DCUSA Schedule 20 Cost Information Review Pack Presentations 03

22 October 2026 at 14:00 - Web-Conference

Attendee	Company
Working Group Members	
Kara Burke [KB]	NPg
Rob Scott [RS]	BrytEnergy
Sally-Ann Young [SAY]	SSE
Leon Stafford [LS]	UKPN
Thomas Glen [GT]	SPEN
Alister Johnson [AJ]	UKPD
Charles Mott [CM]	SSE
Dave Wornell [DW]	NGED
Blessing Ekpe [BE]	SSE
Chirs Baker [CB]	SP ENW
Ed Grimsey [EG]	BU-UK
James Knight [JK]	Centrica
Jonathan Dadson [JD]	Valda Energy
Louise Bunny [LB]	NPg
Meredith Bradley [MB]	YU Energy
Rakesh Gohil [RG]	Centrica
Simran Kelsey [SK]	Centrica
Swanpnil Yedekar [SY]	YU Energy
Stephen Millar [SM]	SPEN

Ahna Taylor [AT]	SSE
Daniel Minifie [DM]	EDF Energy
Code Administrator	
Andy Green [AG] (Chair)	ElectraLink

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.

Competition Law Guidance and Terms of Reference

1.2 The Working Group agreed to be bound by the Competition Law Guidance for the duration of the meeting.

2. Purpose of the Meeting

2.1 The Chair explained that the purpose of the meeting to review the Schedule 20 CIRP review packs which is a requirement that was introduced by **DCP 325**, which removed the responsibility for the hosting of the webinar from the ENA to the DCUSA.

3. Review of presentations

3.1 The Chair moved on to the presentations. These can be found within Attachment 1 DCUSA CIRP 03 Presentations.

NPg

3.2 KB presented the Northern Powergrid position. She explained that there had been relatively little movement since the previous CIRP. ED2 had been aligned with the latest business forecasts, while the current ED3 position continued to use the previous methodology. This would be updated for the next submission once the ED3 business-plan information was available.

3.3 KB explained that the main changes covered pass-through costs, licence fees, exit charges, connections reform, incentives and updated DSO scores. ED3 incentives had effectively been assumed at zero because neither the targets nor potential rewards and penalties were sufficiently known to produce a meaningful forecast.

3.4 The Working Group noted that Ofgem had rejected the requested derogation from the 15-month notice period for 2028/29 tariffs. As a result, tariffs would need to be published by the end of December, using the forthcoming business-plan submissions as the basis.

3.5 AT asked how Northern Powergrid had treated ED3, particularly the apparent increase in CapEx in 2028/29. KB explained that the current position broadly carried forward the ED2 methodology and that the December CIRP would incorporate the ED3 methodology required for the final business-plan

submission. She agreed to check why the current 2028/29 CapEx value increased and whether this simply reflected an earlier internal forecast.

3.6 The discussion moved to over and under recovery. KB explained that recovery could feed through several tariff years depending on the assumptions available when charges were set. Forecast information could already be incorporated in the following year, with subsequent variances then feeding through the correction mechanism into later years.

3.7 SAY queried differences in the Northern Powergrid CIRP, including the inflation assumption, different WACC values in rows 61 and 113 and whether ED3 depreciation had been properly reflected. KB agreed to check each point with the relevant team and respond..

NGED

3.8 AL presented the NGED position and explained that allowed revenue remained broadly stable overall, despite some significant offsetting movements between fast money, tax allowances, inflation and correction terms.

3.9 DW explained that ED3 values should be treated as provisional. In the absence of the ED3 PCFM and completed business-plan information, the 2028/29 position had essentially been set equal to 2027/28 rather than attempting to create assumptions that could give a misleading impression of accuracy.

3.10 AT queried whether depreciation and opening and closing RAV could instead be calculated formulaically. DW explained that once ED3 commenced and the relevant PCFM existed, the appropriate values would be populated through the normal forecasting process. For the current CIRP, however, values had deliberately been kept flat because sufficiently robust information did not yet exist.

3.11 SAY also queried an increase in fast money shown for 2028/29. DW confirmed that this simply reflected the updated 2027/28 position being rolled forward.

UKPN

3.12 LS explained that UKPN had adopted a similar approach to the other DNOs for ED3, rolling forward the 2027/28 calculated base revenue and applying an assumed 2% inflation rate pending more reliable ED3 information.

3.13 The main movement since the previous CIRP was a reduction of approximately £38 million in allowed revenue across the period, principally driven by the revised inflation forecast and the resulting impact on over-recovery and subsequent correction terms.

3.14 SAY noted that some of the allowed-revenue figures in the presentation did not appear to match the published CIRPs. LS advised that a V2 of the UKPN CIRP was available and agreed to check the figures. This led to a wider discussion about how stakeholders are notified when revised CIRPs are published.

3.15 The Chair acknowledged that there was not currently a formal process and agreed to consider how revisions could be better communicated, potentially through the CDCM arrangements, suggesting that maybe the DCMDG would be a good forum to have these discussions.

3.16 SAY also queried the WACC figures and a 0% inflation assumption appearing from 2028 in the CIRP. Leon agreed to investigate, noting that a generic 2% assumption should have been applied from 2028/29.

3.17 AT asked whether DNOs were required to use a common inflation source. DW explained that ED2 uses the prescribed OBR approach, but the position for ED3 had not yet been established.

3.18 Further direction may therefore be required for the 2028/29 tariff-setting process. JK noted that the RIIO-3 inflation methodology had already been determined for gas transmission, gas distribution and electricity transmission, which might provide a useful indication of the eventual approach.

SSEN

3.19 CM presented the SSEN position. He explained that changes for ED2 reflected updated actuals, pass-through forecasts, interruption costs, fast money and correction factors. A significant movement in 2027/28 related to rephasing load-related CapEx between SEPD and SHEPD.

3.20 ED3 forecasts had again largely been held flat, with the 2028/29 position carried forward into subsequent years pending more developed ED3 information.

3.21 AT asked about the apparent increase in the 2028/29 figures and whether ED3 assumptions were included. She also queried a negative load-related CapEx value in 2027/28. CM agreed to check both points with the relevant team and provide a response.

SP ENW

3.22 CB explained that there had been relatively few changes for ENW. The principal movements related to inflation, revised tax allowances and the resulting K-factor effects.

3.23 For ED3, ENW had followed a similar approach to other DNOs by rolling the final ED2 position forward as the best available estimate, with inflation applied. Chris explained that the current PCFM ended with ED2 and therefore could not properly forecast the future effects of ED3 investment, depreciation, incentives and business-plan changes.

SPEN

3.24 TG explained that SP Energy Networks had similarly maintained the final ED2 forecast position across the ED3 period until new information was available. The 2025/26 actuals and forecasts for 2026/27 and 2027/28 had, however, been updated with the latest available data.

3.25 Changes included inflation, TOTEX, RAV-related returns, pass-through costs, tax allowances, other revenues and updated DSO incentive information. The figures from 2028/29 onwards remained provisional and would change once the ED3 business-plan and modelling information became available.

4. Any Other Business

4.1 Following the presentations, AT asked what information would become available through the ED3 business plans and whether the DNOs followed a common template. KB explained that final

business-plan submissions were due to Ofgem on 23 November and that a standard submission template and Business Plan Financial Model would provide a level of detail broadly comparable with the PCFM. Where the appropriate information was available, Northern Powergrid intended to populate equivalent information into the CIRP.

4.2 SAY raised a broader concern about the value of presenting detailed 2028/29 inputs where the underlying figures were essentially placeholders. She felt this could give users the impression that detailed ED3 modelling had been undertaken when the allowed-revenue forecast had largely been rolled forward.

4.3 CB explained that DNOs were required to provide this information under DCUSA even where meaningful future-year information was not yet available. Andy suggested that whether the current level of CIRP detail remained useful could be raised through CDCM.

4.4 AT then asked about other CIRP inputs, including volumes and other modelling assumptions. KB explained that Northern Powergrid updated volumes and other inputs as information became available, with many CDCM inputs normally updated once a year as part of charge setting. Some future-year values were therefore held constant until updated information became available.

4.5 DM asked when the 2028/29 tariffs were expected to be published. KB confirmed that, unless an individual DNO received a separate derogation, the normal deadline would apply and tariffs would be published by 31 December 2026.

5. Attachments

- Attachment 1 DCUSA CIRP 03 Presentations

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
03/01	Confirm the basis of the 2028/29 CapEx increase and whether any ED3 assumptions are included.	Northern Powergrid	New action
03/02	Check the CIRP inflation assumption, WACC values in rows 61 and 113, and treatment of ED3 depreciation, and respond to Sally Ann Young.	Northern Powergrid	New action
03/03	Reconcile the 2027/28 allowed-revenue figures between the presentation and CIRP and confirm the authoritative version.	UKPN	New action
03/04	Check the WACC entries and inflation assumption shown in the CIRP.	UKPN	New action
03/05	Investigate the 2028/29 CapEx and allowed-revenue position and the negative load-related CapEx figure for 2027/28, and respond to Ahna Taylor.	SSEN	New action
03/06	Collect responses to Ahna Taylor's outstanding questions and circulate them.	Andy Green and DNOs	