

DCP 477 Working Group – Meeting 08

06 October 2026 at 15:00 – 17:00 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
Lorna Murray [LM]	SP Energy Networks
John Harmer [JH]	Waters Wye Associates
Edda Dirks [ED]	SSE Generation
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 by

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 noted that the purpose of the meeting was to review comments received from the DCUSA legal advisors on the draft legal text, consider updates to the draft Change Report and determine the remaining actions required prior to submission of the Change Report to the DCUSA Panel.

3. Review of Legal Advisors' Comments on Draft Legal Text

- 3.1 The Working Group reviewed the comments received from the DCUSA legal advisors on the latest draft legal text. Members noted that the legal review had not identified any fundamental concerns with the drafting structure and that the majority of comments related to clarification, consistency of terminology and drafting refinements.
- 3.2 Members agreed that the legal review had been helpful in identifying areas where the drafting could be made clearer whilst remaining faithful to the Working Group's intent.

Paragraph 18.22 – Definition of Excessive Surplus Residual Revenue

- 3.3 The Working Group reviewed comments concerning the reference to the EDCM model producing a "full suite of charges". Members discussed whether references to positive or zero-value charges should be retained within the explanatory text.
- 3.4 It was noted that zero-value charges can be an entirely legitimate outcome within the EDCM and therefore should not be interpreted as evidence of excessive surplus residual revenue. Members agreed that references creating that implication should be removed and that the drafting should simply refer to the EDCM model failing to produce a full suite of charges. The Working Group considered that the existence of excessive surplus residual revenue would be apparent to the affected DNO through the operation of the methodology itself and did not require further elaboration within the drafting.
- 3.5 The Working Group therefore agreed with the legal advisor's proposed drafting simplification.

Paragraphs 18.22 to 18.26 – Interaction Between Intervention Options

- 3.6 The Working Group considered legal advisor comments regarding the interaction between Paragraphs 18.22, 18.24 and 18.26.
- 3.7 Members agreed that the reference to Paragraph 18.26 should apply only to the intervention options set out under Paragraph 18.24 and not to Paragraph 18.23. The Working Group noted that Paragraph 18.23 relates to circumstances where excessive surplus residual revenue is principally driven by reductions in allowed revenue and therefore does not require further intervention selection logic. By contrast, Paragraph 18.24 contains multiple intervention options and therefore requires the consistency provisions set out in Paragraph 18.26.
- 3.8 The Working Group therefore agreed that the reference to Paragraph 18.26 should be moved accordingly.

Paragraphs 18.25 and 18.26 – Application of Previously Used Interventions

- 3.9 Members reviewed comments relating to circumstances where a DNO may have previously applied an intervention option, ceased to require the intervention for one or more Charging Years and subsequently experienced excessive surplus residual revenue once again.
- 3.10 The Working Group recognised that the legal text should not unintentionally create a scenario whereby a DNO which had previously applied an intervention option would subsequently be treated as a first-time user simply because the issue did not arise in the immediately preceding Charging Year. Members agreed that references to the “previous Charging Year” should therefore be amended to refer to “any previous Charging Year”, thereby ensuring that historic use of intervention options remained relevant when determining the appropriate intervention to apply.
- 3.11 The Working Group considered that this amendment better reflected earlier discussions concerning consistency of treatment and the continued use of interventions previously approved to address the same underlying issue.

Paragraph 18.27 – Use of Secondary Intervention Options

- 3.12 The Working Group discussed whether the drafting should require or merely permit a secondary intervention option to be applied where the first intervention had failed to resolve all negative fixed charges.
- 3.13 Members acknowledged that affected DNOs would ultimately need to address any remaining negative fixed charges but also recognised that circumstances may arise where an affected DNO wishes to pursue an alternative regulatory route, including a derogation request. The Working Group therefore agreed that the drafting should indicate that the secondary intervention option “should” be applied rather than creating an absolute obligation.
- 3.14 Members considered this approach provided appropriate flexibility whilst still making clear the Working Group's expectation regarding how the methodology should be operated.

Paragraph 18.29 – Reapportionment Methodology

- 3.15 The Working Group reviewed comments relating to Paragraph 18.29 and confirmed that the text continued to reflect the methodology previously described within Ofgem guidance and supporting documentation. Members agreed that various drafting clarifications proposed by the legal advisors improved readability without changing the intended methodology.
- 3.16 However, members agreed that one amendment should be accepted to clarify that the drafting refers to the total negative residual charge amount rather than a more general residual amount.

New Paragraph 5.5A of Annex 1

- 3.17 The Working Group reviewed comments on the drafting associated with use of the previous year's demand forecast within the latest Authorised Network Model.
- 3.18 Members agreed that the legal advisors' proposed shortening of the drafting appropriately reflected the fact that intervention options may be triggered not only by negative fixed charges but also by failures to produce a full suite of tariffs. Members further agreed that the intervention should be expressed as a requirement through the use of the term “shall” to align with equivalent drafting elsewhere within Schedule 17.

Review of Notice Period Drafting (Solution B) - Historic Notice Period References

- 3.19 The Working Group reviewed legal advisor comments relating to legacy references within Clause 19.1A covering the transitional arrangements implemented when the notice period moved from shorter notice periods to the current 15-month and 14-month requirements.
- 3.20 Members agreed that those transitional references no longer serve an ongoing purpose and that the drafting should be simplified to reflect the enduring notice period requirements only. The Working Group considered this approach consistent with changes previously proposed under DCP 437 and would improve readability without altering policy intent.

Interaction Between EDCM, CDCM and PCDM Charges

- 3.21 The Working Group discussed comments questioning whether delayed publication arrangements should apply only to EDCM charges or to all Use of System Charges.
- 3.22 Members reaffirmed the position reached during earlier meetings and consultations that the iterative interactions between the EDCM, CDCM and PCDM methodologies mean that delayed publication of EDCM charges has consequential impacts for all use of system charging models. The Working Group therefore agreed that it remained appropriate for the reduced notice period provisions to apply to all Use of System Charges rather than being restricted solely to EDCM charges.
- 3.23 Members additionally considered that the drafting should make this point more explicit and agreed that legal advisors should be asked whether additional clarification wording could be incorporated to avoid ambiguity.

Clarification That the Reduced Notice Period Is an Exception Mechanism

- 3.24 The Working Group revisited consultation feedback indicating that some respondents were concerned that inclusion of a reduced notice period might inadvertently create a new default publication timeline.
- 3.25 Members noted that the legal text already required publication to occur as soon as reasonably practicable and no later than 13 months prior to the relevant Charging Year. However, the Working Group agreed that an additional qualification would improve clarity by making explicit that the reduced notice period should only be used where it is not reasonably practicable for the DNO to comply with the standard 15-month requirement.
- 3.26 The Working Group considered that this amendment reflected consultation feedback whilst avoiding any additional evidential burden on DNOs. Members agreed that the amendment reinforced the intended policy position that the reduced notice period should operate as an exception mechanism rather than as a routine alternative timetable.

Schedule 16 Drafting

- 3.27 The Working Group reviewed consequential amendments to Schedule 16 and agreed that the revised drafting appropriately aligned Distribution Time Band notice period requirements with the proposed reduced notice period mechanism under Clause 19. No further amendments were requested.

ACTION 08/01 Draft Legal Text Review: Secretariat to provide the Working Group's comments on the draft legal text to the DCUSA legal advisors and request a final version for review.

4. Review of Draft Change Report

- 4.1 The Chair introduced the draft Change Report and explained that the majority of the document reflected material previously circulated within the consultation documents. Members noted that the principal additions comprised:
- the summary of responses received to the second consultation;
 - updated legal text commentary;
 - the Working Group's rationale for proposing two solutions; and
 - the relevant objectives assessment.
- 4.2 The Chair outlined the approach taken to explain Solution A and Solution B, noting that the legal text commentary had been expanded to clearly explain the purpose of each new drafting provision and how the two solutions differed.
- 4.3 Members agreed that further review of the Change Report would be undertaken offline given the limited time available during the meeting.

Relevant Objectives and Voting Approach

- 4.4 The Working Group discussed the need for final consideration of the assessment against the DCUSA Charging Objectives and, in the case of Solution B, the potential application of the DCUSA General Objectives. Members noted that the relevant objectives section remained subject to final review and Working Group confirmation.
- 4.5 The Secretariat also highlighted that a final decision was required regarding how the two solutions would be presented to Parties during voting. Members discussed possible approaches, including:
- permitting Parties to accept one solution and reject the other;
 - permitting acceptance of both solutions whilst requiring a preferred solution to be identified; or
 - permitting rejection of both solutions.
- 4.6 The Working Group agreed that these matters should be considered further following members' review of the draft Change Report and prior to finalisation of the document.

ACTION 08/02 Review of Draft Change Report: Secretariat to update the "How?" section of the Change Report to reflect the final two-solution approach and any further minor updates needed and circulate an updated draft to the Working Group as soon as possible for their review.

ACTION 08/03 Review of Draft Change Report: Working Group members to review the draft Change Report and updated consultation response document and provide comments ahead of the next meeting.

5. Next Steps

- 5.1 The Working Group agreed that:

- the Secretariat would provide the Working Group's comments back to the legal advisors and request a final version of the legal text;
- members would review the draft Change Report and updated consultation response document offline;
- comments on the documentation would be provided prior to the next meeting;
- a short additional Working Group meeting would be convened on 12 October 2026 from 11:00 to 13:00 to finalise the Working Group's view on the relevant objectives, voting approach and Change Report drafting; and
- the proposal should remain on track for submission to the October 2026 DCUSA Panel meeting.

5.2 Members noted that both EC and LM would be unavailable during the following week and agreed that comments would therefore be provided in advance wherever possible.

ACTION 08/04 Arrange Follow-up Meeting: Secretariat to arrange DCP 477 Working Group Meeting 09 for 12 October 2026 from 11:00 to 13:00.

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 – 12 October 2026

- 7.1 The next Working Group meeting is scheduled to be held on 12 October 2026 from 11:00 to 13:00 with the purpose being to finalising the Change Report and obtaining the Working Group's view on the relevant objectives.

Appendix A – Actions Log

New and Open Actions

Ref	Action	Owner	Update
08/01	Draft Legal Text Review: Secretariat to provide the Working Group's comments on the draft legal text to the DCUSA legal advisors and request a final version for review.	Secretariat	
08/02	Review of Draft Change Report: Secretariat to update the "How?" section of the Change Report to reflect the final two-solution approach and any further minor updates needed and circulate an updated draft to the Working Group as soon as possible for their review.	Secretariat	
08/03	Review of Draft Change Report: Working Group members to review the draft Change Report and updated consultation response document and provide comments ahead of the next meeting.	Working Group members	
08/04	Arrange Follow-up Meeting: Secretariat to arrange DCP 477 Working Group Meeting 09 for 12 October 2026 from 11:00 to 13:00.	Secretariat	

Closed 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. Update as of 06 October 2026: Advice was requested and response given and confirmed during meeting 08. COMPLETED
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	Update as of 06 October 2026: Document was updated and circulated to members for review. COMPLETED
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	Update as of 06 October 2026: Legal text was issued to legal advisors and their comments back to the Working Group were reviewed during meeting 08. COMPLETED
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	Update as of 06 October 2026: Document was updated and circulated to members for review. COMPLETED
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	Update as of 06 October 2026: meeting was arranged. COMPLETED