31 July 2026.</i>