



DCUSA Change Report

DCP 115 - NTC AMENDMENTS - CAPACITY MANAGEMENT (UNDER UTILISATION)

Executive Summary

DCP 115 seeks to change the National Terms of Connections (NTC) to introduce processes for DNOs to react to circumstances in which customers under-utilise their Maximum Import Capacity (MIC) and/or Maximum Export Capacity (MEC).

This document presents the Change Report for DCP 115 and invites respondents to vote on the proposed change.

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 115 – NTC Amendments - Capacity Management (Under Utilisation).
- 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 (Attachment 1) and submit their votes using the form provided as Attachment 2 to dcusa@electralink.co.uk no later than **15 June 2015**.

2 BACKGROUND

- 2.1 DCP 115 has been raised by Scottish Power Distribution (Attachment 3). The CP originated from work undertaken by a previous group, the DCMF Capacity Management Group, which was comprised of Distributors, Suppliers, Customers and Ofgem. This group's assessment of issues and challenges faced by the electricity industry in managing the capacities of customers connected to the electricity distribution networks has led to this change being proposed.
- 2.2 As part of its scope, the DCMF Capacity Management Group considered the rights currently available to Distributors (under both the Electricity Act and the National Terms of Connection ("NTC")) to take action in those circumstances where customers were found to be either breaching or under-utilising their maximum import capacity ("MIC") and/or maximum export capacity ("MEC"), to the detriment of other customers and/or the network.
- 2.3 During this assessment, gaps were identified in the rights afforded by the Electricity Act and the NTC which the group perceived inhibited the Distributors' ability to take appropriate action to address circumstances of both capacity breach and capacity under utilisation; and the group felt that these gaps restricted the Distributors' ability to effectively and efficiently manage their distribution networks.
- 2.4 The CP proposed to change the NTC to introduce rights that would better facilitate the process for Distributors to address circumstances in which customers under-utilised their MIC/MEC. As the Working Group developed the Change Proposal they moved

away from developing new rights and instead decided to clarify existing rights. These amendments are intended to better enable Distributors to fulfil their statutory duties to develop and maintain efficient, coordinated and economical distribution networks; and to ensure the optimum utilisation and allocation of capacity.

- 2.5 It should be noted that the change impacts Section 3 of the NTC which will impact Current Transformer (CT) metered customers only, such as large factories or superstores.

3 INTENT OF DCP 115 – NTC AMENDMENTS - CAPACITY MANAGEMENT (UNDER UTILISATION)

- 3.1 DCP 115 'NTC Amendments - Capacity Management (Under Utilisation)' seeks to update the NTC to allow Distributors to take appropriate action where a connected customer's requirements appear to be less than the MIC and/or MEC agreed for their connection. The Proposer feels that this change will place Distributors in a better position to react to, and influence, customer behaviours where agreed MIC and/or MEC levels are higher than customers' actual use
- 3.2 As originally proposed, the draft legal text gave the distributor a right, having given notice to the customer of its intent and the customer not having responded, to disconnect unused connections or to notify the customer that it will amend the MIC or MEC down and to charge for any associated works for under-utilised connections and to do so if there is no objection.

4 DCP 115 – WORKING GROUP CONSIDERATIONS

- 4.1 The DCUSA Panel established a Working Group to assess DCP 115. The group comprised of Supplier and Distributor Parties, independent consultants and Ofgem representatives. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website¹.
- 4.2 The Working Group worked on both DCP 114 and DCP 115 together, and the consultations the Working Group issued concerned both CPs. The consultation responses appended to this change report contain only those responses in respect of questions asked about DCP 115 or general questions about both DCPs together.

¹ www.dcusa.co.uk.

5 DCP 115 – FIRST CONSULTATION

- 5.1 Four consultations were issued in relation to DCP 115. The first was issued to DCUSA Parties and Ofgem. This consultation document, along with the responses received, is provided as Attachment 4 and because DCP 114 and 115 were consulted upon jointly this attachment includes responses for both CPs.
- 5.2 The Working Group reviewed each of the seven responses received to the consultation and concluded that all of the respondents understood the intent of DCP 115.
- 5.3 The Working Group also noted that the majority of respondents were supportive of DCP 115.
- 5.4 One respondent noted that a DNO should not be able to enforce a reduction in capacity where a customer has paid for that capacity at connection and believes that they still require it either in the short, medium or longer term. The Working Group also noted that there may be a risk of a customer unwittingly not responding to DNO enquiries about the matter.
- 5.5 The Working Group agreed that the DNO should not be able to reduce capacity if such a risk may exist. It was also noted that there are legitimate reasons why the customer does not use its capacity, but wishes to retain it. This change would not take that possibility away, as the customer should respond accordingly to the DNO's notice.

Do you consider that the proposal better facilitates the DCUSA Objectives? Please provide supporting information.

- 5.6 The majority of consultation respondents agreed with the Working Group that DCUSA Objectives 1, 2 and 3 are better facilitated by the CP. The following table outlines the respondents' views on which Objectives are facilitated by the CP:

DCUSA General Objective	Number of Respondents who indicated it was better facilitated
Objective #1	5
Objective #2	2
Objective #3	4
Objective #4	0
Objective #5	0

- 5.7 One DNO Respondent noted that the proposal will allow DNOs to ensure that customers' capacity is based on their actual requirements and will promote a more efficient utilisation of the existing distribution network.
- 5.8 It was also highlighted that reinforcement costs will be avoided or delayed since customers' capacity requirements will be within reasonable limits.
- 5.9 Another DNO Respondent indicated that in their view they believe that the CP better facilitates Objective 1, Objective 2 and Objective 3 - the ability of the DNO to effectively discharge its obligations placed upon it under its Licence, specifically a requirement to have in force a Distribution Code (LC21) and to facilitate the achievement of applicable Distribution Code objectives and also to plan and develop its distribution system in accordance with LC24.
- 5.10 A Supplier Party Respondent noted that in their opinion this proposal better facilitates development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.
- 5.11 One response, which was received on behalf of a corporate group, noted that in their view, the proposal would have a detrimental effect on the promotion of efficiency in the implementation and administration of the DCUSA, by introducing cumbersome new procedures, notices and dispute resolution provisions in the relationships between customers, suppliers and distributors.
- 5.12 The Working Group discussed all the responses and comments to this question are fully documented within the accompanying appendices.

What are the costs associated with implementing the CP?

- 5.13 The Working Group noted that Respondents' views on the costs associated the CP were mixed. The majority indicated that the costs would be none or minimal.

- 5.14 One Supplier Party Respondent noted that from their perspective, attempts to permanently reduce a bilateral connection agreement based on historic usage is fraught with problems, and could have an adverse impact on long term retail agreements with Demand Customers, and long term power purchase agreements with Embedded Generators.
- 5.15 They further explain that such customers have gone to much trouble to negotiate appropriate connection agreements with DNOs for the plant they operate in the first instance. The last 12 months of usage may not represent the plant capabilities and enforcing reduced authorised capacities could have very serious implications on site assets and plant assets which could not have been predicted at the time of asset procurement.
- 5.16 A DNO Respondent explained that the costs will vary according to how each DNO sets the threshold for triggering action under Clause 12.7 but assuming that the process is utilised to allow DNOs to target only the 'worst offenders' and not the vast majority, the costs associated with implementing the notification process are minimal as this process is purely administrative.
- 5.17 They further noted that with regard to the measures that can be taken in accordance with Clause 12.7.2, i.e. replacing plant and apparatus, whilst the DNO has recourse to charge the customer, there will undoubtedly be issues around how this would be achieved. In reality the DNO would in the vast majority of cases be looking only at instances where the relinquishment of capacity could save reinforcement works. They noted that they would only seek to replace sole use assets in extreme cases.
- 5.18 The response on behalf of a corporate group explained in that in their opinion the CP should not be implemented. They noted that they have not attempted to quantify the damage that would be caused by its implementation: that would probably be highly dependent on the circumstances of specific sites, and on the conduct of the distributors and Ofgem if they were to be given the excessive powers and discretion envisaged by the CP.
- 5.19 The Working Group discussed and noted all the comments contained within this response.

Is 'maximum demand' the correct definition for export?

- 5.20 A Supplier Party Respondent noted that, in their view, 'peak export' would be better. The Working Group noted the comment and agreed to seek legal advice on both the original definition proposed by the Working Group and the Supplier Party variation.
- 5.21 Another Supplier Party stated that 'maximum demand' was not the correct definition for export, but did not state the reasons behind this opinion.
- 5.22 The Working Group have sought legal advice as to the definition of maximum demand from the DCUSA legal advisors.

Is the drafting set out in the NTC proposed drafting to Clauses 12.9 and 12.10 consistent with Clauses 12.6 to 12.8?

- 5.23 One respondent noted that 12.9 and 12.10 refers to the DNO and Customer negotiating in good faith any variations to the agreed capacity. Whereas 12.6 to 12.8 set out the conditions under which the DNO will enforce a variation to the agreed capacity, with or without the agreement of the customer, which will leave little room for any such 'good faith'.
- 5.24 The Working Group concluded the intent is to allow DNOs to manage their network, by requiring a positive action from the customer. Clause 9 allows DNOs to propose changes to the customer, but the customer may not respond; thereby hindering the ability of the DNOs to manage the network.

Please provide an indication of the number of customers who are under-utilising their capacity on your network?

- 5.25 Of those who responded, including answers to the next question, the volumes ranged from a few hundred to a few thousand per DNO region.

Please provide anonymised details of customers falling within the scope of DCP115 that have under-utilised their agreed capacity (based on maximum demand in the past 12 months), indicating capacity, how much the under-use is by and giving the size of the total population.

- 5.26 A Supplier Respondent noted in their response that the question should also have asked for information on the cost of reinforcement works which could have been

associated to these customers and the value of connection charges which could have been levied on to those customers to enable an estimated benefit to be derived.

- 5.27 The Working Group agreed to issue a second consultation with a wider distribution list to ensure that all Parties' comments were addressed.

6 DCP 115 - SECOND CONSULTATION

- 6.1 The Second consultation was issued to a wider distribution list, which included Customers, DCUSA Parties and Ofgem. The consultation document, along with the responses received, is provided as Attachment 5 and because DCP 114 and 115 were consulted upon jointly this attachment includes responses for both CPs. This contained the same legal drafting as the first consultation, as originally proposed.
- 6.2 The Working Group reviewed each of the 13 responses received to the consultation and concluded that all of the respondents understood the intent of DCP 115. The group noted that the majority of respondents were also supportive of the principles of both DCP 114 and DCP 115.
- 6.3 The Working Group noted that if there was no spare capacity in the network, for a neighbouring site, new assets would need to be built. Therefore the CP also adds efficiency if unused capacity is relinquished.
- 6.4 The Working Group noted that if a site is de-energised and that site has a known capacity, its retention is beneficial for when that property is sold. The prospective buyer will be able to determine what capacity the site has before the purchase of the property.

Is the drafting set out in the NTC proposed drafting to Clauses 12.9 and 12.10 consistent with Clauses 12.6 to 12.8?

- 6.5 One respondent highlighted a potential inconsistency arising from an agreed reduction followed by under-utilisation possibly blocking the distributor's ability to act.
- 6.6 The Working Group felt that this issue was addressed in its drafting.

Do you have any comments on the proposed legal drafting?

- 6.7 Concerns were expressed about customers who under-utilise their capacity for a good reason such as seasonality and whether adequate safeguards were in place.
- 6.8 The Working Group also reviewed an additional response document on behalf of Peel Electricity Services Ltd, The Mersey Docks and Harbour Company Ltd, Heysham Port Ltd, The Manchester Ship Canal Company Ltd, Clydeport Ltd, The Port of Sheerness Ltd, Seaforth Power Ltd and Peel Airports Ltd. This response used the form from the First Consultation and so their comments are included within the first consultation responses summary due to some of the questions being different in each consultation.
- 6.9 The respondents noted that the general intention of the work that has led to DCP 115 is to try and avoid unnecessary investment in cases where existing network capacity is no longer required by some customers.
- 6.10 The Working Group concluded that in the case where a customer has back up power (standby), it would be stated in the connection agreement. The customer can manage their demand so that they don't go anywhere near their headroom. The CP is trying to open up a dialogue so that any demand issues can be discussed.

7 CUSTOMER CORRESPONDENCE

- 7.1 After the second consultation, the Working Group and Ofgem received a number of representations from large customers and their representatives. The Working Group met to discuss all of these together and refined its legal drafting in light of those comments.

8 DCP 115 - THIRD CONSULTATION

- 8.1 The Working Group refined the DCP 115 legal text based on the consultation responses and correspondence that it had received and issued a further consultation. This third consultation was issued in January 2014 to Customers, DCUSA Parties and Ofgem. Twenty responses were received. The consultation document, along with the responses received, is provided as Attachment 6 and because DCP 114 and 115 were consulted upon jointly this attachment includes responses for both CPs.

- 8.2 The legal text was amended such that the ability of the distributor to vary the MIC or MEC without express agreement of the customer was removed. Instead a variation or modification proposal would be issued by the distributor and this would require customer agreement before it could proceed.

Please state your views on the proposed legal text as drafted for DCP 115? In DCP 115, do existing Clauses 19.2 and/or 19.3 of the NTC need to be amended in light of the proposed change?

- 8.3 Six respondents had no comments on the proposed legal text. The other respondents suggested refinements and amendments to the legal text. The Working Group discussed each comment in turn and agreed to make a number of changes to the legal text. The full set of comments received, along with the Working Group's responses are provided as Attachment 6.
- 8.4 Nine of the respondents provided a view on whether existing Clauses 19.2 and/or 19.3 of the NTC need to be amended in light of the proposed change. Seven of the respondents did not believe a change was needed whilst two did feel that the clauses should be amended.

Do you agree with the implementation date of DCP 115?

- 8.5 Eleven respondents agreed with the proposed implementation date of the next release following authority consent. Two suggested that a longer notice period should be given to allow a sufficient notice period for customers. The remaining respondents did not provide a view on the implementation date, including three that stated that the CP should not be implemented at all.
- 8.6 The Working Group discussed the responses received and agreed that a minimum 3 month period following Authority approval would be necessary.

Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

- 8.7 Thirteen respondents to this question did not identify any wider industry developments that may impact upon or be impacted by DCP 115.
- 8.8 Two customer respondents suggested that introducing DCP 115 will have significant adverse effects on the economics of existing site based generation plants and the

investability of future site based generation projects. They felt this is at odds with the government requirement for maintaining existing and bringing forward new, low carbon generation under RO, FiTs and EMR etc. The Working Group noted these comments and emphasised that there would not be any unilateral change taken. The DNO would propose a variation or modification, but if this is not accepted by the customer the customer's existing rights would remain.

- 8.9 One respondent noted that they did not believe that trying to codify perceived problems with the contractual agreement between Distributors and their customer was an appropriate course of action. The Working Group discussed this response and noted that DCP 115 has been accepted into the process by the DCUSA Panel. As such it is the responsibility of the Working Group to progress the CP and find a solution to be put forward to Industry vote.
- 8.10 Three respondents suggested that potentially the implementation of P272² could result in increased numbers of capacity arrangements. Actual impact is partly dependent on the DCUSA DUOS solution to P272 single site billing and related arrangements. The Working Group discussed these responses and agreed that DCP 115 would not impede the implementation of P272. DCP 115 relates to the contracted level of capacity and not to the basis of which it is charged.

Are there any alternative solutions or matters that should be considered by the Working Group?

- 8.11 Two respondents to this question suggested that a potential adverse effect of the proposal on existing and potential new embedded generators should be considered. The Working Group agreed that it does not consider that embedded generators will be adversely impacted.
- 8.12 One respondent raised the following questions for the Working Group's consideration:
- *If no response is received from the Customer, is it the intent of the Working Group that the capacity reduction should go ahead? This could be to the customers' detriment.*

The Working Group noted that the customer would have to agree to the variation before it would come into force.

² Mandatory Half Hourly Settlement for Profile Classes 5-8

- *What is the group view, given the potential negative financial impact to Customers, on whether correspondence should be signed for on receipt when initiating either the over or under utilisation process?*

The Working Group confirmed that there is no specific requirement for a signed-for receipt in the NTC notices provision.

- 8.13 Another respondent stated that “the risks to our business of not having the import capacity available, without time delays and potential reinforcement costs, are too great to accept this modification.” In response, the Working Group highlighted that any reduction of capacity would have to be agreed by both parties.
- 8.14 A customer respondent suggested that the current regime should not be changed as it has the benefit of allowing customers to pay for the capacity they currently need to have. The Working Group reviewed the response and highlighted that the changes to the text will clarify the current regime and brings consistency amongst the DNOs, and there will be no material change in rights and obligations. The DNO cannot unilaterally alter the MIC/MEC.
- 8.15 A Supplier respondent raised the following comments for the Working Group’s consideration:
- *We believe that further considerations could be discussed to consistency and transparency between DNO companies in the method of calculation, the communication process to suppliers & customers and the method and content of communication*

The Working Group discussed this point and agreed that it was outside the scope of this CP. The Working Group noted that the detection of peak usage might arise not from metering data calculations, but from a direct on site monitoring of the electricity usage by non-settlement measuring and monitoring equipment. The Working Group would expect any distributor declaring an excessive use would be transparent in explaining and presenting the basis upon which they’ve arrived at that conclusion.

- *DNOs need to ensure that the communications to customers is relevant and contact details are accurate.*

The Working Group agreed with this comment.

- *DNO systems and processes need a robust means of capturing and recording feedback from customers who may have very valid reasons for a temporary breach or period of under-utilisation*

The Working Group agrees that the DNOs will need to capture customer feedback regarding reasons for a breach.

- *DNOs must have available accurate connection agreement records to ensure the benchmark basis of the breach is reliable*

The Working Group agreed with this comment.

- *What steps will be taken to ensure that calculation method for over-utilisation and under-utilisation is transparent and consistent across DNO areas?*

The Working Group noted that the method of calculation is applying electrical formulae to settlements data, or to direct monitoring through recognised equipment

- *There is the potential to have a New DTC Flow to cope with the increased volume of change and to provide a clear audit trail. This should include sending the capacity to a new supplier following a Change of Supplier as well as updating suppliers as and when the capacity changes. All communication should be via the DTN to ensure a clear audit process for both DNOs and suppliers.*

The Working Group discussed this point and felt that it is outside of the scope of the group.

- 8.16 An IDNO respondent suggested that this issue is as much about DUoS charging as it is about managing connection arrangements. The Working Group discussed this comment and noted that that DUoS charging is outside the scope of the CP, but the group recognises that whilst the DNO has the obligation to maintain the capacity for a customer at the de-energised site, the DNO does not charge DUoS to the Supplier under current arrangements.

9 DCP 115 - FOURTH CONSULTATION

- 9.1 The Working Group tidied up the DCP 115 legal text based on the responses to the third consultation and issued a further consultation. The fourth consultation was issued on 11 March 2015 and a total of eleven responses were received. A summary of the responses received, and the Working Group's conclusions are set out below. The full set of responses and the Working Group's comments are provided in Attachment 7 and because DCP 114 and 115 were consulted upon jointly this attachment includes responses for both CPs.

Do you consider that DCP 115 (NTC Amendments - Capacity Management (Under Utilisation)) better facilitates the DCUSA objectives?

- 9.2 The Working Group noted that eight respondents expressed the view that DCP 115

better facilitates DCUSA objective 1, and one respondent did not comment.

- 9.3 Two respondents expressed the view that DCP 115 did not better facilitate the DCUSA objectives. One of these respondents felt that this change would not better enable distributors to fulfill their duty to develop and maintain efficient, co-ordinated and economical distribution networks, because efficiency and economy in that duty should be seen as being subject to meeting customers' requirements for capacity, and that there is no duty on distributors to 'ensure the optimum utilisation and allocation of capacity'. The Working Group noted this response. A Working Group member highlighted that by checking with customers whether they require their capacity, there is a proactive approach to managing the network. This may mean that future customers receive a lower cost service. It is in the interests of customers and Distributors to check whether the contractual capacity values are required. Another Working Group member noted that Section 3A of the Electricity Act requires the Distributor to promote efficient use of the system. In addition, the Objective of the DCUSA is to maintain efficient, co-ordinated and economical distribution networks. The respondent suggested that an economical distribution system delivers to the customer what they want. It is not part of this to challenge what the customer has contracted for. In response, it was highlighted that the CP is not challenging this, just checking with the customer that they still want it.

Do you have any comments on the proposed legal text for DCP 115?

- 9.4 The Working Group noted that three respondents suggested changes to the wording for accuracy and clarity, and inaccurate references to clauses.
- 9.5 The Working Group noted that one respondent appeared to be referencing an older version of the legal text, and one respondent stated that they felt that the 30 Working Day notice period was too short. The Working Group sought additional feedback from the one respondent referencing an older version of the legal text. The Working Group amended its legal text in light of the additional feedback and additional comments are provided in the Working Group's consolidated consultation response document.
- 9.6 One respondent stated that the proposed paragraph 12.8 was not needed, because it does not introduce any new obligations and could be removed without anything being lost from the CP. In response, a Working Group member highlighted that the legal text provides clarity and should not be removed. However, the Working Group agreed

that amendments should be made to make the text clearer.

- 9.7 Another respondent expressed the view that the address for serving notices should be the registered company address. The Working Group noted that it is a case of using judgement. In compliance with the law section 17.3A of the Electricity Act states where notice should be served, and within the National Terms of Connection (Clause 23) this area is also covered.

Are there any alternative solutions or matters that should be considered for DCP 115?

- 9.8 The Working Group noted that nine respondents did not think that an alternative solution or matter should be considered for DCP 115, and two respondents proposed alternative solutions.
- 9.9 Another respondent stated that it may be legitimate to set a minimum MIC or MEC for different types of connection (e.g. HV/LV) in order to reduce charges a customer may seek to modify the connection apparatus or reduce capacity. Under the CDCM capacity charges cover in part the cost for the ongoing provision of the shallower assets. The Working Group agreed that this was outside the scope of the CP.
- 9.10 One respondent proposed the removal of paragraph 12.8, which had been suggested by them in Question 2 for this CP.

Are you supportive of the proposed implementation date of the first release after Authority approval for DCP 115? If not, please provide your rationale.

- 9.11 The Working Group noted that eight respondents were supportive of the proposed implementation date and two respondents did not provide a comment.
- 9.12 One of the respondents was supportive of the proposed implementation date in principal; however, there were situations whereby keeping a capacity considerably in excess of everyday use is essential and DNOs must recognise and co-operate with such situations. The Working Group noted the response and that it reinforces their suggestion of a new “avoidance of doubt” clause. The Working Group also observed that there is a degree of pragmatism that DNOs will adopt in circumstances where they know there is a level of capacity that will not be used for a period of time.
- 9.13 The one respondent that did not support the implementation date did so because

they did not support the CP in its current form.

Are there any unintended consequences of DCP 115?

- 9.14 The Working Group noted that seven respondents did not think there were any unintended consequences for DCP 115, and three expressed the view that there were unintended consequences, and one respondent did not provide a comment.
- 9.15 One respondent expressed the view that due to the nature of their business they have unused capacity to meet future demand and do not expect to have to annually reply to correspondence from the DNO in order to keep this capacity. In addition, the company has embedded onsite capacity for contingency for when onsite generation is unavailable. Therefore they would often be operating at less than agreed import capacity. The company also is affected by weather conditions, which may result in them using less capacity than agreed import capacity limits. The Working Group noted the response and observed that this comment is useful for DNOs and there may be many sites where it is not appropriate to send an annual letter.
- 9.16 Another respondent mentioned that many customers may be reluctant to invest in additional capacity in advance, and may prefer to upgrade capacity on a piecemeal basis as a business grows, despite the upheaval caused to them and potentially a community. The Working Group noted that nothing will be taken away from customers through the processes introduced by DCP 115. Any reduction in MIC or MEC can only be done with the express agreement of the customer.
- 9.17 One customer expressed a view that there was risk that some customers reading the legal text would feel that they were being disadvantaged because they are not certain that a clause 12.8 proposal from the distributor would have no effect unless accepted. The Working Group noted this response.

Please state any other comments or views on DCP 115

- 9.18 The Working Group noted that five respondents did not have any further comments or views on the CP, two respondents selected that the question was not applicable to them, and four had comments.
- 9.19 One respondent highlighted that the capacity was an integral part of the terms offered under s16 and s16A of the Electricity Act; one respondent expects that DNOs

should make customers aware of the options available to them through correspondence and another that they were not supportive of the CP as there was not sufficient evidence that it was compliant with the Electricity Act.

- 9.20 One respondent mentioned that for under-utilisation where the connection is de-energised individual DNOs are open to how they interpret relevant sections of the Electricity Act for a scenario, but for connections that are energised the process is clear, and DNOs should make customers aware of this. The Working Group noted this and agreed to add additional text to Clause 12.8 in light of this.

10 DCP 115 – WORKING GROUP CONCLUSIONS

- 10.1 The Working Group concluded that the majority of respondents to the consultation understood the intent of DCP 115 and were supportive of its principles. The main outcome of DCP115 is to describe a process that may be followed if capacity is under-utilised.
- 10.2 Following the consultation responses, the Working Group updated the legal drafting in particular adding a “for the avoidance of doubt” clause to clarify that any reduction in MIC or MEC had to be agreed by the customer.

11 PROPOSED LEGAL TEXT

- 11.1 The draft legal text has been reviewed by Wragge & Co and is provided as Attachment 1.
- 11.2 In summary the solution proposed by DCP115 to the matter of under utilisation of capacity is as follows;
- it provides rights for the distributor to take appropriate action in cases where the customer does not use some or all of the Maximum Import Capacity (MIC) or Maximum Export Capacity (MEC) reserved for its connection.
 - the rights given are different in the case of de-energised sites and in the case of energised sites.
 - for sites that have been de-energised for six months or more, the proposed solution establishes a procedure and timescale for the distributor to inform the

customer that it considers that the connection is no longer required, and for the customer to dispute that view.

- for energised sites, where import or export is consistently much lower than MIC or MEC, the proposed solution entitles the distributor to make a proposal for a reduction in MIC or MEC. That proposal has no effect unless the customer accepts it.
- the proposed solution for energised sites protects the rights of customers to retain MIC or MEC at sites where it is temporarily not being used, e.g. during build-up, re-development or for capacity used to provide back-up supplies. No reduction in MIC or MEC would come into force, and no rights to capacity would be lost, without the customer's explicit agreement

12 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 12.1 The majority of the Working Group considers that the following DCUSA Objective is better facilitated by DCP 115.

General Objective One - The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Network

- 12.2 General Objective One is better facilitated because the proposed NTC changes will better enable DNOs to ensure that customers' MIC/MEC are aligned with their actual requirements and as a consequence better enable DNOs to ensure a more efficient co-ordinated and economical distribution network. New connection/modification applications will as a result be better able to be assessed against actual requirements of existing customers and on the distribution network, ensuring minimum scheme criteria is met and requirements for reinforcement works are minimised.
- 12.3 The Working Group believes that the CP is neutral against the remaining DCUSA Objectives.

13 IMPLEMENTATION

- 13.1 DCP 115 requires consent by the Authority. The Authority's decision will be published on the Ofgem website, www.ofgem.gov.uk and the DCUSA website, www.dcusa.co.uk.
- 13.2 If approved, DCP 115 will be implemented at the next DCUSA release that is more than three months following Authority consent and notice of the change to the NTC

will be published in the London Gazette³.

14 ENGAGEMENT WITH THE AUTHORITY

- 14.1 Ofgem has been fully engaged throughout the development of DCP 115 as a member of the Working Group.

15 ENVIRONMENTAL IMPACT

- 15.1 In accordance with DCUSA clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 115 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

16 PANEL RECOMMENDATION

- 16.1 The DCUSA Panel approved the DCP 115 Change Report at its meeting on 20 May 2015.
- 16.2 The timetable for the progression of the Change Proposals is set out below:

Activity	Date
Change Report approved by DCUSA Panel	20 May 2015
Change Report issued for voting	22 May 2015
Voting closes	15 June 2015
Change Declaration	17 June 2015
Authority Decision	22 July 2015
DCP 115 Implemented	Next Practicable Release (Having regard to needing to publish a notice in the London Gazette)

17 NEXT STEPS

- 17.1 Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment2) to DCUSA@electralink.co.uk by **15 June 2015**.
- 17.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA by email DCUSA@electralink.co.uk to or telephone 020 7432

³ www.London-gazette.co.uk

2842.

ATTACHMENTS:

- Attachment 1 – DCP 115 Legal Text
- Attachment 2 – DCP 115 Voting Form
- Attachment 3 - DCP 115 CP Form
- Attachment 4 – DCP 114 and 115 Consultation One with responses
- Attachment 5 – DCP 114 and 115 Consultation Two with responses
- Attachment 5 – DCP 114 and 115 Consultation Three with responses
- Attachment 6 – DCP 114 and 115 Consultation Four with responses