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10 December 2025

Dear Tim,

## **Request for direction in accordance with clause 19.1B of Section 2A of the DCUSA (Distribution Connection and Use of System Agreement)**

### **Summary of request**

In relation to both of SSEN's distribution licences, Scottish Hydro Electric Power Distribution plc (SHEPD) and Southern Electric Power Distribution plc (SEPD), we hereby request a direction from Ofgem to enable the disapplication of the DCUSA requirement to provide 15 months' notice of changes to distribution network charges for in-area tariffs, and 14 months' notice for out of area network charges.

### **Reason for request**

SSEN has previously received Directions from Ofgem for both 2025-26 and 2026-27 final tariffs in respect of the treatment of excessive surplus residual charges. Whilst we cannot fully confirm until the Allowed Revenues for each licence area are finalised following the 14-day PCFM (Price Control Financial Model) notice period, our indicative impact assessments for 2027-28 tariffs show that this issue is likely to occur again for both SEPD and SHEPD licence areas.

In the absence of an equivalent document pertaining specifically to 2027-28 final tariffs, following recent discussion with Ofgem, we propose to follow a similar timeline to that outlined in the Ofgem document published November 2024 titled 'Guidance for managing the effects of surplus residual charges'<sup>1</sup>. Once 2027-28 Allowed Revenues are finalised, we will contact Ofgem again to provide confirmation that excessive surplus residual is apparent in the final tariffs prior to intervention. Thereafter, but no later than 9 January 2026, we intend to submit a further request for a Direction alongside an assessment of the impact of the applied EDCM intervention. We would thereafter expect to publish final in-area tariffs by 31 January 2026, post receipt of the Ofgem Direction. Should any issues arise in the CDCM model, we know the solution to be applied per the outcome of DCP (DCUSA Change proposal) 450.

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<sup>1</sup> [Guidance for managing the effects of surplus residual charges](#)

### **Necessary Direction**

We request a direction under clause 19.1B of Section 2A of the DCUSA that the periods of notice described in clause 19.1A of the DCUSA need not apply in respect of Use of System Charges in Regulatory Year 2027-28. Please note that we require this direction to apply to **in-area charges** as well as **out-of-area charges** for both SHEPD and SEPD distribution licences.

Please do not hesitate to get in touch if you require any further detail.

Yours sincerely

**Emma Clark**

Pricing Manager, SSEN Distribution