



DCUSA Change Report

DCP 140 - Inclusion of the Common
Connection Charging Methodology (CCCM)
into the DCUSA

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 140 - Inclusion of the Common Connection Charging Methodology into the DCUSA.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed amendments attached as Appendix B and submit votes using the form attached as Appendix D to dcusa@electralink.co.uk by **21 September 2012**.

2 BACKGROUND

- 2.1 DNOs are required to have a Methodology under Standard Licence Condition (SLC) 13 and a Charging Statement under SLC 14. These requirements were met by developing a common "Statement of Methodology and Charges for Connection" from October 2010. Certain sections of these documents are common to all DNOs and it is intended that the Common Methodology be put into open governance under the DCUSA.
- 2.2 There have been discussions concerning the governance of the Connection Charging Statements within a number of different forums. Ofgem outlined its view on the governance in its letter dated 16th February 2011, an informal consultation on Licence changes dated 3 February 2012, the statutory consultation on the Licence changes dated 14 May 2012 and its final decision dated 28 June 2012¹.
- 2.3 Ofgem have made it a license requirement for DNOs to have a Common Methodology and for it to be included in the DCUSA. The requirement for a Common Methodology will be applied to DNOs only, not IDNOs. To mirror the CDCM and EDCM Methodologies already brought under the DCUSA, the overall statement which contains the Common Methodology, non-common methodology elements and charges, is to be kept outside the DCUSA governance process.
- 2.4 This proposal was presented to the Electricity Connections Steering Group on 25 May 2011, and was also discussed at the Connections Charging

¹<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=803&refer=Networks/ElecDist/Policy/DistChrgMods>

Methodologies Forum.

3 DCP 140 - INCLUSION OF THE COMMON CONNECTION CHARGING METHODOLOGY (CCCM) INTO THE DCUSA

- 3.1 DCP 140 has been raised by Electricity North West Limited and seeks to include the approved Common Connection Charging Methodology (CCCM) into the open governance and change management processes of the DCUSA.
- 3.2 The CP seeks to create a new Schedule for the relevant sections of the "Statement of Methodology and Charges for Connection".
- 3.3 A copy of the current common "Statement of Methodology and Charges for Connection" has been included as Appendix C; only Section 5 – "Common Connections Charging Methodology" which details the Common Connection Methodology and Section 8 – "Glossary of Terms" which has the corresponding definitions which will accompany the methodology, will be included in the DCUSA. These will be referenced as Section X and Section Y in DCUSA to ensure that they are incorporated into the statement but not fixed as to where in the statement they fall e.g. if new sections are added.
- 3.4 The Common Connections Charging Methodology has to be incorporated into DCUSA on 1 October 2012 by virtue of a change to the DNOs' licenses in SLC22A.
- 3.5 Whilst the DNOs have worked together voluntarily to develop the common approaches it was recognised that for benefits to be maintained a formal governance arrangement would be required. DCP 140 was developed after considering other possible alternatives as the most effective way of achieving the objective of having a robust governance process for the CCCM.
- 3.6 As well as provides consistency and transparency for Parties, open governance will allow other stakeholders to propose changes to the Methodology. A Connections Charging Methodology Forum (which has yet to be placed into governance) has already been established including other industry stakeholders to support the intended formal governance process.

4 PROPOSED LEGAL TEXT

- 4.1 The draft legal text for DCP 140 has been reviewed by Wragge & Co and is attached as Appendix B.
- 4.2 The DCP 140 legal text seeks to add a new Schedule into the DCUSA document. DCP 140 will add the CCCM into the open governance of the DCUSA.
- 4.3 Section 2 of the legal text has been updated from the CCCM baseline document. A number of the definitions in Section 8 of the CCCM baseline document make reference to defined terms that are located elsewhere in that document and that are not contained within section 5.
- 4.4 The Glossary has therefore been updated to remove these definitions that are not mentioned in Section 5 and the defined terms have also been added in which were not previously reflected in the text of section 8.

5 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 5.1 The Proposer considers that the following two DCUSA Objectives are better facilitated by DCP 140:
 - **Objective 1** – *'The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks'*. **No Impact.**
 - **Objective 2** – *'The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity'*. **Better facilitated.** Clearer explanation of the application and consistency of the Connection Charging Methodology allows distributed generators, other developers and independent connection providers to estimate more accurately the costs they will be subject to, upon connection or the provision of a connection and could promote effective competition in both areas and as such better meets this Objective.
 - **Objective 3** – *'The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences'*. **Better facilitated.** The DNOs consider that by clarifying the way in which the Connection Charging Methodologies are applied, the proposals would

better facilitate the discharge by DNOs of their obligations under SLC 13.1. This would better meet General Objective 3 that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under their licence. Without a formal governance arrangement the benefits achieved through a common connection charging methodology would be lost which would have an adverse impact on the DNOs meeting their Licence obligations and the development of competition in distribution.

- **Objective 4** – *'The promotion of efficiency in the implementation and administration of this Agreement'*. **No impact.**
- **Objective 5** – *'Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.'* **No impact.**

6 IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 140 is as soon as reasonably practicable following Authority consent.

7 PANEL RECOMMENDATION

- 7.1 The DCUSA Panel approved the DCP 140 Change Report at its meeting on 21 September 2012.
- 7.2 The timetable for the progression of the Change Proposal is set out below:

Activity	Date
Change Report issued for voting	14 September 2012
Voting closes	21 September 2012
Change Declaration	25 September 2012
Authority Consent	30 October 2012
CP Implemented	As soon as reasonably practicable following Authority consent.

8 APPENDICES:

- Appendix A – DCP 140 Change Proposal
- Appendix B - DCP 140 Proposed Legal Drafting
- Appendix C – DCP 140 Statement of Methodology and Charges for Connection (CCCM Baseline Document)
- Appendix D - DCP 140 Voting Form