DCP 474 'Application of Smart Meter Communication Licence Costs in the CDCM' Working Group Meeting 06

22 October 2026 – Microsoft Teams

Attendee	Company
Working Group Members	
Ed Grimesy [EG] (Proposer)	The Electricity Network Company
Louise Robinson [LR]	ESPUG
Edda Dirks [ED]	SSE Generation
Alex Lam [AL]	NGED
Charles Mott [CM]	SSEN
Ryan Farrell [RF]	Northern Powergrid
Lorna Murray [LM]	SPEN
Alexander Pentecost [AP]	Eclipse Power Networks
Donna Jamieson [DJ]	IDCSL
Ofgem Observer	
Shyam Doraiswamy [SD]	Ofgem
Code Administrator	
John Lawton [JL] (Chair)	ElectraLink
Dylan Townsend [DT] (Technical Secretariat)	ElectraLink
Apologies	
N/A	

1. Administration

Recording

1.1 The Secretariat informed Working Group members that, as per the terms of reference, the meeting would be recorded for the purpose of aiding the Technical Secretary in producing an accurate record of the meeting. The recording will be deleted after no later than 60 days after the meeting.

Apologies

1.2 It was noted that no formal apologies had been received for the meeting.

Terms of Reference and Competition Law Guidance

1.3 The Working Group reviewed the "Competition Law Guidance" and "Terms of Reference". All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting.

Review of the minutes of the last meeting

1.4 The Working Group reviewed the minutes of meeting 05 of the Working Group and it was noted that that no comments were made and the Secretariat confirmed that they would then be treated as a true and accurate record of the meeting.

Updates on actions

1.5 The Secretariat ran the Working Group through the actions log and updates on each action are captured within the action log; this can be found in Appendix 1 of this document.

2. Purpose of the Meeting

2.1 The Chair confirmed that the principal purpose of Meeting 06 was to review the amended models, model documentation and impact assessment received from CEPA/TNEI, determine what information should be summarised in the consultation, and complete the consultation document sufficiently for it to be issued for industry consultation.

3. Review of Updated Models and Impact Assessment

Overall modelling output

3.1 The Working Group reviewed the CEPA/TNEI model documentation and impact-assessment workbook. Ed Grimsey advised that his initial review showed results broadly consistent with expectations. In particular, the PCDM discount percentages had reverted to the pre-DCP 395 methodology, while Domestic Aggregated or CT customers and lower-banded Non-Domestic Aggregated or CT customers generally experienced increases from the new fixed-charge adder. For larger non-domestic bands, the reduction in residual charges increasingly outweighed the new adder, producing lower typical bills.

3.2 The Chair considered that the modelling had achieved the principal objective of confirming that the DCP 395 treatment had been correctly removed and showing the resulting effect of applying the new adder to all-the-way charges. Members noted that the full modelling pack provided a detailed basis on which DNOs, IDNOs and other stakeholders could assess the effect for their own tariff and portfolio mix.

3.3 The Working Group noted that the model documentation explained that CEPA/TNEI had compared three scenarios: the published baseline, a pre-DCP 395 position produced by combining the original CDCM with the amended PCDM, and the full DCP 474 position using the amended CDCM and PCDM. The CDCM and PCDM had been iterated so that notional EHV asset values and LDNO discounts transferred between the models were stable. Members noted that populated EDCM models were not available, so the assessment could not fully resolve EDCM circularities; CEPA/TNEI nevertheless expected that effect to be small. For LPN, a 3% reduction to gross asset costs had been applied for assessment purposes to avoid errors caused by the model's negative residual constraint.

3.4 The Working Group noted the validation findings. LDNO discounts under DCP 474 matched the pre-DCP 395 methodology for every DNO; the new adder recovered the relevant Smart Meter Communication Licence Costs in full; fixed charges increased for eligible aggregated demand tariffs, while residual charges reduced for other final-demand tariffs; and LDNO net revenue increased for eligible aggregated

demand customers but reduced for other final-demand customers. The modelling therefore behaved as intended.

Assessment of Impacts

3.5 The Working Group noted a general tipping point between Non-Domestic Aggregated or CT Bands 1 and 2. Domestic and smaller non-domestic customers tended to experience increases, while larger non-domestic customers tended to benefit from the reduction in residual charges. Non-Domestic Aggregated or CT No Residual customers experienced increases because they became liable for the new adder despite previously making no contribution to the Smart Meter Communication Licence Cost through residual charges. Generation, Related MPAN and non-final-demand tariffs were almost unaffected, apart from very small movements arising from the revised LDNO discounts and discounted-volume calculations.

3.6 The Working Group noted that CEPA/TNEI's analysis confirmed that reversing DCP 395 caused LDNO discounts to return to the pre-DCP 395 methodology. Discounts reduced for LV end users and increased for LV Sub and HV end users in every DNO area, although the scale varied by DNO and boundary level. Members noted that this was essentially the reverse of the impact previously reported for DCP 395.

Presentation in the consultation

3.7 Members discussed how much of the detailed analysis should be reproduced in the consultation. Louise Robinson and Lorna Murray emphasised that stakeholders would need a clear explanation of the effect on end-customer bills. The Group considered averages useful as an introductory indicator but recognised that DNO-area variation and outliers could make a simple average misleading. The full workbook would therefore remain available for stakeholders requiring detailed regional results.

3.8 The Working Group agreed that the consultation should include an introductory explanation of the modelling request and attachments, together with a concise table showing the minimum and maximum annual typical-bill movement across DNO areas for each all-the-way tariff category. This would provide a proportionate summary without obscuring regional differences. The accompanying text should direct readers to the CEPA/TNEI model documentation and impact-assessment workbook for the complete results. The existing CEPA/TNEI narrative explaining the domestic increase, HV site-specific reduction, tipping point and treatment of largely unaffected tariffs should be retained and adapted to support the table.

3.9 EG agreed to derive the minimum and maximum values from the impact-assessment workbook for inclusion in the consultation. The Secretariat agreed to prepare the introductory text, insert the completed table and ensure that the detailed modelling documents were clearly identified as consultation attachments.

Action 06/01 Impact Assessment for consultation: EG to prepare the minimum and maximum annual typical-bill movements across DNO areas for each all-the-way tariff category and provide the completed analysis for the consultation table.

Action 06/02 Impact Assessment Introduction : Secretariat to add introductory wording explaining the modelling request and attachments, insert the completed impact table and adapt the CEPA/TNEI narrative for the consumer-impact section.

4. Finalisation of the Consultation Document

Consultation period and timetable

4.1 The Working Group revisited the consultation period. Members noted the volume of modelling material, the forthcoming half-term period and the reduced urgency associated with the implementation timetable. The Group agreed that the consultation should be open for four weeks rather than three. Subject to completion of the final review, the consultation would be issued on Monday, 02 November 2026 and would close on Monday, 30 November 2026.

Summary of the proposed solution

4.2 The Group reviewed the opening summary and agreed that it should provide a concise and accurate account of the revised solution. Text already included later in the Working Group Assessment was brought forward to explain that Smart Meter Communication Licence Costs would remain within each DNO's target revenue, be recovered through a separately identifiable fixed-charge adder applied to eligible all-the-way Domestic Aggregated or CT and Non-Domestic Aggregated or CT tariffs, and be excluded from the corresponding LDNO tariffs. The summary would also explain that the relevant DCP 395 amendments were being reversed. Earlier wording suggesting treatment fully consistent with the existing pass-through adders was removed because the treatment of LDNO tariffs differs.

Profile Classes and aggregated tariff names

4.3 The Chair introduced the additional analysis linking Profile Classes 1 to 4 in the DCC Charging Statement to the current Domestic Aggregated and Non-Domestic Aggregated tariff names. The analysis drew on historic tariff names and DCP 268, demonstrating that Domestic Unrestricted and Domestic Two Rate tariffs associated with Profile Classes 1 and 2 became Domestic Aggregated tariffs, while Small Non-Domestic Unrestricted and Small Non-Domestic Two Rate tariffs associated with Profile Classes 3 and 4 became Non-Domestic Aggregated tariffs.

4.4 Members considered this historical explanation useful for readers who might not otherwise understand the connection between the DCC terminology and current CDCM tariff names. One member noted that Related MPAN tariffs were not shown in the summary table. The Chair explained that they were covered by the supporting material but had been omitted from the summary because DCP 474 excluded Related MPANs from the adder. The Group agreed that the table could remain as drafted and that the supporting extracts from the DCC, BSC and DCP 268 should be included as a consultation attachment.

DCC supplier-distributor allocation

4.5 The Group discussed the revised indicative allocation of DCC costs between suppliers and distributors. The published 2027/28 DUoS tariffs and the CEPA/TNEI impact assessment used the 40% distributor allocation assumed by DNOs when those tariffs were prepared. Members noted that a more recent indicative DCC statement suggested a distributor allocation of around 21%, although the final value had not yet been confirmed.

4.6 Members agreed that DCP 474 should stand on its own regardless of the absolute allocation percentage, as the supplier-distributor allocation is governed under the Smart Energy Code rather than DCUSA. The consultation should nevertheless explain that the 2027/28 modelling uses the 40% assumption

embedded in published tariffs, note that the allocation remains subject to the DCC process, and include a link to the latest indicative charging statement. The key statement that the allocation itself was outside the scope of DCP 474 would be moved earlier in the section so readers understood this before considering the contextual figures.

4.7 One member observed that the change in distributor weighting was not necessarily driven by an increase in the number of smart meters and could reflect greater network use of smart-meter communications. The Group noted that the consultation already included a question concerning whether wider network users benefit from the DCC network, which would allow stakeholders to comment on the appropriate allocation principle.

Consumer impacts

4.8 The consumer-impact section would be completed using the CEPA/TNEI modelling outputs. The superseded preliminary assessment would not be retained. The Group agreed that the section should explain both the introduction of the new adder and the offsetting reduction in residual charges, include the tariff-category minimum and maximum table, and retain the material findings from the model documentation. Detailed DNO-by-DNO results would remain in the impact-assessment attachment rather than being reproduced in full in the consultation.

Implementation

4.9 The Group confirmed the proposed implementation position as the 2029/30 charge-setting period following Authority approval. The consultation would also ask whether a derogation should be sought to amend published tariffs from 2028/29 if that became appropriate. Members noted that Ofgem had published its decision on the applicable notice arrangements, but this did not change the Working Group's proposed consultation position.

Questions, attachments and final quality review

4.10 The Secretariat would update the consultation timetable, question numbering, paragraph references and attachment references, remove resolved drafting comments and add a link to the original Change Proposal form at the first suitable reference. The consultation attachment list would include the legal text, response form, CEPA/TNEI modelling and impact assessment, and the supporting analysis of Profile Classes and aggregated tariffs. The Working Group agreed that the consultation should receive a final sense check before issue rather than being published immediately after the remaining drafting was inserted.

Action 06/03: Draft Consultation Updates: Secretariat to update dates, questions table, attachment cross-references; remove resolved comments; and add a link to the original Change Proposal form and then circulate the updated consultation document to the Working Group for final sense check.

5. Next Steps and Work Plan

5.1 EG undertook to provide the minimum and maximum typical-bill analysis by the end of Monday, 26 October 2026. The Secretariat would insert the analysis and complete the outstanding consultation drafting on Tuesday, 27 October 2026, then circulate the final draft to the Working Group. Members agreed to complete their final review by Friday, 30 October 2026, allowing the consultation to be issued on Monday, 02 November 2026 for a four-week period ending on Monday, 30 November 2026.

5.2 The Group agreed to hold the next Working Group meeting on Monday, 07 December 2026, for three hours reserved to review consultation responses. The subsequent Work Plan timetable would be updated after that review.

Action 06/04 Review Draft Consultation: Working Group members to review the updated consultation document and return any final comments prior to 30 October 2026.

Action 06/05 Issue Consultation: The Secretariat to, subject to completion of the final review by Working Group members, issue the consultation for four weeks on 02 November.

Action 06/06: Next Meeting Date: The Secretariat to send calendar invitations for the next Working Group meeting, being held on Monday, 07 December 2026.

Action 06/07: Work Plan: The Secretariat to update the work plan and circulate to Working Group members.

6. Any Other Business

6.1 No additional business was raised. The Chair thanked the Working Group for their input and closed the meeting.

7. Date of Next Meeting

7.1 The next meeting will be held on Monday, 07 December 2026.

APPENDIX 1 – ACTIONS LOG

New and Open Actions

Ref	Action	Owner	Update
06/01	Prepare the minimum and maximum annual typical-bill movements across DNO areas for each all-the-way tariff category and provide the completed analysis for the consultation table.	EG	NEW ACTION
06/02	Add introductory wording explaining the modelling request and attachments, insert the completed impact table and adapt the CEPA/TNEI narrative for the consumer-impact section.	ElectraLink	NEW ACTION
06/03	Update dates, questions table, attachment cross-references; remove resolved comments; and add a link to the original Change Proposal form and then circulate the updated consultation document to the Working Group for final sense check.	ElectraLink	NEW ACTION
06/04	Review the updated consultation document and return any final comments prior to 30 October 2026.	Working Group	NEW ACTION
06/05	Subject to completion of the final review by Working Group members, issue the consultation for four weeks on 02 November.	ElectraLink	NEW ACTION
06/06	The Secretariat to send calendar invitations for the next Working Group meeting, being held on Monday, 07 December 2026.	ElectraLink	NEW ACTION
06/07	The Secretariat to update the work plan and circulate to Working Group members.	ElectraLink	NEW ACTION

Closed Actions

Ref	Action	Owner	Update
05/01	The Secretariat to obtain Panel approval for submission of the modelling specification to CEPA/TNEI. Subject to this approval, the formal modelling request will be sent to the modelling consultants. The Working Group will be informed when this has been completed	ElectraLink	**Completed:** Modelling documentation had been submitted and approved by the relevant Panel members, and subsequently issued to CEPA/TNEI and the output reviewed during meeting 06.
05/02	The Secretariat to update the consultation to reflect the discussions held and to circulate the updated version to the Working Group.	ElectraLink	**Completed: T**he consultation document has been revised and circulated to the Working Group.
05/03	The Secretariat to update the work plan and circulate to Working Group members.	ElectraLink	**Completed:** Work Plan updated and circulated to the Working Group.
05/04	The Secretariat to send calendar invitations for the next Working Group meeting, being held on Thursday, 22nd October 2026.	ElectraLink	**Completed:** Meeting arranged.