

DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to dcusa@electralink.co.uk for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

- PART A – Mandatory for all Change Proposals
- PART B – Mandatory for Non Charging Methodologies Proposals
- PART C – Mandatory for Charging Methodologies Proposals
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PART A - MANDATORY FOR ALL CHANGE PROPOSALS

Document Control	
CP Status	Standard / Urgent
CP Number	DCP 205
Date of submission	12 March 2014
Attachments	[See Guidance Note 1]
Originator Details	
Company Name	Electricity North West
Originator Name	Brian Hoy
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	Brian.hoy@enwl.co.uk
Phone Number	01925 846904
Change Proposal Details	
CP Title	Recovery of costs due to load and generation increases from existing customers in RIIO-ED1
Impacted parties	DNOs
Impacted Clause(s)	Schedule 22
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	None identified
Change Proposal Intent	
<p>To make changes to the Common Connections Charging Methodology to take account of Ofgem policy for RIIO-ED1 in relation to recovery of costs due to load and generation increases from existing customers.</p>	
Business Justification and Market Benefits	
<p>On 4 March 2013 Ofgem published their Strategy Decision Document for RIIO-ED1. One of the documents, <i>Strategy decision for the RIIO-ED1 electricity distribution price control Outputs, incentives and innovation</i> contained details of its new policy position relating to the recovery of reinforcement costs associated with reinforcement due to load and generation increases from existing domestic and small business customers. This document can be found at the link below: https://www.ofgem.gov.uk/ofgem-publications/47068/riioed1decoutputsincentives.pdf</p> <p>Ofgem's decision from this document is reproduced below:</p> <p><i>3.33. Ideally, DNOs would recover costs from those customers who impose them. However, since this is currently not practicable we have decided that until DNOs have a means to accurately identify the customers who trigger cost, they will continue to recover the costs of any reinforcement caused by</i></p>	

load or generation growth by domestic (as defined in the electricity distribution licence) and small business (profile class 3-4) customers through DUoS charges. DUoS charges are paid by all customers as part of their overall bill to reflect the costs of transporting electricity through the distribution network.

3.34. This decision will apply to all equipment installed in existing domestic or profile class 3-4 properties, including where that equipment is part of multiple installations made by a landlord.

3.35. Given the projected take up of low carbon technologies by domestic customers over time, we consider that there needs to be a consistent policy across all DNOs. Otherwise customers may be unaware of connection charges which they are liable for and face these charges only after they have installed devices.

3.36. At present the only practical policy which can apply across the board is for DNOs to recover the costs of reinforcement from all customers through DUoS charges. Without access to granular data or installing costly monitoring equipment, the only means DNOs have for identifying domestic or small business customers who may trigger reinforcement are through the types of appliances they install. DNOs are working, through the Energy Networks Association (ENA), to receive advanced notification of when certain devices are installed. However, they will not know with confidence when these devices are used and hence whether they are triggering costs.

3.37. Socialising the cost of reinforcement to accommodate domestic growth means that customers who are not adopting high energy consumption equipment may, in effect, be paying for those who do through raised DUoS charges. This reflects current practice of funding reinforcement costs through DUoS charges where DNOs cannot identify the customers who trigger these costs. A system that targets upfront connection costs at individual domestic and small business customers may not only be impracticable, but also costly as DNOs would need to identify and approach individual customers. The impact of that approach would be likely to increase DNOs' overall costs which are passed through to all consumers.

3.38. We recognise that socialising reinforcement costs may insulate domestic and small business customers from the financial consequences of their actions, rather than actively encouraging them to properly manage their demand.⁹ However, this will be an interim measure until sufficient smart metering data is available to identify those who trigger reinforcement and incentivise them to manage their consumption in order to avoid reinforcement. A key element of our smart grid project (outlined above) will be to understand how incentives on these customers to manage demand can be introduced. This goes to the heart of what form a future smart grid should take and how it should interact with customers.

Proposed Solution and Draft Legal Text

Proposed changes to Schedule 22

Costs to be paid in full by us

1.30 We will fully fund Reinforcement carried out greater than one voltage level above the voltage at the POC to the existing Distribution System.

1.31 We will fully fund Reinforcement carried out to allow the installation of all equipment (other than the circumstances described in 1.36) installed in existing premises which remain connected via an existing low-voltage single, two or three phase service fused at 100 amperes or less per phase and with whole-current metering, including where that equipment is part of multiple installations made by a single applicant.

1.33 Where it is necessary to remove a low-voltage single, two or three phase looped service fused at 100 amperes or less per phase and with whole-current metering to allow the installation of all equipment installed (other than the circumstances described in 1.36) in existing premises we will fully fund the installation of a new service where the customer's Required Capacity is less than or equal to the Existing Capacity.

1.34 Where another LDNO with a distribution network that is connected to our Distribution System requires an increase in capacity to its distribution network, the voltage at the POC for assessing the one voltage rule will be:

- In the case of a new extension to the network of the other LDNO, the voltage of connection at which the Extension Assets will connect to the other LDNO's network; or
- In the case of additional capacity required in respect of a Customer connected to the existing assets of the LDNO, the voltage at which the Customer connects to the LDNO's network; or
- In the case of additional capacity required to meet general load growth on the LDNO's network then the Reinforcement costs will be borne by us. The LDNO will be required to provide justification in such circumstances.

1.35 The table below illustrates the application of the one voltage rule in relation to Reinforcement. You will be required to contribute towards the cost of any Reinforcement provided at one voltage level above the POC, up to and including the cost of circuit breakers provided at that voltage.

England & Wales

Voltage of Scheme Assets	Voltage at the POC			
	LV (below 1000V)	HV (above 1kV but less than 22kV)	EHV (above 22kV but less than 72kV)	132kV
132kV Network	We fund	We fund ¹	Apportioned	Apportioned
132kV/ EHV	We fund	EHV circuit breakers only Apportioned	Apportioned	Not applicable
EHV Network	We fund	Apportioned	Apportioned	Not applicable
132kV/ HV Substation	HV circuit breakers only Apportioned	Apportioned	Not applicable	Not applicable
EHV/HV Substation	HV circuit breakers only Apportioned	Apportioned	Not applicable	Not applicable
HV Network	Apportioned	Apportioned	Not applicable	Not applicable
HV/ LV Substation	Apportioned	Not applicable	Not applicable	Not applicable
LV Network	Apportioned	Not applicable	Not applicable	Not applicable

1 Except where there is direct transformation from 132kV to HV when the costs are apportioned.

Scotland

Voltage of Scheme Assets	Voltage at the POC		
	LV (below 1000V)	HV (above 1kV but less than 22kV)	EHV (above 22kV but less than 72kV)
EHV Network	We fund	Apportioned	Apportioned
EHV/HV Substation	HV circuit breakers only Apportioned	Apportioned	Not applicable
HV Network	Apportioned	Apportioned	Not applicable
HV/ LV Substation	Apportioned	Not applicable	Not applicable
LV Network	Apportioned	Not applicable	Not applicable

1.36 The circumstances where we would not fully fund the Reinforcement are where the

- (a) generation equipment with a rated output greater than 16 amperes per phase (including the connection of generation equipment of less than 16 amperes per phase where the aggregate capacity of installed generation equipment at the premises is greater than 16 amperes per phase);
- (b) equipment which the licensee has a reasonable expectation will fail to meet the equipment standards which have been clearly set out in 1.37.

1.37 Equipment standards include:

- XXX
- YYY
- ZZZ

Proposed Implementation Date

1 April 2015

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

- BSC
- CUSC
- Grid Code
- MRA
- SEC
- Other
- None

If other please specify

Consideration of Wider Industry Impacts
None identified by the Proposer
Environmental Impact
None identified by the Proposer
Confidentiality
None identified by the Proposer

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives
<p><u>General Objectives:</u></p> <p>Please tick the relevant boxes. [See Guidance Note 9]</p> <p><input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p><input type="checkbox"/> 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</p> <p><input checked="" type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><input type="checkbox"/> 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.</p>
Detailed rationale for better facilitation of the DCUSA Objectives identified above
<p>Ofgem has consulted on the draft licence conditions for Fast Tracked Companies and this includes a draft licence condition covering this policy change. The intention is to turn off the licence condition once Ofgem is satisfied the policy is included within DCUSA.</p>

PART C – MANDATORY FOR CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Charging Objectives

Please tick the relevant boxes. [See Guidance Note 11]

Charging Objectives:

- 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
- 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)
- 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
- 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
- 5 that compliance by each DNO Party with the Charging Methodologies facilitates 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.

General Objectives:

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- 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
- 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement
- 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.

Detailed rationale for better facilitation of the DCUSA Objectives identified above

[See Guidance Note 10]

Charging Objectives:

Ofgem has consulted on the draft licence conditions for Fast Tracked Companies and this includes a draft licence condition covering this policy change. The intention is to turn off the licence condition once Ofgem is satisfied the policy is included within DCUSA.

General Objectives:

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Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation

Flexibility And Capacity Working Group – Charging subgroup

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Guidelines for Working Group Members and Working Group Terms of Reference are available on the DCUSA Website and provide more information about the progression of the Change Process. www.dcusa.co.uk

Ref	Data Field	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	Part 1 / Part 2 Matter	A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.
3	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
4	Proposed Solution and Draft Legal Text	<p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions. The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>
5	Proposed Implementation Date	The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes in to consideration the deadlines for publishing indicative tariffs.

		<ul style="list-style-type: none"> • Submission of Company indicative tariffs is 31 December of each year. • Final tariffs are published on 1 April of each year. <p>Please select an implementation date that provides sufficient time for the change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected within the December indicative tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p>
6	Consideration of Wider Industry Impacts	Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.
7	Environmental Impact	Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance .
8	Confidentiality	Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem.
9	DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
10	Detailed Rationale for DCUSA Objectives	Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
11	DCUSA Charging Objectives	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.