

Question 1

Company	Confidential/ Anonymous	Do you agree with the proposal to add the three solutions, previously approved through derogations, to the DCUSA? Please provide your rationale.	Working Group Comments
SP Energy Networks	Non-Confidential	Yes we agree with this proposal, since it utilises previously applied solutions, and removes the delays associated with seeking derogations on an annual basis.	Noted that the respondent agreed; and provided rationale that the proposal: - 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.
The Electricity Network Company Ltd.	Non-Confidential	Yes, we support the proposal. The three solutions have been scrutinised and accepted by Ofgem and have demonstrated their effectiveness in addressing instances of excessive surplus residual within the EDCM. Codifying these mechanisms within DCUSA will provide a clear and transparent route for DNOs to address future occurrences without the uncertainty and resource burden associated with derogation applications. We agree that the proposed mitigation should be viewed as an interim measure pending a more enduring solution through the DUoS SCR or other wider charging reform. In the meantime, incorporating these arrangements would mitigate the need for derogations based on the specific issues identified, which would simplify the charge setting process and result in charges being published within standard notice periods. From an IDNO perspective, this increased certainty is particularly important. IDNOs are dependent on the timely publication of DNO tariffs to develop, validate and publish our charges. Where derogations are required, the resulting delays and uncertainty can create operational challenges and compress implementation timescales. Derogations, and therefore delayed publication of charges, can also be a cause of confusion for customers. Incorporating these mechanisms into DCUSA would provide greater predictability for all parties, enabling IDNOs to manage their charging obligations more efficiently and communicate charges to customers with greater confidence.	Noted that the respondent agreed; and 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.
National Grid Electricity Distribution	Non-Confidential	Yes. NGED supports the proposal. The three intervention options have already been reviewed and approved by Ofgem through derogations and have been successfully used to address issues that arise from the Pricing models. Collating these arrangements within DCUSA will provide greater certainty, consistency and efficiency while reducing the need for repeated derogation requests.	Noted that the respondent agreed; and provided rationale that the proposal: 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.
Northern Powergrid	Non-Confidential	Yes, all three solutions are required to cover all known issues with excessive surplus residual revenue within the EDCM.	Noted that the respondent agreed; and provided rationale that the proposal: • addresses all known issues that have arisen with respect to the FCP EDCM;
Scottish and Southern Electricity Networks	Non-Confidential	Yes – as an interim solution to avoid the need for repeated annual Derogations and only until such time a long-term solution is reached via the DUoS SCR (or other project stream). A fundamental review of the DUoS methodologies from the ground up should be prioritised by the Regulator urgently as we believe both the CDCM and EDCM are no longer working as intended.	Noted that the respondent agreed; and 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; • avoids the need for repeated derogation requests which would otherwise result in delays.
Working Group Conclusions		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

Company	Confidential/ Anonymous	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.	Working Group Comments
SP Energy Networks	Non-Confidential	Yes, we agree that it is reasonable to apply criteria, and these seem clear. We would note that the solution where the issue is caused by a reduction in allowed revenue, i.e. "reapportion negative fixed charges for final demand consumers within a residual band to the capacity charge for the same group of consumers" is not entirely clear. Perhaps this could be phrased differently, or a simple example given.	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 progress of this change.
The Electricity Network Company Ltd.	Non-Confidential	We support the principle that the intervention applied should be linked to the underlying causes of the excessive surplus residual. This provides a logical method for selecting the most appropriate solution, it also helps ensure consistency across affected DNOs. We consider the proposed criteria to be appropriate in determining which solution to apply, as it is consistent with Ofgem's guidance on the underlying issues.	The Working Group noted that this respondent agreed and provided supporting rationale.
National Grid Electricity Distribution	Non-Confidential	Yes. The proposed criteria appropriately link the intervention applied to the underlying cause of the excessive surplus residual revenue. This should support a consistent and transparent approach across affected DNOs while retaining sufficient flexibility to apply multiple interventions where necessary.	The Working Group noted that this respondent agreed and provided supporting rationale.
Northern Powergrid	Non-Confidential	Yes, the draft legal text states clearly when each solution should be used and, when one solution is used and does not remove the credit fixed charge rates, clearly outlines when to use an additional solution.	The Working Group noted that this respondent agreed and provided supporting rationale.
Scottish and Southern Electricity Networks	Non-Confidential	In hindsight, we think the circumstances under which a DNO should select either options a) or b) needs to be clearer to avoid any subjectivity from the DNO re which set of FCP results are more appropriate. Who pays what should be a decision made by the Regulator. Additional clarity in the legal text is also to the benefit of our customers.	The Working Group agreed to include additional detail in the legal text as to which option would be used – specifically two provisions, the first being that where a DNO has encountered the issue before and have used a specific option previously that they continue to use that approach and the

			second is to include the additional text related to first use of one of the options which would be something along lines of when the model doesn't produce a full set of tariffs.
Working Group Conclusions		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. 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. The Working Group agreed to give further consideration to what form this could take. 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. 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. 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.	

Question 3

Company	Confidential/ Anonymous	Are there any alternative solutions that should be developed through a future Change Proposal or by the Authority as part of a future SCR? Please provide your rationale.	Working Group Comments
SP Energy Networks	Non-Confidential	While we have not identified an alternative solutions as yet, we agree with the need for an enduring solution, and the issues around the FCP methodology should be looked at as part of the DUOS SCR.	Noted
The Electricity Network Company Ltd.	Non-Confidential	None that we have identified.	Noted

National Grid Electricity Distribution	Non-Confidential	No alternative solutions are proposed at this stage. Given the temporary and targeted nature of DCP 477, it is appropriate to focus on codifying existing Ofgem-approved arrangements.	Noted
Northern Powergrid	Non-Confidential	The affected DNOs could consider moving to the LRIC model rather than the FCP as there are currently no known issues with excessive surplus residual revenue within the LRIC EDCM models. If it is possible to switch, this would remove the need for an additional Schedule within the DCUSA and would ensure all DNOs are using the same processes.	Noted, but the WG highlight that the decision to use the LRIC model would be for each individual DNO. It was noted that would take a lot of time and resource to implement and that it potentially has other issues which would warrant further discussion. Also noted that volatility would likely be an issue for end customers.
Scottish and Southern Electricity Networks	Non-Confidential	As a mid-term solution, we intend to submit another DCP to the DCUSA Panel which will consider and seek to implement a single solution for all affected DNOs for use in tariff setting cycles post April 2028 tariff setting. The change proposal will be drafted with a broad intent and consider options such as an alternative load growth forecast (not necessarily aligning with LTDS per current DCUSA requirements) or reducing the FCP period from 10 years. As mentioned, a long-term solution will be the outcome of a wider review led by the Regulator of how the network should be paid for, by whom, and on what basis this should be calculated.	Noted
Working Group Conclusions		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. 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

Company	Confidential/ Anonymous	Do you believe the proposed solution better facilitates the DCUSA Charging Objectives? Please provide your rationale.	Working Group Comments
SP Energy Networks	Non-Confidential	Yes, we agree with the assessment that objectives 1, 2,3 and 6 are better facilitated, and would suggest that Objective 4 is also slightly better facilitated.	Noted that this respondent agreed that the proposal better facilitates the DCUSA Charging Objectives, particularly Charging Objectives 1, 2, 3, and 6 as well as a suggestion that Charging Objective 4 may also be slightly better facilitated.
The Electricity Network Company Ltd.	Non-Confidential	We agree with the Working Group's assessment that the proposal better facilitates Charging Objectives 1, 2, 3 and 6. The proposal supports DNO compliance with licence obligations by providing a mechanism for producing valid tariffs where excessive surplus residual is an issue. It reduces regulatory uncertainty and administrative burden associated with repeated derogation applications. It also promotes efficiency in implementation and administration by embedding proven arrangements within the DCUSA, removing the need for derogations for these issues. This is particularly beneficial for IDNOs, which rely on the timely publication of DNO tariffs to develop and publish their own charges. Reducing reliance on derogations should improve the certainty and timeliness of the charge setting process, supporting more effective planning, implementation and communication of tariffs to customers.	Noted that this respondent agreed that the proposal better facilitates the DCUSA Charging Objectives, particularly Charging Objectives 1, 2, 3, and 6 and provided their rationale.
National Grid Electricity Distribution	Non-Confidential	Yes. The proposal better facilitates Charging Objectives 1, 2, 3 and 6 by ensuring DNOs can produce valid EDCM tariffs when excessive surplus residual revenue related issues occur etc.	Noted that this respondent agreed that the proposal better facilitates the DCUSA Charging Objectives, particularly Charging Objectives 1, 2, 3, and 6.
Northern Powergrid	Non-Confidential	Yes, we agree with the Working Group's assessment that this solution better facilitates DCUSA charging objectives 1, 2 3 and 6.	Noted that this respondent agreed that the proposal better facilitates the DCUSA Charging Objectives, particularly Charging Objectives 1, 2, 3, and 6.
Scottish and Southern Electricity Networks	Non-Confidential	Yes, for the reasons stated in the consultation.	Noted that this respondent agreed that the proposal better facilitates the DCUSA Charging Objectives as per the consultation.
Working Group Conclusions		The Working Group noted that all five respondents agreed that the proposal better facilitates the 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.	

Question 5

Company	Confidential/ Anonymous	Are there any consumer impacts, benefits or risks arising from the proposal that should be considered as part of the assessment of this CP?	Working Group Comments
SP Energy Networks	Non-Confidential	None that we have identified.	Noted
The Electricity Network Company Ltd.	Non-Confidential	We agree that the change proposal formalises arrangements that have already been applied through approved derogations and therefore consider it does not introduce fundamentally new charging approaches.	The Working Group noted that this respondent considered the proposal to formalise arrangements already applied through approved derogations and did not identify any fundamentally new charging approaches.
National Grid Electricity Distribution	Non-Confidential	The proposal primarily formalises arrangements already approved and applied through the derogation process. Benefits include greater transparency, certainty and timely tariff setting. We do not identify any material new consumer risks beyond those already considered through previous derogation approvals.	The Working Group noted that this respondent considered the proposal to formalise arrangements already applied through approved derogations and did not material new consumer risks.
Northern Powergrid	Non-Confidential	None that we are aware of.	Noted
Scottish and Southern Electricity Networks	Non-Confidential	Whilst some of the options approved to date have the advantage of ensuring charge stability for customers, the longer they are utilised, the increased risk of future “unwinding” step changes.	Noted that this 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
Working Group Conclusions		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. 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. It was further noted that affected end users may have limited awareness of any future changes because of the complexity of the charging methodologies and associated models. The Working Group agreed that this potential longer-term impact should be recognised when assessing the proposal.	

Question 6

Company	Confidential/ Anonymous	Aside from the DUoS SCR, are you aware of any other wider industry projects or initiatives that this CP may impact upon?	Working Group Comments
SP Energy Networks	Non-Confidential	None that we have identified.	Noted
The Electricity Network Company Ltd.	Non-Confidential	Not at this time.	Noted
National Grid Electricity Distribution	Non-Confidential	NGED is not aware of any significant wider industry projects that would be materially impacted by this proposal.	Noted
Northern Powergrid	Non-Confidential	None that we are aware of.	Noted
Scottish and Southern Electricity Networks	Non-Confidential	Not at this time.	Noted
Working Group Conclusions		The Working Group noted no respondents identified any other wider industry projects or initiatives that this CP may impact upon.	

Question 7

Company	Confidential/ Anonymous	Do you agree with the Working Group's view that this CP should be implemented by no later than 5 November 2026?	Working Group Comments
SP Energy Networks	Non-Confidential	Yes.	Noted that the respondent agreed.
The Electricity Network Company Ltd.	Non-Confidential	Yes, implementation prior to 5 November 2026 is important to ensure affected DNOs have certainty ahead of the 2028/29 tariff setting process and to avoid the need for further derogation applications.	Noted that the respondent agreed and provided their rationale which was: - that it would remove the need for derogations in the future - that the solution provides

			certainty/guidance for DNOs for 2028/29 tariff setting processes
National Grid Electricity Distribution	Non-Confidential	Yes. NGED agrees with the proposed implementation date to ensure the solution is available ahead of the 2028/29 tariff-setting process and to minimise the potential need for future derogation requests.	Noted that the respondent agreed and provided their rationale which was: - that it would remove the need for derogations in the future. - that the solution provides certainty/guidance for DNOs for 2028/29 tariff setting processes
Northern Powergrid	Non-Confidential	Yes, we agree with the proposed implementation date.	Noted that the respondent agreed.
Scottish and Southern Electricity Networks	Non-Confidential	Yes, as this provides the DNO with clear guidance for 2028/29 tariff setting purposes due for publication 31/12/26 (notwithstanding Ofgem consultation re notice periods for ED3).	Noted that the respondent agreed and provided their rationale that the solution provides certainty/guidance for DNOs for 2028/29 tariff setting processes
Working Group Conclusions		The Working Group noted that all five respondents supported implementing the solution by no later than 5 November 2026, with three respondents highlighting that the solution provides certainty/guidance for DNOs for 2028/29 tariff setting processes, and two noting that it would remove the need for derogations in the future.	

Question 8

Company	Confidential/Anonymous	Do you think paragraphs 18.22 to 18.24 should reside under the Demand Scaling header, as currently drafted, or somewhere else (e.g., under a new heading)? If somewhere else, please provide suggestions.	Working Group Comments
SP Energy Networks	Non-Confidential	We don't agree that Demand Scaling is the correct place for this text. We suggest an additional section is created, with a new heading, for example "Interim solution for negative residual".	The Working Group noted that this respondent expressed a preference for a new section heading.
The Electricity Network Company Ltd.	Non-Confidential	We do not have a strong view on this matter.	Noted.

National Grid Electricity Distribution	Non-Confidential	The proposed location is acceptable.	Noted.
Northern Powergrid	Non-Confidential	We agree with the proposed placement of this text in the Demand Scaling section. The sections are currently aligned between Schedule 17 and Schedule 18, so we do not believe it would be beneficial to change this by adding a new section to Schedule 17 only. It may also be beneficial 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. This would not be needed for the change in Annex 1 as these are very different between the schedules.	The Working Group noted this suggestion but did not have strong views on the matter and therefore agreed that when submitting the legal text to the legal advisors for review that the subject of alignment is raised with them at that time.
Scottish and Southern Electricity Networks	Non-Confidential	We're comfortable with the location as drafted.	Noted.
Working Group Conclusions		The Working Group 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. It was noted that the Working Group did not have strong views on the matter and therefore agreed that when submitting the legal text to the legal advisors for review that the subject of alignment is raised with them at that time.	

Question 9

Company	Confidential/Anonymous	Do you have any comments on the legal text?	Working Group Comments
SP Energy Networks	Non-Confidential	As per question 2, we believe that the solution where the issue is caused by a reduction in allowed revenue, i.e. "reapportion negative fixed charges for final demand consumers within a residual band to the capacity charge for the same group of consumers" is not entirely clear. Perhaps this could be phrased differently, or a simple example given.	The Working Group noted that this respondent reiterated feedback they had provided in response to question 2 which the Working Group addressed under that question.
The Electricity Network Company Ltd.	Non-Confidential	We consider the legal text appropriate for the solution.	The Working Group noted that this respondent considered the legal text to be appropriate.

	Non-Confidential	NGED supports the proposed legal text. The drafting appropriately reflects the existing Ofgem guidance and correctly identifies the circumstances under which each intervention may be applied.	The Working Group noted that this respondent supported the proposed legal.
Northern Powergrid	Non-Confidential	There is an existing 5.4. in Annex 1 – is the proposed text a replacement, or in addition to?	The Working Group confirmed that the text should be read as an additional paragraph being included, and not a replacement. The placement of the text in question was reviewed and it was determined that it should be added as new Paragraph 5.5A in Annex 1 and will be reviewed by the legal advisors to confirm if appropriate.
Scottish and Southern Electricity Networks	Non-Confidential	As mentioned in Q2, clearer direction is required re the unique circumstances of when a DNO should select either options a) or b). Alternatively, it could be updated to state that a DNO should continue with the Ofgem approved intervention option they have applied to date. If this is the case, 18.23 may need to be adjusted slightly.	The Working Group noted that this respondent reiterated feedback they had provided in response to question 2 which the Working Group addressed under that question.
Working Group Conclusions		The Working Group 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. 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. The remaining respondent highlighted that the legal text appears to include the addition of a new paragraph 5.4 in Annex 1, but that 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.	