

DCUSA Change Proposal Form

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

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

- PART A – Mandatory for all Change Proposals
- PART B – Mandatory for Non Charging Methodologies Proposals
- PART C – Mandatory for Charging Methodologies Proposals
- PART D – Guidance Notes

PART A - MANDATORY FOR ALL CHANGE PROPOSALS

Document Control	
CP Status	Standard/ Urgent
CP Number	DCP 140
Date of submission	9 th July 2012
Attachments	Yes
Originator Details	
Company Name	Electricity North West Limited
Originator Name	Brian Hoy
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	Brian.Hoy@enwl.co.uk
Phone Number	01925 846904
Change Proposal Details	
CP Title	Inclusion of the Common Connection Charging Methodology into the DCUSA
Impacted parties	DNOs and IDNOs
Impacted Clause(s)	Contents, Definitions, 9.5.5, New Schedule 20
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	
Change Proposal Intent	
To include the existing Common Connection Charging Methodology into the open governance and change management processes of the DCUSA.	
Business Justification and Market Benefits	
<p>This is in accordance with previous discussions on the governance of the connection charging statements and with Ofgem's way forward on governance as set out in their letter of 16th February 2011 and their informal consultation on Licence changes dated 3 February 2012, their statutory consultation on the Licence changes dated 14 May 2012 and their decision dated 28 June 2012..</p> <p>DNOs are required to have a Methodology under SLC 13 and a Charging Statement under SLC 14. These requirements were met by developing a common "Statement of Methodology and Charges for Connection" from October 2010. Certain sections of these documents are common to all DNOs and it is intended that the Common Methodology be put into open governance under DCUSA. Ofgem have made it a licence requirement (subject to a 56 day period for appeals) for DNOs to have a Common Methodology and for it to be included in the DCUSA. Note that the requirement for a Common</p>	

Methodology is applied to DNOs and not IDNOs.

The intention of this proposal is to create a "place holder" for the relevant sections of the "Statement of Methodology and Charges for Connection". A copy of the current common "Statement of Methodology and Charges for Connection" has been included as an attachment. Whilst the whole document has been attached it is only "Section 5 – Common Connections Charging Methodology" and "Section 8 – Glossary of Terms" which will be included into the DCUSA. Note that the existing governance arrangements are in place and it is likely that further changes will be made to this text prior to in being place under DCUSA open governance.

Whilst the DNOs had worked together voluntarily to develop the common approaches it was recognised that for the above benefits to be maintained a formal governance arrangement would be required. The proposal to achieve this in the DCUSA was developed after considering other possible alternatives as the most effective way of achieving the objectives.

As well as maintaining the consistency and transparency, open governance will allow other stakeholders to propose changes to the Methodology. A Connections Charging Methodology Forum has already been established including other industry stakeholders to support the intended formal governance.

Proposed Solution and Draft Legal Text

See attached document.

Proposed Implementation Date

October 2012

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC	<input type="checkbox"/>
CUSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
MRA	<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>
None	<input type="checkbox"/>

If other please specify

Ofgem have made a decision on the licence changes to incorporate this change on 28 June 2012. This decision can be found at the link below.

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

Environmental Impact

None.

Confidentiality

None

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives

General Objectives:

Please tick the relevant boxes.

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity
- 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement

Rationale for better facilitation of the DCUSA Objectives identified above

In October 2010, all DNOs implemented a common connection charging methodology. Whilst there was no licence requirement for DNOs to produce a common charging methodology it was the DNOs' view that such an approach would better meet the Relevant Objectives. DNOs are obliged by SLC 13.1 to have Connection Charging Methodologies which are defined in SLC1 to mean "a complete and documented explanation, presented in a coherent and consistent manner, of the methods, principles, and assumptions that apply in relation to connections, for determining Connection Charges".

Ofgem's decision in June 2012 to alter the Licence will make it a Licence condition to have a common Methodology. The DNOs considered that by clarifying the way in which the Connection Charging Methodologies are applied, the proposals would better facilitate the discharge by DNOs of their obligations under SLC 13.1. This would better meet General Objective 3 that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under their licence.

General Objective 2 is about "the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity". Clearer explanation of the application and consistency of the Connection Charging Methodology allows distributed generators, other developers and independent connection providers to estimate more accurately the costs they will be subject to, upon connection or the provision of a connection and could promote effective competition in both areas and as such better meets this Objective.

As set out above, without a formal governance arrangement the benefits achieved through a common connection charging methodology would be lost which would have an adverse impact on the DNOs meeting their Licence obligations and the development of competition in distribution.

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

DCUSA CDCM Objectives
<p>Please tick the relevant boxes.</p> <p><u>CDCM Objectives:</u></p> <ul style="list-style-type: none"><input type="checkbox"/> 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence<input type="checkbox"/> 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)<input type="checkbox"/> 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business<input type="checkbox"/> 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business <p><u>General Objectives:</u></p> <ul style="list-style-type: none"><input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks<input type="checkbox"/> 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences<input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement
Rationale for better facilitation of the DCUSA Objectives identified above
<p><u>CDCM Objectives:</u></p> <p><u>General Objectives:</u></p>

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

The proposals have been presented to the Electricity Connections Steering Group on 25 May 2011 - link to slides below

<http://www.ofgem.gov.uk/Networks/Connectns/ElecConnSteerGrp/ECSG/Documents/1/Common%20Connection%20Charging%20Methodology%20Governance%20presentation.pdf>

Minutes recorded the support – extract below

http://www.ofgem.gov.uk/Networks/Connectns/ElecConnSteerGrp/ECSG/Documents/1/Minutes%20of%20Electricity%20Connections%20Steering%20Group%20Meeting%2025th%20May_final.pdf

6.3. Governance- Electricity Connections Charging Methodology Forum (ECCMF) (Brian Hoy)

BH presented on the work that had been done so far on introducing common and open governance arrangements for the Common Connection Charging Methodology (CCCM). He explained that this was envisaged that this would involve a new working group.

The group would broadly be taking over from the previous work-stream 4 group and it would consider potential CCCM mods. He explained that it was envisaged that group would meet via teleconference and set up working groups of interested parties as potential mods arose.

BH requested feedback from the ECSG as to whether the TOR/membership of such a group should be consulted on. It was the group and Ofgem's view that this did not appear immediately necessary.

The issue has also been discussed at the Connections Charging Methodologies Forum <http://www.energynetworks.org/electricity/regulation/commercial-operations-group/charging-structure/connections/stakeholders-forum.html>

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Data Field	Guidance
Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
Change Proposal Intent	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
Confidentiality	Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem
CP Status	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by

	the Change Proposal.
DCUSA CDCM Objectives	Indicate which of the DCUSA CDCM Objectives will be better facilitated by the Change Proposal. Please note that a CDCM change may also facilitate the DCUSA General objectives.
Draft Legal Text	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.
Environmental Impact	Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance .
Part 1 / Part 2 Matter	A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.
Proposed Implementation Date	The Change can be implemented in February, June, and November of each year.
Proposed Solution	Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.
Rationale for DCUSA Objectives	Provide supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.