

DCP 477 Working Group – Meeting 07

28 September 2026 at 13:30 – 16:30 via Microsoft Teams

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
Edda Dirks [ED]	SSE Generation
Ofgem Observer	
Tim Aldridge [TA]	Ofgem
Code Administrator	
Dylan Townsend [DT] (Chair)	ElectraLink
Apologies	
John Harmer [JH]	Waters Wye Associates
Lorna Murray [LM]	SP Energy Networks

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 formal apologies had been received by Lorna Murray (SP Energy Networks) and John Harmer (Waters Wye).

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 to which it was noted that no feedback was received, and the minutes were approved as a true and accurate record of the meeting.

Open Actions

- 1.5 Members reviewed the open actions which are captured within Appendix A below.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of the meeting was to review responses received to the second consultation, determine whether any additional work was required, agree any amendments to the legal text and establish the approach to be taken forward within the Change Report.
- 2.2 The Chair noted that eight consultation responses had been received and that all responses had been submitted on a non-confidential basis.

3. Review of Consultation Responses

Question 1 – Reduced Notice Period Arrangements

- 3.1 The Working Group reviewed responses to the proposal to introduce a reduced notice period where a DNO applies an intervention option to address excessive surplus residual revenue. Responses from five respondents supported the proposal on the basis that additional analysis, assurance activities and implementation work may be required where intervention options are applied.
- 3.2 Members discussed responses from two respondents, which supported a reduced notice period only where it operated as an exception mechanism rather than an alternative publication timetable. The Working Group acknowledged these comments and agreed that the legal drafting could be strengthened to make clearer that affected DNOs should publish charges as soon as reasonably practicable and that the reduced notice period represented a backstop rather than the expected publication date.
- 3.3 The Working Group also considered comments from one respondent regarding a suggestion the DNOs using the FCP methodology consider transitioning to the LRIC methodology, a concern over the consistency of publication timetables and the identification of potential interactions with DCP 469. Members reaffirmed previous discussions that migration to LRIC remained outside the scope of DCP 477 and would represent a longer-term policy question. The Working Group also noted that interactions with DCP 469 would need to be considered through that change proposal rather than through DCP 477. Members acknowledged that differing publication dates across DNOs and IDNOs were not ideal but noted that similar arrangements already arise where derogations are required.
- 3.4 The Working Group reviewed the response from the one respondent who opposed the introduction of notice period provisions, noting that the basis of their view was that such provisions were outside the original scope of DCP 477 and transferred decision-making powers from Ofgem to affected DNOs.
- 3.5 With respect to the respondent's view that the introduction of notice period provisions was outside the original scope of DCP 477, members noted that this had been discussed during a previous meeting and pointed to the process set out in Ofgem's 'Guidance for managing the effects of surplus residual charges' which was published on 14 November 2024. It was noted that the guidance contains both a requirement for a derogation against the notice period which would need to be applied for first and a subsequent derogation request against the methodologies.

- 3.6 With respect to the respondent's view that the introduction of a reduced notice period arrangement transferred decision-making powers from Ofgem to affected DNOs, members discussed this concern and reaffirmed that DCP 477 remains a Part 1 Matter and was therefore subject to Authority decision and so it would be for the Authority to decide whether or not they were comfortable with the approach of the DCUSA text allowing DNOs to reduce the notice period by virtue of using one of the methodology solutions.
- 3.7 Members acknowledged that the notice period provisions had generated greater stakeholder concern than the methodology elements of the proposal and discussed whether the notice period arrangements should be progressed separately from the intervention methodology itself.

Question 2 – Proposed 13-Month Notice Period

- 3.8 The Working Group reviewed responses regarding the proposed 13-month notice period. Most respondents supported the proposal or considered it a reasonable fall-back position where additional time is genuinely required. Respondents generally referenced previous Ofgem-approved derogations as evidence that a 13-month notice period represented an appropriate precedent.
- 3.9 Particular attention was given to responses from three respondents, all of which suggested that the legal drafting should more clearly establish that publication should occur as soon as reasonably practicable and that the 13-month date should represent a maximum rather than a default position. Members agreed that this represented a reasonable drafting improvement and supported updating the legal text accordingly.
- 3.10 Members noted that only one respondent remained opposed to the proposed timescale.

Question 3 – Notification Requirements

- 3.11 The Working Group reviewed responses concerning the requirement for affected DNOs to provide direct notification to impacted parties where intervention options are applied and publication of charges will be delayed. The majority of respondents agreed that a notification requirement was appropriate and considered 20 December to be a reasonable deadline. Respondents generally highlighted the importance of maintaining transparency and providing affected parties, particularly IDNOs, with advance warning where publication timelines will differ from standard arrangements.
- 3.12 Members noted that one respondent considered notification on or before 31 December would be sufficient, whilst another respondent opposed the requirement on the basis that it did not support the reduced notice period provisions themselves. The Working Group concluded that the consultation responses demonstrated broad support for the proposed notification arrangements and for retaining the 20 December date.

Question 4 – Relative Notice Period for IDNOs

- 3.13 The Working Group reviewed consultation responses relating to the proposed relative notice period arrangement for IDNOs and DNOs operating outside their own Distribution Services Area. Members noted that all bar one respondent supported the proposal and generally considered the one-month relative notice period to be appropriate and consistent with previous derogation arrangements.
- 3.14 The Working Group concluded that consultation support for this aspect of the proposal was strong and no changes were required.

Question 5 – Additional Consumer, Supplier and Operational Impacts

- 3.15 The Working Group noted that most respondents had not identified any additional impacts beyond those already described within the consultation document. One respondent noted that some customers would receive notice of charges later than in other regions but considered any resulting impact unlikely to be material.
- 3.16 The Working Group reviewed comments from one respondent, which suggested that reduced notice periods could increase risk premia within supply contracts, reduce competition in the fixed-price supply market and create additional costs for consumers. Members acknowledged the response and agreed that these concerns should be reflected within the Change Report as part of the consultation summary and Working Group assessment.

Question 6 – Proposed Legal Text

- 3.17 The Working Group reviewed comments on the draft legal text. Responses generally supported the overall drafting approach whilst offering a number of drafting refinements.
- 3.18 Members noted support for the methodology aspects of the drafting and for codification of intervention options previously approved through derogations. Additional suggestions included:
- clarifying that the standard notice period remains the expected position;
 - ensuring publication occurs as soon as reasonably practicable;
 - correcting minor drafting issues such as consistency of capitalisation of defined terms ;
 - simplifying Paragraph 18.26; and
 - reviewing drafting interactions with DCP 469 where appropriate.
- 3.19 The Working Group agreed that the suggested amendments relating to publication "as soon as reasonably practicable" should be incorporated into the legal text. Members also agreed to refer drafting comments regarding Paragraph 18.26, capitalisation and typographical matters to legal advisers as part of the legal review process.

Finalisation of Working Group's Review of Consultation Responses

- 3.20 The Secretariat agreed to take an action 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 07/01 Collated Consultation Responses: 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.

4. Consideration of the Preferred Solution

- 4.1 Following review of the consultation responses, the Working Group discussed whether the methodology components and notice period provisions should continue to be progressed as a single solution.

- 4.2 Members noted that consultation support for the methodology intervention options remained strong and largely uncontested. By contrast, consultation responses demonstrated that the notice period provisions had attracted greater scrutiny and concern, particularly from supplier representatives. Members also recognised that there remained uncertainty regarding potential interactions with DCP 469 and forthcoming Ofgem decisions relating to DUoS notice periods for the first two years of RIIO-ED3.
- 4.3 The Working Group therefore discussed creating two solutions for submission to Ofgem:
- **Solution A:** Codification of the intervention options and associated methodology changes to Schedule 17 only.
 - **Solution B:** Codification of the intervention options together with the proposed reduced notice period provisions and associated notification requirements (i.e., the proposed amendments to Clause 19 and Schedule 16).
- 4.4 Members considered that this approach would preserve the significant work undertaken on the methodology solution whilst providing Ofgem with flexibility regarding the notice period arrangements. The Working Group unanimously supported taking this approach forward.

5. Review of Draft Legal Text

- 5.1 The Working Group reviewed the latest version of the draft legal text.
- 5.2 Members agreed to update Clause 19.1BA to incorporate wording requiring publication of charges "as soon as reasonably practicable" whilst retaining the 13-month backstop. Members considered that this amendment appropriately reflected consultation feedback and reinforced that the reduced notice period was intended as an exception rather than a default publication timeline.
- 5.3 The Working Group also supported adding a requirement for the notification issued under Clause 19.1BB to include an indicative timeline for charge publication. Members considered that providing indicative timing information would improve transparency and assist impacted parties with planning, whilst recognising that any timeline provided would remain indicative and subject to change should additional analysis be required.
- 5.4 The Working Group additionally discussed interactions with Schedule 16 distribution time band notice provisions and agreed that consequential drafting should be included to ensure that, where the reduced notice period provisions apply, distribution time band notification requirements align with the revised Use of System Charge notice period.
- 5.5 Members further agreed to amendments that would be considered to be minor drafting issues such as ensuring defined terms are appropriately capitalised. The Chair noted that any minor issues that had been missed by the Working Group would be picked up by the legal advisers upon their review of the document. An action was taken by the Chair to submit the finalised version of the legal text to legal advisers for review as soon as possible following the meeting.

ACTION 07/02 Draft Legal Text: Secretariat to submit the finalised version of the legal text to legal advisers for review and specifically request for consideration of whether Paragraph 18.26 can be simplified and the appropriateness of the positioning of the additions to Clause 19

6. Work Plan and Next Steps

6.1 The Chair presented an updated work plan. Members agreed that:

- the draft legal text would be submitted to legal advisers for review;
- the Secretariat would prepare a draft Change Report and circulate it to the Working Group for review;
- the next Working Group meeting would be convened for 06 October 2026 between 15:00 to 17:00 to review the Change Report and any comments from the legal advisers on the legal text; and
- the proposal should remain on track for consideration at the October DCUSA Panel meeting.

ACTION 07/03 Draft Change Report: Secretariat to draft and circulate the Change Report to Working Group members for review ahead of Meeting 08 ensuring to prepare it so that it clearly separates Solution A (the methodology elements only) and Solution B (the methodology elements plus the notice period provisions).

ACTION 07/04 Arrange Follow-up Meeting: Secretariat to arrange DCP 477 Working Group Meeting 08 for 6 October 2026 from 15:00 to 17:00.

7. Any Other Business

7.1 The Chair asked the group whether there were any other items of business to discuss.

7.2 There were no items of other business raised.

8. Date of Next Meeting – 06 October 2026

8.1 The next Working Group meeting is scheduled to be held on 6 October 2026 from 15:00 to 17:00 with the purpose being to review the draft Change Report and any comments back from the legal advisers.

Appendix A – Actions Log

New and Open Actions

Ref	Action	Owner	Update
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	Update as of 03 September: This will remain as ongoing until the point at which the legal drafting is issued for final legal review.
07/01	Collated Consultation Responses: 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	
07/02	Draft Legal Text: Secretariat to submit the finalised version of the legal text to legal advisers for review and specifically request for consideration of whether Paragraph 18.26 can be simplified and the appropriateness of the positioning of the additions to Clause 19.	Secretariat	
07/03	Draft Change Report: Secretariat to draft and circulate the Change Report to Working Group members for review ahead of Meeting 08 ensuring to prepare it so that it clearly separates Solution A (the methodology elements only) and Solution B (the methodology elements plus the notice period provisions).	Secretariat	
07/04	Arrange Follow-up Meeting: Secretariat to arrange DCP 477 Working Group Meeting 08 for 6 October 2026 from 15:00 to 17:00.	Secretariat	

Closed Actions

Ref	Action	Owner	Update
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	Update as of 03 September: This remains ongoing but will be completed prior to second consultation being issued. Update 28 September 2026: The draft consultation document was circulated to the Working Group post meeting. Completed
06/01	Draft Consultation Changes: Secretariat to update the draft consultation document to reflect Working Group comments and decisions during meeting 06 and circulate both a tracked changed version for traceability and a clean version for final review.	Secretariat	Update 28 September 2026: The draft consultation document was circulated to the Working Group post meeting. Completed

06/02	<u>Draft Legal Text:</u> Secretariat to update the draft legal text document to reflect Working Group comments and decisions during meeting 06 and circulate both a tracked changed version for traceability and a clean version for final review.	Secretariat	Update 28 September 2026: The draft legal text was circulated to the Working Group post meeting. Completed
06/03	<u>Review of Consultation and Legal Text:</u> Working Group members to review the consultation document and legal text and provide any final comments back by midday on 04 September.	Working Group Members	Update 28 September 2026: Comments were received from Working Group members. Completed
06/04	<u>Issue Consultation:</u> The Secretariat to issue the consultation for industry feedback on 04 September 2026 for a period of two weeks.	Secretariat	Update 28 September 2026: The consultation was issued on 04 September 2026 Completed
06/05	<u>Arrange Follow-up Meeting:</u> The Secretariat to arrange a follow-up meeting for Monday, 28 September from 13:30 to 16:30 to review the consultation responses.	Secretariat	Update 28 September 2026: Meeting was arranged and held. Completed