



DCUSA CONSULTATION

DCP 114 – NTC AMENDMENTS - CAPACITY MANAGEMENT (OVER UTILISATION)

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

DCP 114 and DCP 115 seek to change the National Terms of Connections (NTC) to introduce processes for DNOs to separately react to circumstances in which customers either over-utilise or under-utilise their maximum import capacity (MIC) and/or maximum export capacity (MEC)

This document is the fourth consultation issued in respect of DCP 114 and DCP 114. You are invited to respond to this consultation using the forms provided as Attachments 1 and 2 by **10 April 2015**.

1 Purpose

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a Consultation issued to DNO, IDNO, Suppliers, Citizens Advice, Citizens Advice Scotland, ELEXON, any other interested Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking respondents views on DCP 114 – NTC Amendments - Capacity Management (Over Utilisation) and DCP 115 – NTC Amendments - Capacity Management (Under Utilisation) are invited to consider the questions set out in section 8 below and submit comments using the form attached as Attachments 1 (for DCP 114) and 2 (for DCP 115) to dcusa@electralink.co.uk by 10 April 2015.

2 Background of DCP 114 – NTC Amendments - Capacity Management (Over Utilisation) and DCP 115 - NTC Amendments - Capacity Management (Under Utilisation)

- 2.1 DCP 114 and 115 have been raised by SP Distribution (Attachments 3 and 4). The CPs originate from the Distribution Charging Methodologies Forum (DCMF) Capacity Management Group's assessment of issues and challenges faced by the electricity industry in managing the capacities of customers connected to the electricity distribution networks.
- 2.2 As part of its scope, the Capacity Management Group considered the rights currently available to DNOs (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, the Capacity Management Group identified gaps in both the Electricity Act and the NTC which it perceived inhibited the DNOs' ability to take appropriate action to address circumstances of both capacity over-utilisation and capacity under-utilisation. As a result, it felt that this restricts the DNOs' ability to efficiently

manage their distribution networks.

- 2.4 DCP 114 and DCP 115 both propose changes to the NTC which will introduce processes for DNOs to separately react to circumstances in which customers either exceed or under-utilise their capacity.

3 Assessment against the DCUSA Objectives

- 3.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General DCUSA Objectives, which are outlined in Appendix 1 below.
- 3.2 These amendments are intended to better enable DNOs to fulfil their statutory duties to develop and maintain efficient, co-ordinated and economical distribution networks and ensure the optimum utilisation and allocation of capacity.

4 Working Group Assessment of DCP 114 and 115

- 4.1 The DCUSA Panel established a Working Group to assess DCP 114 and DCP 115.

5 DCP 114 AND 115 – Previous Consultations

- 5.1 The Working Group has issued three consultations previously seeking industry opinion on the CPs; the first was issued on 5 March 2012, the second on 31 May 2012 and the third on 14 January 2014. The consultation documents and responses are available on the DCUSA website [here](#) and also can be accessed on request from the DCUSA Secretariat. The third consultation and responses are provided as Attachment 5.
- 5.2 The responses to these consultations and other correspondence received by the Working Group have been reviewed by the Working Group and as a result of these the legal text has been further refined by the group.
- 5.3 The Working Group is very appreciative of the comments received.

6 Assessment against DCUSA Objectives

6.1 The Working Group has assessed DCP 114 and 115 against the DCUSA objectives and the Working Group members agree that the following DCUSA Objectives are better facilitated.

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

DCP 114 – NTC Amendments - Capacity Management (Over Utilisation)

General Objective One is better facilitated because the options available to DNOs, under the NTC, to influence customer behaviour and prevent breaches of MIC/MEC are extremely limited. Where dialogue with customers fails, the only recourse available to DNOs is the threat of de-energisation. Other than in the most severe of circumstances, DNOs have resisted enforcing this ultimate sanction. Under this proposal reinforcement costs are delayed – e.g. customers are incentivised to maintain MIC/MEC within the level(s) agreed with the DNO.

DCP 115 - NTC Amendments - Capacity Management (Under Utilisation)

6.2 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 more efficient utilisation of the existing 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.

7 Proposed Implementation Date

7.1 The proposed implementation date for DCP 114 and DCP 115 is the first release following Authority consent.

8 DCP 114 – NTC Amendments - Capacity Management (Over Utilisation) – Legal Drafting
DCP 115 - NTC Amendments - Capacity Management (Under Utilisation) – Legal Drafting

- 8.1 The legal text for both DCP 114 and DCP 115 are issued with this document to seek respondents' viewpoints and opinions.
- 8.2 Attachment 6 contains the amendments that DCP 114 would make to the National Terms of Connection and Attachment 7 contains the amendments that DCP 115 would make to the National Terms of Connection.

DCP 114 – NTC Amendments - Capacity Management (Over Utilisation) – Legal Drafting

- 8.3 In summary the solution proposed by DCP114 to the issue of over utilisation of capacity is as follows;
- it formalises a procedure for the management of cases where the customer exceed its Maximum Import Capacity (MIC) or Maximum Export Capacity (MEC), and provides rights for the distributor to take appropriate action against persistent breaches.
 - the new procedure includes a written notice from the distributor, an explicit opportunity for the customer to dispute that notice, a defined timescale for resolution, and an opportunity for the customer to seek an extension to the timetable if appropriate (e.g. for complex sites).
 - in the case of persistent breaches, the proposed DCP 114 solution provides a right for the distributor to fit current-limiting equipment and, in some circumstances, to recover its costs of doing so.
 - it removes the current right of the distributor to recover use of system charges for exceeded capacity directly from the customer if that money cannot be recovered from the supplier.
 - the proposed procedure envisages that the distributor could offer an increase in MIC or MEC to the customer. But no such increase would come into force, and no

connection charges would be payable, unless the customer had explicitly accepted the distributor's offer.

DCP 115 - NTC Amendments - Capacity Management (Under Utilisation) – Legal Drafting

8.4 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

8.5 In both cases the existing rights of referral to Ofgem, under section 23 of the Electricity Act, remains in place.

9 DCP 114 and 115 – Consultation Questions

9.1 The Working Group is seeking responses to the following consultation questions.

DCP 114 – NTC Amendments - Capacity Management (Over Utilisation)

No.	Question
1	Do you consider that DCP 114 better facilitates the DCUSA objectives?
2	Do you have any comments on the proposed legal text for DCP 114?
3	Are there any alternative solutions or matters that should be considered for DCP 114?
4	Are you supportive of the proposed implementation date of the first release after Authority approval for DCP 114? If not, please provide your rationale.
5	Are there any unintended consequences of DCP 114?
6	Please state any other comments or views on DCP 114.

DCP 115 - NTC Amendments - Capacity Management (Under Utilisation)

No.	Question
1	Do you consider that DCP 115 better facilitates the DCUSA objectives?
2	Do you have any comments on the proposed legal text for DCP 115?
3	Are there any alternative solutions or matters that should be considered for DCP 115?
4	Are you supportive of the proposed implementation date of the first release after Authority approval for DCP 115? If not, please provide your rationale.
5	Are there any unintended consequences of DCP 115?
6	Please state any other comments or views on DCP 115.

9.2 Responses should be submitted using Attachment 5 to dcusa@electralink.co.uk no later than 10 April 2015.

9.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

10 NEXT STEPS

10.1 Responses to the Consultation will be reviewed by the DCP 114 and 115 Working Group who will use the responses to aid them in the progression of the CP.

10.2 If you have any questions about this paper or the DCUSA Change Process, please contact DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 2840.

ATTACHMENTS

- Attachment 1 – DCP 114 Response Form
- Attachment 2 – DCP 115 Response Form
- Attachment 3 - DCP 114 NTC Amendments - Capacity Management (Over Utilisation)
- Attachment 4 - DCP 115 NTC Amendments - Capacity Management (Under Utilisation)
- Attachment 5 – Third Consultation Document and Collated Responses
- Attachment 6 – Proposed Legal Drafting for DCP 114 NTC Amendments - Capacity Management (Over Utilisation)
- Attachment 7 - Proposed Legal Drafting for DCP 115 NTC Amendments - Capacity Management (Under Utilisation)

APPENDIX 1 – DCUSA OBJECTIVES

DCUSA Objectives**DCUSA General Objectives**

- 1 The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.
- 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.
- 3 The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.
- 4 The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.
- 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.