

Company	Confidential/ Anonymous	1. Do you understand the intent of DCP 294?	Working Group Comments
Electricity North West	Non-confidential	Yes.	Noted
ESP Electricity Ltd	Non-confidential	Yes.	Noted
Leep Electricity Networks Limited	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	<p>Yes, we understand the intent, however we have significant concerns about the change proposal in its current form. It is important that arrangements for capacity reservation and release are consistent across different parties (particularly between DNOs and IDNOs and between distribution and connected customers).</p> <p>This change request will not drive that consistency since DCUSA is an agreement where the scope applies only to distributors (DNOs and IDNOs) and energy suppliers. The approach being proposed has a number of material weaknesses that could counter to the policy direction and indeed to the requirements of the Electricity Act 1989 with respect to the development of an efficient network; as such we do not support it. However, any changes we made to DCUSA should consider how consistency can be achieved across all parties in other arrangements and agreements for parties other than IDNOs which may fall outside DCUSA.</p>	The Northern Powergrid representative of the working group stated that clarification of this response is provided in later responses to other questions.
SP Distribution plc and SP Manweb plc	Non-confidential	Yes	Noted

Scottish and Southern Electricity Networks	Non-confidential	We understand that the intent of DCP 294 is to ensure there is a clarity on when and how unutilised capacity specified in BCAs can be reclaimed from LDNOs.	Noted
The Electricity Network Company	Non-confidential	Yes, we understand the intent of DCP 294	Noted
UK Power Networks	Non-confidential	Yes	Noted
Western Power Distribution	Non-confidential	We understand the intent of DCP294 ('the DCP') is to amend Section 2B and Schedule 22 of DCUSA such that in instances where capacity is not fully utilised in connection projects, or there is no contracted prospect of this capacity being utilised by the connecting customer, the network operator is able to ensure that this capacity is available for other connecting customers. However, we do not believe the proposed legal text allows for this to happen as the network operator may only 'request' a reduction in capacity. The DCP also seeks to protect the connecting customer such that, in certain circumstances, their capacity is guaranteed.	This response was concerning the proposer's original views. The Working Group confirmed that the slightly amended intent in section 4.12 of the consultation alleviated the concerns of the respondent.
<b>Working Group Conclusions:</b> The Working Group agreed that they were comfortable that all respondents understood the intent of the change and any concerns would be discussed as responses to other consultation questions.			

Company	Confidential / Anonymous	2. Do you agree with the amended principles of DCP 294?	Working Group Comments
Electricity North West	Non-confidential	The amended principles are not clearly set out in the consultation so it is difficult to confirm.	The Electricity North West representative of the working

			group stated that clarification of this response is provided in later responses to other questions.
ESP Electricity Ltd	Non-confidential	Yes.	Noted
Leep Electricity Networks Limited	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	Yes, the amended principles are an improvement on the original drafting of this proposal. However, we are still concerned that this change does not achieve consistency across different parties.	The Northern Powergrid representative of the working group stated that clarification of this response is provided in later responses to other questions.
SP Distribution plc and SP Manweb plc	Non-confidential	Yes	Noted
Scottish and Southern Electricity Networks	Non-confidential	We agree with the amended principles of DCP 294.	Noted
The Electricity Network Company	Non-confidential	Yes, we agree with the principles of this change proposal as they currently stand.	Noted
UK Power Networks	Non-confidential	Yes	Noted

Western Power Distribution	Non-confidential	In terms of guaranteeing capacity in certain circumstances and yet giving the network operator the opportunity to recover it for the benefit of other customers, we agree with the principles set out under the DCP. However, for reasons discussed later in this consultation response, we do not believe the DCP goes far enough and fails to achieve any significant improvement in empowering network operators to recover capacity where it is not being utilised.	The Western Power Distribution representative of the working group stated that clarification of this response is provided in later responses to other questions.
<b>Working Group Conclusions:</b> The Working Group confirmed that all responses to Q2 were clarified in responses to other questions in the consultation.			

Company	Confidential / Anonymous	3. What are your thoughts on underutilisation of capacity?	Working Group Comments
Electricity North West	Non-confidential	We support the principle that capacity that is not being used and that is not going to be used does not hamper the efficient development of networks. We have concerns that the proposed changes will not deliver this as described below.	Noted the principle.  The Electricity North West representative of the working group stated that clarification on their concerns is provided in later responses to other questions.
ESP Electricity Ltd	Non-confidential	In order to operate an efficient and economic 'whole system', distributors should co-ordinate to agree MIC/MECs that reflect actual and future peak capacity, where reasonable. Capacity that is not used by an IDNO should not be sterilised without justifiable need.  Conversely, it would not be efficient if IDNOs were required to continually reapply for additional capacity, where final capacity could be agreed with the DNO upfront.	Noted

Leep Electricity Networks Limited	Non-confidential	As a principle, this should be avoided but this cannot be at the cost of increased risk to Developers/customers.	There is a balance to be struck. If capacity is relinquished too soon then they will have to reapply which may result in additional costs and risk that distributors would have given capacity elsewhere.
Northern Powergrid	Non-confidential	Ofgem's "Unlocking the capacity of the electricity networks" document states that DNOs "are drawing on new, more flexible approaches to managing their network and enabling connections, releasing capacity for customers in constrained areas" and we would welcome further working group activity on how this change better facilitates that policy. The change proposal legal text as currently drafted appears to make it more difficult for that unused capacity to be released. If this change goes through we think that capacity is more likely to be sterilised than released and as such we do not support this change in its current form.	<p>The Working Group noted that although Ofgem had highlighted that there had been some success when clawing back capacity as a consequence of DCP115, the DNO responses infer limited success.</p> <p>See Ofgem document on <a href="#">unlocking capacity</a> Para 2.50 states:  Since May 2016, four of the six DNO groups contacted their larger customers who were using less than 75% of their contracted capacity. By September 2016, the DNOs had identified a total of 29 MW of demand capacity and 13 MVA from DG customers that had been agreed to be handed back from customers. As this work is ongoing, there is still scope for significantly more capacity to be released. Although the DNOs have reported a low success rate, this capacity is created for</p>

		<p>Ofgem's "Decision on IDNO/DNO boundary equipment and which parties should fund this equipment" means that the IDNO/DNO boundary is unlikely to be metered, unless the party who requires the metering pays for it. therefore, a DNO is unlikely to know that capacity is being underutilised since there is no demand data available at the DNO/IDNO interface. Furthermore, the IDNO will only have demand data on their own network where their customers are CT metered, i.e. standard whole current metering, as used in domestic premises, does not monitor demand.</p> <p>The portfolio billing arrangement for IDNOs by DNOs means the capacity agreed between the IDNO and its customer is used for billing use of system. The capacity in the Bilateral Connection Agreement (BCA) relates to the capacity at the DNO/IDNO boundary and can be different from the portfolio billed capacity. For example, the BCA could be for 10MVA whilst the portfolio billing capacity might be 5MVA. In this situation, there is no cost signal associated with the unused 5MVA, which there is with a customer connected directly to the DNO's network; so there would be no incentive for the IDNO to release that capacity for the benefit of other customers seeking to connect.</p> <p>We note that project progression milestones have been developed for inclusion in distributed generation connection offers and there may be benefit in including such milestones for connections to IDNOs that are intended to cater for larger premises including for significant new speculative developments i.e. to avoid unduly sterilising spare capacity.</p> <p>A more balanced solution for this change proposal would include much clearer measures for the prompt returning of unused capacity to the DNO for recycling to benefit other customers. This</p>	<p>comparatively very little cost and effort.</p> <p>Noted. This is an issue if no metering., no trigger as to whether 75% of MIC/MEC breached.</p> <p>Noted.</p> <p>The Working Group agree that progression milestones should be included in connection offers and would not be suitable for inclusion in DCUSA.</p> <p>To be reviewed further but need to ensure there is still</p>
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		would help protect DUoS customers from the risk of funding future network reinforcement (either wholly or partially through cost apportionment rules) where spare capacity existed but was not accessible by the DNO.	compliance with the Electricity Act
SP Distribution plc and SP Manweb plc	Non-confidential	In order to ensure efficient operation of the network, DNOs require a mechanism to claw back capacity that is constantly under-utilised on the network. Such mechanisms should apply consistently to all customers who connect to the network.	This will need re-reviewing. The Working Group must ensure that their solution is compliant with the Electricity Act.
Scottish and Southern Electricity Networks	Non-confidential	<p>In the case of underutilisation of capacity, the host distributor can only request the unutilised capacity from the LDNO if they agree to the reduction. In any case the customer has the right to retain the requested, quoted and accepted capacity.</p> <p>We are concerned at how any trigger point could be identified to initiate the process to reclaim the unused capacity. There is an implication that both the DNO and LDNO will identify this. However, as there is no metering at the exit point from the DNO network, there is no way of the DNO to easily identify under-utilisation of capacity. If retrospective metering was required to allow us to identify the capacity being utilised, then there would be a cost associated with this. Temporary metering would require to be installed for 1 year.</p> <p>Similarly, is it difficult to see what would trigger an LDNO to identify a capacity change. If a customer did notify the DNO that it was not utilising its full capacity, with no metering it would be difficult for the DNO to confirm this. We also note that there is no real financial incentive for a LDNO to ask to give back capacity.</p>	<p>Noted.</p> <p>The clauses that state a 75% underutilisation trigger will need to be reviewed by the Working Group in light of metering concerns</p> <p>Trigger, picked up earlier. Regarding financial benefit, this is also noted but it is an IDNO who raised this change</p>

		Any variation to capacity requirement will be treated as a new connection or increase in load with respect to costs, timescale and queue position. Similar to any other application for a new connection or load increase.	Noted
The Electricity Network Company	Non-confidential	<p>We believe that underutilisation of capacity may give rise for inefficient investment in distribution systems and may lead to increased times to connect for some customers while unnecessary work is being undertaken. We believe that this issue was addressed for end users by DCP115 and that it is important the same principles are applied to connections between distributors. We see no particular reason why different principles should apply to distributor to distributor connections compared to end customer connections in this respect. It is right and proper that parties who do not require capacity should relinquish that capacity. We believe this change proposal will help facilitate this process.</p> <p>We note the authority's comments in the decision document for DCP 115 which state that that change proposal did not introduce the right for a distributor to unilaterally withdraw capacity from a connected party. It is important, in this respect, that the rights of the connected party are protected and that they have the surety that capacity which is required by them will be available to them.</p> <p>Whilst we agree that there is nothing in the DCUSA, or wider statutory and regulatory framework, at present which prohibits or prevents distributors requesting a reduction of the agreed capacity in a BCA we do believe that it is important that this process is codified to be consistent, clear and transparent. This may help IDNOs deal with requests internally if they have a single industry process to follow rather than each DNO having their own process.</p>	<p>Noted</p> <p>Noted</p> <p>Noted</p>



UK Power Networks	Non-confidential	Underutilisation of capacity generally poses challenges for DNO's in trying to connect new customers to the network. The CP would help by standardising the process in cases where it is Distributor to Distributor.	Noted
Western Power Distribution	Non-confidential	<p>We believe this is a very real problem. One that has been recognised by the Authority under their consultation on Quicker more Efficient Connections and more lately, through the publication of 'Unlocking capacity of the electricity networks' issued following a joint call for evidence with BEIS. Whilst this work has primarily focussed on the impact of generation on the network, the Authority has made it clear that the principles for recovering capacity apply as much to demand as they do generation.</p> <p>Network operators also have a duty under the Electricity Act (the 'Act') and Distribution Licence to develop and maintain an efficient, co-ordinated and economical distribution system. This means making sure customers can get connected as efficiently as possible and that costs are allocated to the right customers, to the benefit of both individual parties, customer in general and the system overall.</p> <p>One of the biggest issues facing the network operator is that of customers tying up capacity under a connection offer/agreement, sometimes having paid little or no contribution. The effect of this can be to 'block' other customers wishing to connect to the distribution system because of a theoretical capacity requirement. Consequently other customers have to incur additional costs and delays for network reinforcement.</p> <p>There must be an efficient mechanism put in place that will allow the network operator to recover capacity in certain circumstances. Most network operators employ 'milestones' in their connection offer/agreements that enable them to vary or terminate the agreement should the customer fail to meet any. This has worked reasonably well but is only effective in releasing capacity where construction schemes have stalled. Network operators also require</p>	<p>Noted</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>

		an ability to recover capacity from those schemes that are fully constructed and connected to the distribution system but are not utilising all of (or potentially any of) their agreed capacity.	
<b>Working Group Conclusions:</b> The Working Group concluded that more work needed to be done in this area to ensure a clear mechanism is provided when trying to claw back capacity from customers. The 75% trigger for underutilisation has been highlighted as a strong point for concern for respondents and therefore will be being reviewed further by the Working Group to produce a solution that is clear and concise whilst still being compliant with the Electricity Act.			

Company	Confidential / Anonymous	4. DCP 115 introduced a process relating to the conditions that must be met for a distributor to propose a variation to reduce the agreed capacity. Based on experience over the last two years since its introduction, are the parameters contained in paragraph 39.12A set at the right values especially since they would be applicable to Distributor to Distributor connections?	Working Group Comments
Electricity North West	Non-confidential	Unfortunately, this process has not had the desired effect and very little capacity has been returned. We do not believe the inclusion of a similar process will result in any different behaviour from downstream distributors; indeed we would expect that a downstream distributor will want to retain any capacity currently not being used to develop their network. However, we are encouraged by Ofgem's proposals for looking at networks access rights which maybe a more appropriate route to address these issues if some commercial incentive is established.	<p>Little capacity returned – see earlier WG response.</p> <p>The Ofgem representative for the Working Group confirmed that there wouldn't be a clash with the task force only an overlap in purpose. The Proposer for the change sits on the task force so will be able to determine whether there will be a duplication of effort.</p>
ESP Electricity Ltd	Non-confidential	ESPE's understanding is that the condition is proposed in 39.12A will not prevent (unless reflected in the BCA) a DNO from entering	Noted

		discussions with an IDNO to reduce MIC/MEC. For example, a DNO will still be able to approach an IDNO to propose a revision to the MIC/MEC where 85% capacity is being utilised. Similarly, 39.12A does not compel an IDNO from agreeing to the DNO's capacity reduction request.	
Leep Electricity Networks Limited	Non-confidential	No. Large/complex developments can have build out periods of 10+ years. Developers cannot reasonably be expected to make investment decisions on such sites without absolute surety that capacity will be available and at a predictable cost.	Noted
Northern Powergrid	Non-confidential	Making the values the same as DCP115 is reasonable however DCP115 applies only to CT metered customers where the DNO has access to demand data and will have clear measurement evidence that the customer has not exceeded 75% of the Maximum Import Capacity and/or the Maximum Export Capacity. This will only work if the IDNO is willing to pass on demand data for their customers in a form that clearly demonstrates the demand on the IDNO's site. The change proposal needs more work on this specific data aspect and more generally the arrangements for reclaiming capacity by the DNO for recycling to other customers.	Noted. Note earlier WHG response stating that this trigger is to be reviewed in light of minimal if any metering data being available at connection points.
SP Distribution plc and SP Manweb plc	Non-confidential	<p>We agree that parameters should be consistent.</p> <p>Obligations under the Electricity Act prevent us simply clawing back capacity from customers, therefore with regards to DCP 115, the success of implementing capacity variations has been mixed with some customers responding that capacity won't be released unless they receive payment, thereby limiting a DNOs ability to utilise un-used capacity.</p> <p>Although out of scope of this change, future consideration could be given to those larger connections who consistently under-utilise but use more than 75%, as the amount released may still be useable by other customers.</p>	<p>Noted</p> <p>This is not out of scope. The value of 75% is what is in DCP115. With the concern raised over whether data is</p>

			available to trigger this proposed value and alternative way is being sought.
Scottish and Southern Electricity Networks	Non-confidential	<p>Based on our experience the parameters are set at the right values. However, the one-month period for the host DNO is too tight to assess the situation and make a notification to the LDNO. We therefore suggest that this is modified to three months.</p> <p>39.12A..."Any time during any period of 12 consecutive months, exceed the Maximum Import Capacity and/or the Maximum Export Capacity (respectively), then the Company may at anytime during the following <del>month</del> <b>three months</b> and having due regard all the circumstances) notify the User..."</p> <p>A point to note is that this requirement could be circumvented by the customer achieving the 75% of maximum capacity on one day of the 12 month period.</p>	The Working Group agree with the amendment.
The Electricity Network Company	Non-confidential	<p>As we have stated in our response to Question 3, at a principle level we do not believe that there is a reason to set these values to anything other than those included in DCP115.</p> <p>We do, however, recognise that owing to the nature of our networks and the types of customers which we have connect to our networks then it may be more appropriate to defer to other distributors to consider whether this is set at the right level.</p>	<p>Noted</p> <p>Noted</p>
UK Power Networks	Non-confidential	The parameters contained in DCP 115 provide a sensible level of utilisation before triggering a request to vary MIC/MEC given the over estimation by the customer that usually occurs in connection requests. Although the CP relates to Distributor to Distributor the	Noted

		connecting EDNO will have based its request on the load requests from their end customers and therefore some over estimation may still occur.	
Western Power Distribution	Non-confidential	<p>In terms of setting any threshold for a distributor to propose a variation to reduce the agreed capacity, the parameters contained in paragraph 39.12A would appear reasonable and it would make sense to align the threshold with those set out under the National Terms for Connection (NTCs). We have doubts though as to how the network operator might reasonably measure whether or not the 75% threshold had been met. It will be achievable in circumstances where the downstream distributor feeds a single metered end user but not where there are multiple end users involved and there is no metering at the interface between the network operators' and downstream distributors' systems. Under the NTCs an assessment can be made more or less instantly by analysing an end user's meter data history over a consecutive 12 month period. The same cannot be said for network operator/downstream distributor relationships. There is potential for dispute in terms of eligibility even before any discussion takes place in terms of ongoing capacity should be measured and whether assumptions can be made based on number and type of end users connected and the level of diversity applies.</p> <p>There is however, a more fundamental question to be asked insofar that the parameters become largely irrelevant if there is no mechanism for a network operator to reasonably enforce a reduction in capacity.</p> <p>Experience has shown us that the voluntary nature of relinquishing capacity under the NTCs (DCUSA Schedule 2B, Section3, clause 12.11C) has been highly unsuccessful. As one of the initiatives agreed under the Authority's desire for 'Quicker and More Efficient Connections' network operators wrote to generator customers requesting that they relinquish capacity in order that it may be utilised for the benefit of other customers wishing to connect</p>	<p>Noted</p> <p>75% trigger issue picked up earlier</p> <p>Noted, and this refers to it being a process to manage capacity and the Electricity Act concern</p> <p>Noted (figures shown earlier to a response to an earlier question)</p>

		generation and hence mitigating costs for reinforcement works and associated delays whilst that work was undertaken. The answer from the generators in virtually every case was a resounding 'No'. in summary, with no 'use it or lose it' requirement, clause 12.11C proved essentially ineffectual.	
<b>Working Group Conclusions:</b> The Working Group noted all responses to the consultation question and agreed that they had been discussed earlier in the discussion. The Working Group agreed to amend 39.12A to reflect the suggestion of amending the 1-month time window to a 3-month time window for the DNO to assess and review the connection situation.			

Company	Confidential / Anonymous	5. Do you agree that Parties may be able to refer any disputes to the Authority for determination under section 23 of the Electricity Act 1989?	Working Group Comments
Electricity North West	Non-confidential	There is a reasonable doubt that Parties may not be able to refer such disputes under section 23 of The Electricity Act 1989, therefore relevant Legal advice should be obtained.	Noted DCUSA Schedule 13, clause 8.2 includes the provision to refer to the Authority under section 23. Schedule 13 covers the BCA between Distributor and Distributor. WG members agreed to review this clause
ESP Electricity Ltd	Non-confidential	ESPE agrees that a party may be entitles to refer the matter to Ofgem, but that it is for Ofgem to determine whether they believe they have the powers to determine a dispute on a case by case basis. For the purposes of this change, it makes sense for proposed DCP294 legal text to align with the DCP115 legal text.	Noted

Leep Electricity Networks Limited	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	<p>We think that the working group, in seeking DCUSA Party views on whether they agree that disputes on capacity recovery or retention can be determined under section 23 of the Electricity Act, is presuming that the respondent has sufficient legal knowledge to inform the development of the change proposal. This is unlikely to be the case and we think that a carefully framed request for legal advice is necessary before this is taken forward.</p> <p>We do not think that the provisions of section 23 are adequate to ensure that the system is developed efficiently. The section 23 right to determination expires after 12 months from the date the connection was made (S23(1C)) and applies only to the process for making that connection set out in Sections 16 to 21. The effect of section 23(7) is surely that a section 23 determination cannot be made with respect to the terms on which an existing connection continues to be maintained. We therefore conclude that section 23 is applicable where there is a dispute about the provision of a connection in the first place. Disputes about the BCA (which would set out any terms relating to the reservation of capacity in association with an existing connection) would not in our view be capable of being settled by a section 23 determination.</p>	<p>Noted</p> <p>To be reviewed by the WG in light of its inclusion in Schedule 13</p>
SP Distribution plc and SP Manweb plc	Non-confidential	Yes.	Noted

Scottish and Southern Electricity Networks	Non-confidential	No. The Bilateral Connection Agreements fall under section 22 of the Electricity Act 1989 and Section 23 only refers to sections 16-21 of the Electricity Act.	Noted  To be reviewed by the WG in light of its inclusion in Schedule 13
The Electricity Network Company	Non-confidential	<p>Yes. Section 23 of the Act allows for disputes under sections 16-21 of the Act to be referred to the authority for determination. We believe that Bilateral Connection Agreements are terms in accordance with s21 of the act and are, therefore, subject to the provisions of s23 of the Act.</p> <p>We note that the blueprint BCA contained in schedule 13 of the DCUSA does, at paragraph 8.2, make reference to the ability of parties to refer disputes to Ofgem for decision under s23 of the Act.</p> <p>We do not believe that BCAs can be considered as special connection agreements under section 22 of the Act. They are standard practice across the industry for distributor to distributor connections in the same way that the national terms of connection are standard practice for end user connections. We would welcome any further clarity from working group members if they believe that BCAs are considered to be special connection agreements under s22 of the Act.</p>	Noted
UK Power Networks	Non-confidential	DCUSA Clause 38.2 states that either party may refer disputes concerning a new BCA to the Authority. Therefore 39.12E could omit any reference to s23 and entitle either party to refer variations to the Authority.	<p>Noted</p> <p>The WG believe that this may be the initial BCA.</p> <p>To be reviewed by the WG in light of its inclusion in Schedule 13</p>



Western Power Distribution	Non- confidential	<p>We agree that there should be a mechanism for either party to be able to refer a dispute to the Authority and that section 23 of the Electricity Act 1989 (the Act) is proven to be a tried and trusted method. We note that, under clause 36.6 of Section 2B of DCUSA, no disputes under Section 2B or a Bilateral Connection Agreement (BCA) will be referred to arbitration unless expressly provided for or the parties otherwise agree. In addition, references to “making a connection” under section 16-21 of the Act include reference to maintaining that connection. We don’t therefore think it’s the case that section 23 will not apply to connection agreements and be limited only to connection offers.</p> <p>We do though, have a certain reticence based upon the potential for many such disputes to arise under the scenario of capacity reservation. Such disputes can take a long time to reach a conclusion and consequently the moment may be lost if we need to connect a customer in relatively short time. Further, whilst determinations made by the Authority do tend to set a watershed for applying principles going forward, the Authority is also clear that what is ‘reasonable’ would need to be interpreted on a case-by-case basis and is not an assessment that could be carried out by adopting a generalised/blanket approach.</p> <p>In summary, whilst we agree it is important that parties have a right to refer disputes for determination, we don’t want to encourage a system that may escalate the number of referrals and delay connections. This would not be in anyone’s interests, least not those customers wishing to connect, who would benefit from any relinquished capacity.</p>	<p>Noted</p> <p>To be reviewed by the WG in light of its inclusion in Schedule 13</p>
<p><b>Working Group Conclusions:</b> The Working Group concluded that further consideration is needed for review of the relationship between the current BCA, Schedule 13 of DCUSA and the Electricity Act. The Working Group agreed that they should no longer reference Schedule 23 in their solution as all information relating to the BCAs is included in Schedule 13. A further review of Schedule 13 will be carried out to assess whether there need to be any further amendments made.</p>			

Company	Confidential/ Anonymous	6. What is your view on capacity ramping?	Working Group Comments
Electricity North West	Non-confidential	While we accept that the use of portfolio billing has altered the original rationale as to why capacity ramping was introduced, we believe that there are situations where it does remain relevant to the new connection. In some situations, the phased nature of the downstream distributor network may mean that there is a phased programme of connections work to progressively make the capacity available. We therefore still see merit in it remaining in the CCCM.	Noted.
ESP Electricity Ltd	Non-confidential	Where agreed in a BCA, capacity ramping provides greater visibility for the upstream Distributor. This potentially allows a DNO to manage its network more efficiently and economically.	Noted
Leep Electricity Networks Limited	Non-confidential	Profiling of the predicted capacity utilisation is a useful planning tool for all parties involved.	Noted
Northern Powergrid	Non-confidential	<p>It is difficult to understand why an IDNO would need capacity ramping when the current arrangement is that the IDNO applies for a connection, accepts a connection offer and the BCA will then cross-refer to the capacity in that agreement. Portfolio billing arrangements mean that the use of system charges will relate to the capacity actually connected to the IDNO's network.</p> <p>Our concern is that capacity ramping could be used to lock the whole development capacity in place on day 1 where the point of connection requested by the IDNO only relates to the initial phases, e.g. a scenario where the IDNO wants to reserve 10MVA for 10 years where the initial connection assets requested are only capable of 2MVA. In this way, there are no</p>	Noted

		<p>financial consequences for an inefficient request by the IDNO. The IDNO would not pay any connection costs for the additional 8MVA of capacity that it has reserved. Neither would the IDNO pay any form of DUoS on the additional speculative development of a project. This disadvantages the generality of customers or subsequent connectees if the speculative capacity reservation (provided for free) has effectively sterilised the local area and there is insufficient spare for any general load growth or subsequent connectee respectively.</p> <p>The maximum capacity set out in the BCA is the maximum amount of electricity that can be imported from or exported to the Company's Distribution System via the Connection Point. Therefore the maximum capacity value in the BCA must relate to the capacity that the Distribution System at the Connection Point can accommodate. The BCA cannot include for any future phasing requirements that either the Connection Point cannot accommodate or where that Connection Point has not been requested yet as reinforcement may be required.</p> <p>We have never allowed the BCA to turn into a contract by which a party can reserve future capacity rights that the Connection Point is not designed for. It has been a fundamental principle that the agreed capacity and connection capability should match. Capacity reservation of this nature is beyond the rights and purpose of what the BCA governs and becomes about future capacity reservation which needs fair and equitable treatment across different customers, some of whom are not parties to DCUSA. We need to avoid arrangements that may be open to parties to sterilise capacity.</p>	
SP Distribution plc and SP Manweb plc	Non-confidential	Capacity ramping was to address a charging issue however the introduction of portfolio billing removes this problem. Capacity ramping may be required to allow for customers to connect initially before reinforcement is completed and should be	Noted

		agreed based on the requirements of the individual connections.	
Scottish and Southern Electricity Networks	Non-confidential	<p>It is important for the DNO to know the full intention of the LDNO/developer to issue the appropriate quotation for the development. This includes the total requested capacity of the whole development and the timescales of the different development phases. Any variation to capacity requirement and ramping would require to be agreed with the DNO. Additional costs may be incurred by the DNO for reinforcement if the capacity is being ramped up or for costs associated with ramping down capacity. These costs would be passed onto the LDNO.</p>	Noted
The Electricity Network Company	Non-confidential	<p>Capacity Ramping is an important mechanism for connection customers. It enables distributors to provide capacity to connecting LDNOs in accordance with the requirements of that LDNO. On many occasions LDNOs will be constructing networks where capacity will be required over a period of time and not at the initial point of connection between the distribution systems. If an upstream distributor was required to ensure that the full capacity was available from the initial connection, then they may be required to undertake reinforcement which could lead to delays in the time taken to provide the connection. Ramping is sensible, logical and practical solution which suits the needs of both parties.</p> <p>We do not believe that the inclusion of a specific timeframe within the definitions of Development Phase is beneficial to the industry or the CCCM. We appreciate the concerns that the working group has raised which suggest that removing the standard timeframe would lead to confusion or lack of clarity and consistency. However, we often find that DNOs are unwilling to move from this given time-period irrespective of the size of connection or capacity requested. This leads to</p>	Noted

		<p>situations where we are obliged to request the full load for a connection in the third year when there is no prospect of this capacity being required in the third year. Given that IDNOs are required to include their maximum power requirements in any request to connect to the DNOs network this leads IDNOs to request the maximum power at year three. If working group members do not believe that a standard timescale should be removed, then we believe that a different timeframe should be considered. We believe that it is beneficial for this standard to be longer than three years for the following reasons. If the required capacity is to be phased over a period longer than three years, then this phasing cannot be fully illustrated in a three-year development period. See example below of where 400kVA is required and the development will build in four phases of 100kVA.</p> <p>Year 1 – 100kVA  Year 2 – 200kVA  Year 3 – 400kVA</p> <p>In this instance, the required capacity at the end of the three-year period in the ramping profile is over and above what is actually required on site. However, in the following example a five-year ramping profile is considered.</p> <p>Year 1 – 100kVA  Year 2 – 200kVA  Year 3 – 300kVA  Year 4 – 400kVA  Year 5 – 400kVA</p> <p>In this instance, the DNO gets full clarity and visibility of the actual proposed ramping (subject to any amendments) without inflating the final year figure. In practice, it may actually be beneficial to use a longer standard development period but</p>	
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		<p>knowing that any development period which, in reality, is shorter than this will be fully considered within the longer period. This gives DNOs better visibility of the ramping which will actually be required and will better enable them to plan their distribution system works.</p> <p>We note that at present the wording on capacity ramping in the Common Connection Charging Methodology only applies to LDNO connection. The provisions were introduced at a time when LDNO connections were subject to boundary tariffs for use of system rather than the current arrangements for portfolio billing. It was therefore appropriate for these provisions to relate to LDNOs at the time when they were introduced. However, we believe that capacity ramping in connection agreements is something which can now benefit end user customers, developers who contract directly with a DNO and other connection customers. We are considering raising a separate change in order to broaden the scope of the remaining paragraphs in this section to all connection customers so that all connection customers are treated on an equal basis in calculating their connection charge.</p>	<p>The WG noted the potential to raise a further change and discussed how this would impact the earlier decision to move some clauses out of the CCCM and include in DCUSA. In light of this the WG agreed to retain the clauses in the CCCM and develop further the BCA in schedule 13.</p>
UK Power Networks	Non-confidential	<p>Since the introduction of portfolio billing the financial dis-benefit to EDNOs has been removed and the need for ramping has therefore diminished (without boundary metering the host DNO has no visibility of the IDNOs consumption) we no longer see the need for ramping to exist in the CCCMs.</p>	Noted
Western Power Distribution	Non-confidential	<p>We note that capacity ramping was largely implemented to protect downstream distributors from the full impact of use of system charges associated with maximum capacity and that since the implementation of Portfolio Billing this issue has fallen away.</p>	Noted

		<p>Capacity Ramping still has an important part to play. It allows both parties to agree an outline uptake of capacity requirements over the Development Phase of the scheme and also the opportunity to review the uptake of capacity over that period. Whilst the CCCM highlights that any unutilised capacity identified under the review can be relinquished for the use of other customers, we believe this does not go far enough. So whilst the concept of capacity ramping is a good one, it needs to be developed further so that effective steps can be taken by a network operator (where it is reasonable to do so) to ensure that the capacity is relinquished and there is no reliance on the downstream distributor's goodwill. Without the ability to take these reasonable steps there is the potential for a barrier to entry to develop for other downstream distributors wishing to compete in connecting other sites on a section of the network where another downstream distributor has capacity unnecessarily reserved. The reserved capacity may be offered to the developer of a different site, whereas a competing downstream network operator may need to offer the same developer a solution with reinforcement cost since the network is 'full' due to the reservation.</p>	
<p><b>Working Group Conclusions:</b> It was summarised that there could be further consequences from moving capacity ramping from the CCCM to the DCUSA especially if a further CP was raised. By trying to future proof the change proposal, it would seem sensible to leave the information in the CCCM as putting it in DCUSA would be difficult as the information should be included in the BCA. The Working Group are going to reassess whether they need to request additional industry feedback regarding capacity ramping.</p>			

Company	Confidential/ Anonymous	7. The Working Group are seeking industry views on removing paragraphs 1.52 and 1.53 from the CCCM and adding paragraphs 39.9A and B to Section 2B of DCUSA?	Working Group Comments

Electricity North West	Non-confidential	While technically it may be right to move the paragraphs, it is difficult to see what value this would add as it doesn't provide any additional rights.	Noted
ESP Electricity Ltd	Non-confidential	ESPE agrees with the Working Group's proposed changes to Section 2B of DCUSA.	Noted
Leep Electricity Networks Limited	Non-confidential	N/A	N/A
Northern Powergrid	Non-confidential	The paragraphs that are proposed to be removed from the CCCM are not the same as those proposed to be added to DCUSA. However we believe that the subject of capacity management for connections to IDNOs is better placed within DCUSA rather than in the CCCM. The CCCM is an explanation of the methods, principles, and assumptions that apply for determining the licensee's Connection Charges and is not the best place to set out the principles and arrangements for capacity management	Noted
SP Distribution plc and SP Manweb plc	Non-confidential	Change agreed.	Noted
Scottish and Southern Electricity Networks	Non-confidential	We agree that the paragraphs relating to capacity ramping which do not refer to the charges in the CCCM more appropriately sit in Section 2B of DCUSA.	Noted
The Electricity Network Company	Non-confidential	We believe that the paragraphs which are being moved to the main body of the DCUSA, into Section 2B are better suited in Section 2B. the purpose of the CCCM is to allow a person to reasonably estimate the charge for which they may be liable in	Noted



		requesting a connection to a DNO's distribution system. They should not be concerned with the ongoing provisions of that connection and use of system agreements which will novate to the DCUSA and Bilateral Connection Agreements. As such these paragraphs, relating to the ongoing provision of the connection and use of system as they do, are better suited to Section 2B of the DCUSA.	
UK Power Networks	Non-confidential	The capacity ramping wording in the CCCMs has become irrelevant since the introduction of portfolio billing was introduced, the wording in Section 2B only really needs to provide the ability to propose a variation to the MIC/MEC without any reference to phased development.	Noted
Western Power Distribution	Non-confidential	<p>We are agnostic on whether or not paragraphs 1.52 and 1.53 should be removed from the CCCM although, if this were the case, then care should be taken that the remaining paragraphs in the CCCM remain in context. Paragraph 1.54 will, for example, need to be read in conjunction with, and link back into, any Maximum Import Capacity/Maximum Export Capacity reduction provisions. In this respect further consideration may be required.</p> <p>We believe that consideration should be given as to whether any capacity ramping facility should not be referenced under Section 2B of DCUSA but instead detailed under Schedule 13 of DCUSA (the template BCA) in order to ensure consistency of approach.</p>	Noted
<b>Working Group Conclusions:</b> The Working Group will review and consider the feedback to this question. It was suggested that the current drafting of the CCCM should be left unaltered, remove the proposed 39A and 39B from DCUSA and draft something new to cover the relationships between distributors and customers in the BCA within Schedule 13.			

Company	Confidential/ Anonymous	8. Do you foresee any issues resulting from the fact that, if included in DCUSA, any proposed modifications to these paragraphs will be required to be made with reference to the applicable DCUSA Objectives for changes to DCUSA, while if they remain in the CCCM, any changes are required to be made with reference to the set of relevant objectives associated with changes to charging methodologies?	Working Group Comments
Electricity North West	Non-confidential	Broadly speaking we do not foresee any issues as the two sets of objectives are very similar. We do not believe moving these paragraphs adds any value and as such would suggest it seems more appropriate for these paragraphs to remain in the CCCM resulting in any proposed changes being made with reference to the DCUSA charging objectives.	Noted. Working Group have agreed that the clauses are to be retained within the CCCM to maintain a difference between the two processes, one up to the end of the development phase and one post the development phase.
ESP Electricity Ltd	Non-confidential	No, not in relation to paragraphs 39.9A and 39.9B. These paragraphs relate to the agreement and review of capacity phasing, and should sit in DCUSA. Any charges associated with such phasing should be set out in the relevant charging methodology (as referenced in 39.9A), and assessed against the objectives of such methodology.	Noted. See comment above.
Leep Electricity Networks Limited	Non-confidential	N/A	Noted
Northern Powergrid	Non-confidential	Notwithstanding our comments above on the legal text we do not foresee any issues as we believe the CCCM is not the right place to cover capacity management.	Noted. See comment above

SP Distribution plc and SP Manweb plc	Non-confidential	No, the DCUSA objectives are an appropriate measure.	Noted
Scottish and Southern Electricity Networks	Non-confidential	We do not foresee any issues with this.	Noted
The Electricity Network Company	Non-confidential	No, we do not believe that this will cause an issue. The Charging Methodology relevant objectives and the General relevant objectives are not mutually exclusive. Furthermore, we do not believe that this change proposal will have negative impacts on any of the DCUSA objectives so, in considering the change proposal in the round, we believe that parties will be able to make a reasoned and considered decision on the change proposal. We note that clause 12.7.1 obliges parties to "vote on the basis of its judgement, made by it in good faith, as to whether or not, if the proposed variation were made, this Agreement would better facilitate the achievement of the DCUSA Objectives than if the variation were not made". This allows parties to make a decision on all the objectives, charging and general, in the round.	Noted
UK Power Networks	Non-confidential	No	Noted
Western Power Distribution	Non-confidential	Yes we do believe that a certain element of flexibility may be lost should the proposed paragraphs be included in DCUSA as opposed to the CCCM. The fact that certain provisions would remain within the CCCM and that related provisions would be in Section 2B of DCUSA could compromise the ability to make efficient changes and ultimately duplicate processes.	Noted. See comment above

**Working Group Conclusions:** The Working Group concluded that this question was made redundant by the fact that they had previously agreed that the information should be retained within the CCCM. Both the General and charging objectives will be impacted. The charging objectives as a consequence of any changes to the CCCM and the general objectives due to any changes to the DCUSA main body.

Company	Confidential/ Anonymous	9. Do you consider that there are instances where a reduction in Maximum Import Capacity or Maximum Export Capacity should cause the Connection Charge to be recalculated? Please provide examples.	Working Group Comments
Electricity North West	Non-confidential	Since the network will have been built to cater for the requested capacity, we cannot think of any situations where the connection charge should be recalculated.	Noted
ESP Electricity Ltd	Non-confidential	No.	Noted
Leep Electricity Networks Limited	Non-confidential	Yes, if a Developer has invested in an asset with resultant connection charges in return for a fixed capacity availability, only for that return to be reduced due to DNO/LDNO actions, that Developer would seek for the original investment to be adjusted accordingly.	Noted, however, this applies to DCP 115 rather than DCP 294. If the IDNO were going to be impacted, it would have to be rectified before the BCA is agreed as they would not be able to meet their customer obligations and would be protected by their existing contracts.
Northern Powergrid	Non-confidential	The only circumstances where we believe the Connection Charge might be recalculated is where the Electricity (Connection Charges) Regulations 2002 or 2017 could be applied.	Noted

SP Distribution plc and SP Manweb plc	Non-confidential	No, DNOs can only charge for the work based on the application received and the works completed. Following connection, any subsequent reduction in capacity will not change the work completed.	Noted
Scottish and Southern Electricity Networks	Non-confidential	<p>If a capacity reduction is identified before the connection/reinforcement is completed, then this could trigger possible re-design of the connection/reinforcement which may trigger the recovery of any wasted investment and may change the customer's costs.</p> <p>If there is a capacity reduction within 5 years of the connection this will trigger a review by the DNO of the reinforcement work carried out, as captured in the CA/BCA. This may mean the DNO recovering costs for any wasted investments.</p>	Noted. This will need discussed further by the Working Group
The Electricity Network Company	Non-confidential	<p>No. The connection customer is required, as part of their connection, application to set out the maximum capacity they require for that connection. The DNO is likely to commit funds and resource on the basis of providing that connection capacity as was requested by the connecting party. Any subsequent reduction in the required capacity at the boundary should not recalculate the connection charge.</p> <p>Notwithstanding the above it may be possible for the connection part to receive a rebate from subsequent connection customers in line with the ECCRs.</p>	Noted
UK Power Networks	Non-confidential	Yes, where a reduction in the MIC/MEC has been requested to allow another customer to connect the second comer being connected within the defined period of the Electricity (Connection Charges) Regulation 2017 or the previous version of the ECCR Regs.	Noted

Western Power Distribution	Non-confidential	<p>We can conceive that there will be instances where a reduction in Maximum Import Capacity or maximum Export Capacity should cause the Connection Charge to be recalculated.</p> <p>In terms of charges for reinforcement works, there is provision in the capacity ramping provisions in the CCCM to recalculate the Cost Apportionment Factor based upon the required capacity at the end of the Development Phase. This will enable a network operator to review and potentially refund some of the charges paid by the downstream distributor. Subsequent customers who connect and utilise the relinquished capacity will be required to contribute to the reinforcement works previously undertaken in line with the Electricity (Connection Charges) Regulations 2017 ("ECCRs").</p> <p>In relation to any extension distribution system assets which a downstream distributor has paid for (whether in full (including where a development may have been deemed to be "speculative" and charged for accordingly) or in part), in circumstances where capacity is clawed-back by the network operator and subsequently allocated to another customer, the ECCRs could be applied in respect of the subsequent connections and the downstream distributor given a rebate accordingly.</p> <p>We don't believe that any review following a claw-back of capacity should be undertaken to take into account whether an alternative, lower cost, option could have provided the lower capacity connection. In our view this should be excluded on the basis that the works that were undertaken to provide the connection have only been done so as a result of the initial request and agreement of the downstream distributor.</p>	Noted
<p><b>Working Group Conclusions:</b> The Working Group noted all responses and highlighted that they will need to discuss this further. A review of the development phase will be needed and they will ensure that all comments are considered and included in the CCCM. The working group agreed to collate all outstanding issues for further discussion.</p>			

Company	Confidential/ Anonymous	10. Do you have any comments on the proposed legal text? If yes, please provide suggested amendments.	Working Group Comments
Electricity North West	Non-confidential	<p>The intent of this change is to put arrangements in place that set out the principles under which the unutilised maximum capacity specified in bilateral connection agreements with downstream distributors (IDNOs or DNOs operating out of area) can be managed in an economic manner, while still protecting the legitimate requirements of the downstream distributors.</p> <p>We do not think that the legal text will actually address the updated intent of this change proposal as it provides no greater power or clarity than currently exists.</p> <p>Specifically, we consider that the changes to the Development Phase definition seem to be a step backwards by removing a specific time period, i.e. removing clarity rather than adding greater clarity.</p>	The Working Group are aware that the development phase of the legal text will need to be reviewed further.
ESP Electricity Ltd	Non-confidential	No.	Noted
Leep Electricity Networks Limited	Non-confidential	N/A	N/A
Northern Powergrid	Non-confidential	<p>Clause 39.9B cross references clauses 39.12A to 39.12F and we have concerns over the proposed drafting and would welcome some further clarity. Our general concern is that the drafting is too loose and too open to interpretation. But more specifically:</p> <p>Clause 39.9A – as indicated in question 6 we would welcome clarity on why the capacity would need to increase over time? This paragraph also states “Such phasing shall</p>	<p>39.9A and 39.B – following earlier WG discussion – these have been retained in the CCCM.</p> <p>31.12b.2 was also discussed. The Working Group agreed that Schedule 13 states that there is a right on both the DNO and IDNO</p>

		<p>be consistent with the Company's connection charging methodology in force at the time." Which part of the connection charging methodology should the phasing need to be consistent with?</p> <p>Clause 39.9B – in the absence of demand data (no boundary metering) how will the annual review be carried out? In addition clause 39.12C states that any proposal to modify the BCA "shall take into account the future phasing requirements" so what is the purpose of the annual review during the Development Phase?</p> <p>Clause 39.12A – in the absence of boundary metering how will either party know if the IDNO has used less than 75% of the agreed capacity? What does "having due regard to all the circumstances" mean?</p> <p>Clause 31.12B.2 – requires the DNO to provide reasoning for the proposed variation. This is not a requirement under the DCP115 arrangements and will depend what reasoning is acceptable. The DNO has a legal obligation under the Act to develop and maintain an efficient, co-ordinated and economical system of electricity distribution – is this an acceptable reason given this change proposal claims to better facilitate DCUSA General Objective 1 which has similar phrasing? We do not have a problem, in principle, with providing a reason; however, such a disclosure might be problematic with S105 of the Act which covers 'General restrictions on disclosure of information'.</p> <p>Clause 31.12B.3 states that any Modification required to be made in accordance with Clause 52 however, Modification means "any actual or proposed replacement, renovation, modification, alteration or construction" so in the case of a capacity reduction, where no physical work is required on the assets, would this still be classed as a Modification under clause 52?</p>	<p>to be able to ask for variations and so, on that basis, they agreed that the clause was no longer relevant.</p> <p>The rest of the comments made in this response will be re-reviewed when the Working Group review the legal text again.</p>
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		<p>Clause 39.12C states that any proposal to modify the BCA “shall take into account the future phasing requirements as set out in the Bilateral Connection Agreement”. If proposals to unlock capacity must always consider future phasing requirements then does this effectively exempt any site that has future phases from being considered?</p> <p>We have concerns over the proposed change to the definition of “Development Phase”. The proposed drafting states:</p> <p>“the period agreed with us over which the development is constructed; such period to be consistent with period that can be reasonably expected for a development commensurate with its size and nature to take to build out and reach maturity.”</p> <p>We consider this wording to be loose and too open to interpretation. These words provide less clarity compared to the existing approved definition within the CCCM and the phrase “commensurate with its size and nature to take to build out and reach maturity” is difficult for a DNO to judge as they are not developers. Furthermore, if the development is in phases then the customer may only have planning permission for the first phase and other phases may only be progressed if the development is successful. The change proposal refers to the recession in 2008 and states that “Many developments stalled in the recession are now progressing” so does this mean that the capacity would have needed to be reserved for at least 9 years while the site is mothballed and as such not be available for other customers to use and is this part of the intent of the change proposal?</p>	
SP Distribution plc and SP Manweb plc	Non-confidential	None.	Noted.
Scottish and Southern	Non-confidential	I.	

Electricity Networks		<p>The proposed definition of the development phase is not appropriate. It is not specific and is open to interpretation. Importantly it does not capture the ultimate end of a development. As a minimum, we suggest that the definition requires to include a “backstop” date – otherwise this could be left open for many years. We would suggest 8 years.</p> <p>We therefore suggest that the proposed legal text is modified to include <b>8 years</b> “backstop”.</p> <p>II.</p> <p>Please see question 4.</p> <p>39.12A ...“Any time during any period of 12 consecutive months, exceed the Maximum Import Capacity and/or the Maximum Export Capacity (respectively), then the Company may at anytime during the following <del>month</del> <b>three months</b> and having due regard all the circumstances) notify the User...”</p> <p>III.</p> <p>House keeping change to the 39.12B (wrong numbering).</p> <p>Suggestion:</p> <p>39.12 B</p> <p>Where the Company makes a notification in pursuance to Clause 39.12A it shall be made in writing to the User and shall set out:</p> <p><del>31.12B.1</del> <b>39.12.B.1</b> the proposed reduction to the Maximum Import Capacity and/or Maximum Export Capacity (being not less than the <b>Maximum</b> import of electricity and/or the <b>Maximum</b> export of electricity through the Connection Point at any time during such 12-month period as set out in Clause 39.12A);</p> <p><del>31.12B.2</del> <b>39.12.B.2</b> the Company’s reasoning for proposing a variation to the Maximum Import Capacity and/or the Maximum Export Capacity; and</p>	<p>The Working Group agreed that a backstop would be needed. Working Group members are going to speak to their design teams to determine what the average timescale is for development.</p> <p>This has been updated.</p> <p>Numbering will be updated.</p> <p>After discussion, the Working Group agreed that the information contained in the brackets in this clause can be removed as it is no longer valid for the change.</p>
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		<p><del>31.12B.3</del> <b>39.12.B.3</b> any Modification required to be made in accordance with Clause 52.</p> <p>IV. Amendment to the use of the Clause 52 process.</p> <p><b>39.12.B.3</b> any <del>Modification</del> <b>Variation</b> required to be made in accordance with <del>Clause 52</del> <b>clause 8 of Schedule 13</b>.</p> <p>The Clause 52 process is different from the Variation process set out in the schedule 13 which is used to any modification in Maximum Capacity.</p> <p>The application of Clause 52 (especially 52.9) can be interpreted in a way that may go against the principles of this CP laid out 4.33.</p> <p><i>"Where a Modification by the Company <u>alters the technical characteristics of the Connection Point</u> (as set out in the relevant Bilateral Connection Agreement), but not otherwise, the Company <u>shall compensate the User for the reasonable cost and expense of any modification required to be made by the User as a result of such Modification</u>; provided that the Company shall not be obliged to compensate the User where such Modification is required as a consequence of any Relevant Instrument, legislative requirement or Directive. Any dispute as to whether the Company is obliged to compensate the User or as to the amount of any such compensation may be referred to arbitration in accordance with the provisions of Clause 58."</i></p>	<p>The Working Group agreed that the wording should be updated to "variation".</p> <p>The Working Group are going to review the option of referring to Schedule 13.</p>
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		<p>Therefore I suggest use Schedule 13 instead of Clause 52.</p> <p>V. Clarification in 39.9B</p> <p>39.9B could clarify that if the annual review is discretionary i.e. it may be done on any anniversary but need not be done on all anniversaries</p>	
The Electricity Network Company	Non-confidential	No, other than the potential change to the development period definition in line with our answer to question 6.	Noted
UK Power Networks	Non-confidential	We believe that Clauses 39.9A, 39.9B and 39.12C do not need to be included if phased development is removed from the CP.	Noted
Western Power Distribution	Non-confidential	<p>We indicated in our response to Q7 that we believe that consideration should be given as to whether any capacity ramping facility may be better referenced under Schedule 13 of DCUSA (the template BCA) rather than Section 2B of DCUSA. As an analogy, if the process agreed under DCP115 is set out under the NTCs which form part of the direct agreement between the network operator and the end user, it is arguable that a similar process should be captured here under the BCA between the network operator and the downstream distributor.</p> <p>We disagree with the proposed redrafting of the definition of 'Development Phase' under the CCCM. We believe that removal of the 3 year timeframe and substitution of the new definition will only serve to confuse the matter and increase debate over commensurate periods. We understand that some developments will take longer to complete but the default 3 year period is essential to having a starting point and that the provision to 'otherwise agree' a timescale is sufficient to allow flexibility.</p>	Noted

		<p>Clause 31.12B.2 of the proposed drafting is redundant – the reasoning behind the proposed variation is provided for in clause 39.12A and nothing additional is required.</p> <p>Now that the Maximum Import Capacity/Maximum Export Capacity ramping provisions have been linked to the provisions relating to underutilisation of capacity, we do not think the annual review provided for under clause 39.9B is appropriate – as assessment under clause 39.12A may be carried out at any time looking back over any 12 month period. We note that if this is deleted, clause 39.9B then becomes redundant.</p> <p>As a general comment, we understand this DCP relates to Distributor to Distributor relationships. Should it be implemented consideration should be given as to the potential inequality of treatment between downstream distributors and developers regarding the provisions for capacity ramping.</p>	
<p><b>Working Group Conclusions:</b> The Working Group concluded that they would need to review the proposed legal text again to ensure all comments received were considered and incorporated if necessary.</p>			

Company	Confidential/ Anonymous	11. Which of the General and Charging Objectives better facilitate DCUSA by the inclusion of this Change Proposal? Please provide your rationale.	Working Group Comments
Electricity North West	Non-confidential	We do not believe that this change will better facilitate any of the General and Charging Objectives if implemented.	Noted
ESP Electricity Ltd	Non-confidential	This change will provide parties with greater clarity around how to manage changes to MIC/MECs, making the process clearer and more accessible. In turn, this should better facilitate:	Noted

		<p>General Objective 1 (efficient/economical networks), through freeing up capacity for use elsewhere on the network; and</p> <p>General Objective 2 (facilitation of competition), through making it harder for IDNOs to sterilise capacity on a DNO network in a bid to win future 'unawarded' phases of new housing developments.</p>	
Leep Electricity Networks Limited	Non-confidential	N/A	N/A
Northern Powergrid	Non-confidential	<p>DCUSA Charging Objectives</p> <p>This proposal is highly relevant to this objective. If it is decided that managing capacity is not a CCCM issue then the DCUSA Charging Objectives are not relevant.</p> <p>DCUSA General Objectives</p> <p>General Objective 1 – The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated and economical Distribution Networks</p> <p>Again, highly relevant, assuming we achieve a proposal which protects customers' legitimate rights while allowing the prompt unlocking of spare capacity. Currently the proposals fail this test.</p> <p>General Objective 3 – The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p>Yes, once more highly relevant with the same important caveat - we need a revised proposal which protects customers' legitimate rights while allowing the unlocking of capacity. If spare capacity is not unlocked promptly for recycling then it this may conflict with obligations to develop</p>	Noted

		and maintain an efficient, co-ordinated and economical system of electricity distribution	
SP Distribution plc and SP Manweb plc	Non-confidential	<p>We agree with the working group assessment:</p> <p>General objectives 1, 2 and 3 and Charging objectives 1, 2, 3 &amp; 4 as the change will assist DNOs to operate an efficient network and provide a consistent approach to all customers.</p>	Noted
Scottish and Southern Electricity Networks	Non-confidential	<p>We agree that the proposal better facilitates General Objective 1, the development, maintenance and operation of efficient, coordinated and economical distribution network as it is intended to release capacity on the network.</p> <p>We do not consider that the proposal better facilitates General Objective 2, the facilitation of effective competition. We do not consider that this change proposal has any impact on competition.</p> <p>We do not consider that the proposal better facilitates General Objective 3, the efficient discharge by DNOs and LDNOs of obligations under the distribution licence. We do not consider that we have any obligation to reclaim capacity that is not being utilised by LDNOs.</p> <p>We are not clear that the proposal better facilitates or relates directly to any of the charging objectives.</p>	Noted
The Electricity Network Company	Non-confidential	<p>We believe that the following objectives are impacted by this change proposal.</p> <p>General Objective 1 – Positive. This change proposal provides a transparent and clear process for the management of capacity in the BCA. This ensures that DNO and IDNO parties can develop and maintain efficient and co-ordinated systems</p>	Noted

		<p>by ensuring accurate capacity management on their networks.</p> <p>General Objective 2 – Positive. We believe that the change proposal will promote competition in the distribution of electricity. By reducing the level of sterilised capacity, as this change proposal aims to do, it is likely to facilitate competition in the distribution of electricity.</p> <p>General Objective 4 – Positive. This change proposal promotes the efficient implementation and management of the DCUSA and the Bilateral Connection Agreement which are requested under the DCUSA.</p> <p>Charging Objective 1 – Positive. We believe that the change to definition of development phase (as illustrated in our answer to question 6) allows distribution parties to have a better understanding of the capacity that will be connected to our networks and will allow those parties to more easily manage an efficient, economic and co-ordinated distribution system.</p> <p>Charging Objective 4 – Positive. The provisions for capacity ramping were originally included at a time when LDNOs were subject to boundary use of system charges. The changes that this CP makes to remove some provisions from the connection charging methodology reflects developments in the distribution business and the system as a whole.</p> <p>We believe the impact of all other objectives is neutral.</p>	
UK Power Networks	Non-confidential	General Objective 2 as it would EDNOs to connect at their chosen voltage and point on the network, at a cost-efficient price to benefit of their end customers.	Noted



Western Power Distribution	Non-confidential	<p>We note under the consultation that, dependent on whether the changes to DCUSA impact Schedule 22, or Section 2B, or both, will determine which objectives need to be considered.</p> <p>On the basis that both Objectives are considered, and notwithstanding we believe the DCP does not go far enough), General Objective 1 and General Objective 3 may be better facilitated. If capacity is relinquished for the benefit of other customers then it should help the development an efficient, co-ordinated and economical distribution system and mitigate the requirement to unnecessarily reinforce it. This obligation is imposed upon network operators and downstream distributors under their Distribution Licence.</p> <p>We do not believe any of the Charging Objectives are better facilitated by the DCP as it currently stands. Charging Objective 1 may be better facilitated by the DCP if, for example, further clarity is provided under the legal text so that any change to the CCCM will ensure that the network operators and downstream distributors are able to discharge their obligations under the Act and the Distribution Licence.</p>	Noted
<b>Working Group Conclusions:</b> The Working Group concluded that they will need to discuss this further when they reach the Change Report phase of the change.			

Company	Confidential/ Anonymous	12. Do any of these initiatives impact this CP? Please provide your rationale.	Working Group Comments
Electricity North West	Non-confidential	We do not believe any of these initiatives will impact this change. The ones mentioned seem to mainly focus on capacity release prior to the connection actually being made.	Noted

ESP Electricity Ltd	Non-confidential		N/A
Leep Electricity Networks Limited	Non-confidential	N/A	N/A
Northern Powergrid	Non-confidential	The policy initiatives listed in the consultation mention facilitating, amongst other things, the unlocking of capacity and yet this change focuses mainly on making it possible for one distributor to reserve capacity (at no charge) thereby making it more difficult to unlock capacity. As such, it is not in the best interest of most customers.	Noted
SP Distribution plc and SP Manweb plc	Non-confidential	This change will complement existing initiatives to address under-utilised capacity on the network.	Noted
Scottish and Southern Electricity Networks	Non-confidential	No.	Noted
The Electricity Network Company	Non-confidential	We do not believe that the initiative listed have an impact on the development of this CP insofar as the principle of the change proposal is to ensure a more efficient and economic use of networks. Such a principle aligns with the wider work which is ongoing.	Noted
UK Power Networks	Non-confidential	No	Noted
Western Power Distribution	Non-confidential	We are aware of the work being undertaken by the industry under the Authority's 'Quicker and more Efficient Connections' and 'Unlocking the capacity in electricity networks' initiatives.	Noted

		We welcome this initiative and although we need to be mindful of this work being undertaken, we do not believe there is anything that directly impacts upon this DCP at this time. Nor do we think the DCP helps significantly to alleviate any of the issues surrounding the network constraints currently being experienced by customer and network operators.	
<b>Working Group Conclusions:</b> The Working Group noted all responses to question 12 and highlighted that they will be vigilant with the new initiatives being introduced by Ofgem to ensure that the change is not better placed to be reviewed elsewhere.			

Company	Confidential/ Anonymous	13. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
Electricity North West	Non-confidential	<p>Ofgem has already highlighted that limits on network capacity could hinder the ability for the system to accommodate new (often low carbon) technologies and changes usage patterns.</p> <p>Consequently, we believe the Network Access Task Force is better placed to deal with this issue and so would suggest they incorporate this issue within their work to negate the need for this change proposal to be progressed through the DCUSA.</p> <p>The working group should consider this proposal against the recently published working paper by Ofgem:</p> <p><a href="https://www.ofgem.gov.uk/system/files/docs/2017/11/reform_of_electricity_network_access_and_forward-looking_charges_-_a_working_paper.pdf">https://www.ofgem.gov.uk/system/files/docs/2017/11/reform_of_electricity_network_access_and_forward-looking_charges_-_a_working_paper.pdf</a></p>	Noted
ESP Electricity Ltd	Non-confidential	No.	Noted

Leep Electricity Networks Limited	Non-confidential	N/A	N/A
Northern Powergrid	Non-confidential	<p>Ofgem's QMEC – next steps document paragraph 2.10 states: “We note the suggestion from the Community Energy sector that capacity on the network should be reserved for their schemes. The current framework treats all customers equally. Reserving capacity for one category of customer (e.g. community schemes) would change this and could make it more difficult and expensive for other customers. To allow this type of preferential treatment we would need a clear justification, including how all consumers ultimately benefit. We do not yet have this justification.”</p> <p>The current framework correctly treats all customers equally so reserving capacity for one category of customer, such as an IDNO would appear to be at odds with QMEC policy aims without a “clear justification” about how all customers benefit from DCP294, such justification is not included in the proposal as currently drafted.</p> <p>It may also be worth assessing whether the policy aims in the terms of reference for Ofgem's newly created Access Rights task force under the charging futures programme is relevant to this change proposal</p>	Noted
SP Distribution plc and SP Manweb plc	Non-confidential	Not at this time.	Noted
Scottish and Southern Electricity Networks	Non-confidential	No, we are not aware of any wider industry developments that may impact on this CP.	Noted

The Electricity Network Company	Non-confidential	We do not believe that there are any wider industry developments which impact upon this CP.	Noted
UK Power Networks	Non-confidential	No	Noted
Western Power Distribution	Non-confidential	We are not aware of any wider industry developments that directly impact upon or be impacted by this DCP at this time.	Noted
<b>Working Group Conclusions:</b> The Working Group concluded that they did not believe that there would be any wider industry developments that would impact on the change. However, they will be keeping an eye on the activities of Ofgem Network Access Task Force to ensure that there is no duplication of effort.			

Company	Confidential/ Anonymous	14. Are there any alternative solutions or unintended consequences that should be considered by the Working Group?	Working Group Comments
Electricity North West	Non-confidential	<p>Considerations of the obligations on an IDNO to release capacity that it is not using in another option.</p> <p>An unintended consequence could be an increase in obligations on DNOs even though there isn't a real benefit to the network</p>	The ENWL Working Group representative confirmed that at the time of the consultation the response was valid but as Working Group discussions have progressed, the comment is now redundant.
ESP Electricity Ltd	Non-confidential	No.	Noted
Leep Electricity Networks Limited	Non-confidential	N/A	N/A

Northern Powergrid	Non-confidential	What is needed is a change proposal that reflects some policy principles that could apply to all categories of customer and satisfies the various Ofgem positions on unlocking and recycling capacity. DCUSA governs connection agreements between distributors and not agreements with other categories of customers so a fair and equitable arrangement for all customer types may only be possible outside of DCUSA arrangements	The NPg representative of the Working Group highlighted that they believe that the comment may now be redundant following the development of the change. This will be reviewed.
SP Distribution plc and SP Manweb plc	Non-confidential	Not at this time.	Noted
Scottish and Southern Electricity Networks	Non-confidential	<p>There could be unintended consequences when there is an agreed reduction of the capacity between the host DNO and the LDNO but the host DNO has already invested and carried out several reinforcements based on the original request of the LDNO. If there is no expectation or prospect for further development in this area, this may lead to stranded assets. Similarly, if a reduction in capacity is identified before the connection/reinforcement is completed this could trigger a re-design which means additional costs for both DNO and LDNO.</p> <p>An important point to note is that there is no 'trigger' for this mechanism to ever be used as the DNO has no way of identifying if a LDNO is underutilising their capacity. If it were used, there would be costs associated for both parties as explained as part of Question 3.</p> <p>This should be taken into consideration by the Working Group.</p>	The Working Group highlighted that the industry is already aware of the unintended consequence raised and suggested that DNOs and LDNO should already be aware of any investment or reinforcements regardless of whether the legal text is amended for this change. These issues should be discussed at the negotiation stage with the customer.
The Electricity Network Company	Non-confidential	We do not believe that there are any unintended consequences of this change proposals and are not aware of any alternatives solutions.	Noted

UK Power Networks	Non-confidential	None	Noted
Western Power Distribution	Non-confidential	<p>We believe other avenues should be explored in terms of recovering underutilised capacity. In particular, the potential to;</p> <p>(a) explore whether the milestones concept in a network operator's connection offer could be extended to cover phased developments as opposed to this being linked to the 75% threshold provisions (and therefore distinguishing between phased scenarios and "post-construction" scenarios, with the 75% provisions only applying to the latter) and/or</p> <p>(b) the 75% threshold provisions providing an absolute right for a network operator to recover unutilised capacity but including further provisions around downstream distributor safeguards including, for example, the potential for the rights to only be exercised in circumstances where there is little or no spare capacity and other customers are requesting capacity that could be accommodated from that committed to the downstream distributor.</p> <p>We believe clarity should be sought in terms of the network operator's obligations to notify the downstream distributor of their intent to vary the BCA and reduce the Maximum Import/Export capacity. Specifically, we are concerned there could be a challenge from a 'second comer' wishing to capture capacity, asking why the network operator has not, or did not, request a reduction. Could the network operator be in danger of being in breach of section 9 of the Act (the duty of an electricity distributor to develop and maintain an efficient, co-ordinated and economical system of electricity distribution) and Licence condition, if it failed to request a reduction in capacity from the downstream distributor? Indeed, could the downstream distributor itself be in breach of its own obligations under section 9 if it failed to notify the network</p>	<p>Noted</p> <p>The Working Group noted that this should be reviewed against internal contracts rather than being suitable for this DCUSA change.</p> <p>As previously agreed, the trigger will be removed from the legal text.</p> <p>The Chair questioned the Working Group on whether this should be codified or whether stating the ECCRs would be sufficient. The Working Group concluded that they would be happy to refer to the ECCRs but if the change is implemented, the DNOs will need to consider how to address the second comer approaching for capacity to ensure the</p>

		operator of not requiring the reserved capacity and agreeing to relinquish it?	development of an efficient network.
<b>Working Group Conclusions:</b> The Working Group concluded that there would be no unintended consequences if this change were to be implemented. The legal text will need to be reviewed further to insert a reference to the ECCRs when a 'second comer' approached the DNO to connect to the network.			

Company	Confidential/ Anonymous	15. Do you have any comments on the implementation date including consideration on any potential lead time required to put in place processes in advance of its implementation?	Working Group Comments
Electricity North West	Non-confidential	It does depend whether this change would result in a requirement or be optional. If a requirement we would need a lead time of at least 6 months.	Noted
ESP Electricity Ltd	Non-confidential	No. ESPE supports the proposed implementation date.	Noted
Leep Electricity Networks Limited	Non-confidential	N/A	N/A
Northern Powergrid	Non-confidential	No	Noted
SP Distribution plc and SP Manweb plc	Non-confidential	No comments and do not consider a lead time necessary	Noted
Scottish and Southern	Non-confidential		N/A



Electricity Networks			
The Electricity Network Company	Non-confidential	We consider that the implementation date is appropriate for this change proposal. We do not envisage any system or process changes which must be implemented by day 1 which cannot be introduced for our organisation.	Noted
UK Power Networks	Non-confidential	No	Noted
Western Power Distribution	Non-confidential	Should the DCP be accepted there will need to be a change to the CCCM. Agreement to do so may impact on timescales for implementation.	Noted
<b>Working Group Conclusions:</b> The Working Group concluded that once the legal text has been finalised the Working Group will be able to review the implementation date and any lead times that are required at the Change Report phase of the change.			