










DCUSA Consultation		At what stage is this document in the process?
<h1>DCP 313</h1> <h2>Eligibility Criteria for EDCM Generation Credits</h2> <p><i>Raised on the 10 October 2017 as a Standard Change</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<b>Purpose of Change Proposal:</b> The intent of this Change Proposal is to improve transparency of the eligibility criteria for EDCM generators to receive super red credits, and to improve consistency in the application thereof.		
 	The Workgroup recommends that this Change Proposal should: proceed to Consultation	
	Parties are invited to consider the questions set in section 9 and submit comments using the form attached as Attachment 1 to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <b>16 March 2018</b> .	
	DCP 313 has been designated as a Part 1 Matter and a standard change. The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP).	
	Impacted Parties: DNOs, Generators and Suppliers	
	Impacted Clauses: Schedule 17 – EHV Charging Methodology (FCP Model); and Schedule 18 - EHV Charging Methodology (LRIC Model).	

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Timetable		
The timetable for the progression of the CP is as follows:		
<b>Change Proposal timetable</b>		
<b>Change Proposal timetable:</b>		
Activity	Date	
Initial Assessment Report Approved by Panel	11 October 2017	
Consultation issued to Parties	23 February 2018	
Change Report issued to Panel	09 May 2018	
Change Report issued for Voting	18 May 2018	
Party Voting Ends	08 June 2018	
Change Declaration Issued to Parties	12 June 2018	
Authority Decision	17 July 2018	
Implementation	01 April 2020	

## 1. Summary

### What?

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity distributors, 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 The DCUSA currently requires Distribution Network Operators (DNOs) to determine an F Factor for each Extra High Voltage (EHV) Distribution Charging Methodology (EDCM) embedded generator based on the criteria set down in Engineering Recommendation P2/6 – ‘Security of Supply’ (ER P2/6) and Engineering Technical Report 130 – ‘Application Guide for Assessing the Capacity of Networks Containing Distribution Generation’ (ETR130). The F Factor is determined based on a site-specific assessment of the contribution to network security of each EDCM embedded generator, taking into account availability and the operating regime, alongside intermittency.
- 1.3 EDCM embedded generators are deemed to be eligible to receive charge one credits (unit rate credits applicable in the DNO’s peak ‘super-red’ period, calculated based on a power flow analysis of the DNO’s network) if they have a non-zero F Factor, and are deemed not eligible to receive charge one credits if they have a zero F Factor.
- 1.4 This change seeks to improve the transparency around the determination of the eligibility of EDCM embedded generators to receive charge one credits.

### Why?

- 1.5 This CP has been raised following a concern raised by embedded generators that there is a lack of transparency and potential lack of commonality in the method by which DNOs determine the F Factor, and consequently whether prospective sites will be eligible for charge one credits.

### How?

- 1.6 Two potential solutions are proposed:
  - Amend the legal text in Schedules 17 and 18 to require DNOs to set the ‘proportion eligible for charge one credits’ to one for all non-intermittent generators, and according to the status quo for intermittent generators (i.e. set to one if a non-zero F Factor has been assigned and set to zero otherwise); or
  - Amend legal text in Schedules 17 and 18 to no longer reference P2/6 when assigning the F Factor, but rather to include table 2-1 from P2/6 in the EDCM, and so set the F Factor based only on technology type with no site-specific assessment, with the ‘proportion eligible for charge one credits’ set according to the status quo (i.e. set to one if a non-zero F Factor has been assigned and set to zero otherwise).

## 2 Governance

### Justification for Part 1 Matter

- 2.1 This CP is considered a Part 1 Matter as it is likely to have a significant impact on competition in the generation of electricity (DCUSA Clause 9.4.2 (B)).

### Current Next Steps

- 2.2 This Consultation will be issued for a period of three weeks.

## 3 Why Change?

### Background of DCP 313

- 3.1 This CP seeks to address a Distribution Charging Methodology Forum (DCMF) Methodologies Issue Group (MIG) issue raised in November 2016 which identified potential differences in the application of generation credits to EDCM embedded generators across different DNOs.
- 3.2 The concern raised by embedded generators was that there is a lack of transparency and potential lack of commonality in the method by which DNOs determine the F Factor, and consequently whether prospective sites will be eligible for charge one credits.
- 3.3 DCP 291 – ‘Application of Generation Credits to EDCM Customers’ was raised to resolve this issue, by making all EDCM embedded generators eligible for charge one credits regardless of the F Factor assigned. The DCP 291 Working Group subsequently agreed that this was not the best available solution to the issues raised, which led to the withdrawal of DCP 291 and the creation of this CP.
- 3.4 There are two proposed solutions for this change, both of which would improve the transparency around the eligibility for charge one credits, with the second solution also achieving a transparent approach for the assignment of F Factors to EDCM embedded generators.

### **Option 1 – Proportion eligible for credits set according to technology type rather than based on the F Factor assigned for non-intermittent generators**

- 3.5 Amend legal text Schedules 17 and 18 to require DNOs to set the ‘proportion eligible for charge one credits’ field to one for all non-intermittent generators and according to the status quo for intermittent generators (i.e. set to one if a non-zero F Factor has been assigned and set to zero otherwise). This would lead to:
- All intermittent EDCM embedded generators remaining unchanged;
  - Non-intermittent EDCM embedded generators which the DNO has determined do not support the network in line with ETR130 (which have zero F Factor) being eligible for charge one credits where they are currently not; and
  - Non-intermittent EDCM embedded generators which the DNO has determined do support the network in line with ETR130 (which have non-zero F Factor) remaining eligible for charge one credits.

- 3.6 This will provide greater transparency to non-intermittent EDCM embedded generators of the process by which the DNO will determine eligibility for charge one credits, and so enable them to more easily predict the likely charges/credits they will face when deciding where to site plant.
- 3.7 This option will only improve transparency in the eligibility for credits by divorcing the eligibility criteria for non-intermittent EDCM embedded generators from the site-specific assessment carried out to determine the F Factor. The assignment of the F Factor will remain unchanged by this option, and so a non-intermittent EDCM embedded generator may still be assigned a zero F Factor if they are deemed by the DNO to not support the network.
- 3.8 As a result, there is a possibility that a non-intermittent EDCM embedded generator which is deemed not to support the network will be awarded credits. This is unlikely, as a generator which does not support the network is likely to be in an area of low demand, and hence charge one is likely to be zero. Nonetheless, it is possible that charge one will be non-zero, and so a generator which does not offset reinforcement costs could be awarded credits under this solution.
- 3.9 There is also a risk under this solution that a scenario where a non-intermittent EDCM embedded generator would be awarded higher credits if it were deemed not to support the network by the DNO than if it were deemed to support the network by the DNO. This is because in the case where the generator is deemed to support the network, it will have a non-zero F Factor, and so will be assumed to be generating at the time of peak demand (in line with the load flow methodology), and so the time to reinforcement on the local network will be longer and charge one lower. If the same generator were deemed not to support the network, it would be assigned a zero F Factor, and so assumed to not be generating at the time of peak demand (in line with the load flow methodology), and so the time to reinforcement on the network will be shorter and the charge one higher. Under this option, the generator in both scenarios would be eligible for charge one credits (because it is non-intermittent) but charge one would be higher in the case where the generator is deemed not to support the network, and so the credits the generator received would be higher in this scenario.

#### **Option 2 – F Factor assigned based on technology type with no site-specific assessment**

- 3.10 Amend legal text in Schedules 17 and 18 to no longer reference P2/6 when assigning the F Factor, but rather to include a modified table 2-1 from P2/6 in the EDCM, and so set the F Factor based only on technology type with no site-specific assessment. This would lead to:
- Intermittent EDCM embedded generators which have zero F Factor remaining unchanged (this would be the majority of intermittent generators);
  - Intermittent EDCM embedded generators with a non-zero F Factor being assigned a zero F factor and so becoming ineligible for charge one credits (this would be the minority of intermittent generators);
  - Non-intermittent EDCM embedded generators which the DNO has determined do not support the network in line with the ETR130 (which have zero F Factor) being reassigned a non-zero F Factor and so becoming eligible for charge one credits; and
  - Non-intermittent EDCM embedded generators which the DNO has determined do support the network in line with ETR130 (which have non-zero F Factor) being assigned the same F Factor and so remaining eligible for charge one credits.
- 3.11 This will provide greater transparency to all EDCM embedded generators (compared to option one which only provides greater transparency for non-intermittent EDCM embedded generators) of the process by which the DNO will determine eligibility for charge on credits, and so enable them to

more easily predict the likely charges/credits they will face when deciding where to site plant. This option will also improve transparency in the determination of the F Factor.

- 3.12 The possibility identified in option one that a generator which is deemed not to support the network will be awarded credits remains a risk under option two. As with option one, this is unlikely, as a generator which does not support the network is likely to be in an area of low demand, and hence charge one is likely to be zero. Nonetheless, it is possible that charge one will be non-zero, and so a generator which does not offset reinforcement costs could be awarded credits under this option.
- 3.13 The risk identified under option one of a scenario where a non-intermittent EDCM embedded generator would be awarded higher credits if it were deemed not to support the network by the DNO than if it were deemed to support the network by the DNO does not exist under this option. This is because both generators would be assigned the same F Factor based on table 2-1 from P2/6, and so both would have the same charge one calculated.
- 3.14 For both options, the Working Group would need to determine whether the increased transparency and commonality outweigh the potential loss in cost-reflectivity.

**Q1: Do you understand the intent of DCP 313?**

**Q2: Are you supportive of the principles of DCP 313?**

## 4 Working Group Assessment

### DCP 313 Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 313. This Working Group consists of DNO and supplier representatives, with an Ofgem observer. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 4.2 The rationale for this CP being raised was to address an issue raised by generators at a DCMF MIG meeting. The generators were concerned that they were being treated differently for the same type of generation equipment being installed in different distribution areas. The same generation technology was assigned a zero F Factor in some DNO licence areas and assigned a non-zero F Factor in other DNO licence areas.
- 4.3 EDCM embedded generators are deemed to be eligible to receive charge one credits (unit rate credits applicable in the DNO's peak 'super-red' period, calculated based on a power flow analysis of the DNO's network) if they have a non-zero F Factor, and are deemed not eligible to receive charge one credits if they have a zero F Factor.

- 4.4 The Loadflow element of the EDCM uses a maximum demand scenario and minimum demand scenario to determine the likelihood of the need to reinforce the assets to which a customer is connected, and how that likelihood changes with an increment in demand at each node. The F Factor is used to determine the output of each generator in the maximum demand scenario – the generators export capability is multiplied by the F Factor to determine its output in the maximum demand scenario. Where the generation is not controllable, it cannot be relied upon to output at the time of peak demand and so is assigned an F Factor of zero and will be assumed to have no generation output in the maximum demand scenario. Conversely, where a generator is controllable, it can be relied upon to be active at the time of peak, and so is assigned a non-zero F Factor and is assumed to be generating in the maximum demand scenario.
- 4.5 If there is a high level of generation in the maximum demand scenario (i.e. if there are multiple generators with non-zero F Factor at a given Grid Supply Point (GSP)), it is likely that some demand on higher voltage assets will be offset by that generation, and so the likelihood of needing to reinforce will be lower and hence charge one lower for customers which use those assets.
- 4.6 Ofgem published a decision letter in 2012<sup>1</sup> which was focussed on intermittent and non-intermittent generation and whether the generators should receive credits. Its determination at the time was that it did not want demand customers paying for both credits and network reinforcement. Below is an extract from the Ofgem document:
- “... it would be inappropriate to implement the DNOs’ proposal at this time, because it could lead to demand customers paying for both partial credits and for network reinforcements. Therefore, as part of this decision, we are placing a condition on our approval of the proposed EDCM for export, namely that super-red credits must not be paid to intermittent generators.*
- However, the DNOs’ proposal approach could be appropriate in future, if there was no risk of demand customers paying both for credits and for reinforcements. We expect that this would require any proposal to be compatible with the relevant planning standards.”*
- 4.7 This was considered by the Working Group and they noted that the CP is seeking to provide improved transparency in this area without impacting the fundamentals of the EDCM that will still comply with the decision made by Ofgem.
- 4.8 The Working Group discussed an alternative approach of providing the information at the offer stage so that generators were aware at the time whether they would benefit from a credit in their tariff should they decide to proceed with the connection. Whilst this is a sensible approach it was felt that this can be done now by DNOs but is outside of this CP.

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<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/43878/edcm-export-decision-letter-16nov12-final-pdf>



**Q3: Is this an issue for P2/6 and the connection offer whereby generators ask the question as to whether they would qualify for a credit or not at that time rather than charging methodology change?**

4.9 The Working Group discussed both options.

**Option 1 – Proportion eligible for credits set according to technology type rather than based on the F Factor assigned for non-intermittent generators**

4.10 Option 1 is a straightforward proposal to allow credits to be awarded for all non-intermittent generators regardless of the F Factor assigned, whilst maintaining the status quo for intermittent generators (i.e. those with non-zero F Factor (a minority) being eligible for credits and those with zero F Factor (the majority) being ineligible for credits).

4.11 It was agreed by the Working Group that there is a risk of paying credits to some generators who have been deemed not to support the network (and so demand customers would be funding both the credit to that generator and any reinforcement required over which that generator has had no influence), but this is likely to be low and the credit minimal.

4.12 This option partially divorces the EDCM from P2/6 in that the site-specific assessment carried out for non-intermittent EDCM embedded generators when assigning the F Factor would not be taken into account when determining whether to provide a credit. The impact is limited to non-intermittent generators that currently have a zero F Factor. To counter this, there is a benefit of simplicity and transparency.

**Option 2 - F Factor assigned based on technology type with no site-specific assessment**

4.13 Option 2 completely divorces the EDCM from P2/6. However, this option is incorporating into the EDCM the table within P2/6 which details the F Factor values to assign, and adding to it to cater for a default value for technology not recognised within the table and new technology advances in the future. As a consequence of this it was agreed by the Working Group to change the reference from an F Factor to a Peak Demand Generation Factor (PDG Factor) to avoid having two different definitions for an F Factor in P2/6 and the EDCM.

4.14 It was recognised by the Working Group that, should a new technology be developed that was deemed to be worthy of a non-zero F Factor, it is likely that a further CP would be required, but the introduction of a default value would result in more cost reflective charges being applied in the interim period between the first connection of such a technology and the implementation of a CP. This is covered in more detail in paragraphs 5.6 and 5.7 below

4.15 The following table describes the impact of both options on EDCM embedded generators, grouped by technology type and the F Factor which has been assigned under the status quo:



Generator Type	Impact of Option One	Impact of Option Two
1 - Intermittent with zero F Factor (the majority of intermittent EDCM generators)	No impact – these generators are currently not eligible for credits and will remain not eligible for credits.	No impact – the PDG Factor assigned to these customers will align with the F Factor currently assigned (zero) and so these generators will remain not eligible for credits.
2 - Intermittent with non-zero F Factor (a minority of intermittent EDCM generators)	No impact – these generators are currently eligible for credits and will remain eligible for credits.	All impacted – the PDG Factor assigned to these customers will be zero and so will not align to the F Factor currently assigned. These generators are currently eligible for credits and will become not eligible for credits.
3 - Non-intermittent with zero F Factor (i.e. those which the DNO has determined do not support the network; a minority of non-intermittent EDCM generators).	Potential for some impact – these generators are currently not eligible for credits and will become eligible for credits. It is likely that charge one will be zero (or negative, in which case it is 'capped' at zero) for these customers (on the basis that they do not support the network and so are likely to be in an area of low demand and/or high generation), and if this is the case, despite becoming eligible for credit, the actual credit awarded will be zero.	Potential for some impact – the PDG Factor assigned to these generators will be non-zero and so will not align with the F Factor currently assigned. These generators are currently not eligible for credits and will become eligible for credits. It is likely that charge one will be zero (or negative, in which case it is 'capped' at zero) for these customers (on the basis that they do not support the network and so are likely to be in an area of low demand and/or high generation), and if this is the case, despite becoming eligible for credit, the actual credit awarded will be zero.
4 - Non-intermittent with non-zero F Factor (the majority of non-intermittent EDCM generators).	No impact – these generators are currently eligible for credits and will remain eligible for credits.	Possible slight impact – the non-zero PDG Factor assigned to these generators will align with the non-zero F Factor currently assigned, and so the change from F Factor to PDG Factor will not directly impact

Generator Type	Impact of Option One	Impact of Option Two
		the inputs to the Loadflow model for these customers but will impact the inputs for others (specifically those described in rows two and three) and hence the level of generation assumed in the peak demand scenario will be slightly different and consequently charge one may vary. Given the small number of generators directly impacted by the move from F Factor to PDG Factor, this impact is expected to be small.
5 - Demand customers	No impact	The change from F Factor to PDG Factor will impact the inputs to the Loadflow model for some generators (specifically those described in rows two and three) and hence the level of generation assumed in the peak demand scenario will be slightly different and consequently charge one may vary. Given the small number of generators directly impacted by the move from F Factor to PDG Factor, this impact is expected to be small.

**Q4: Are parties comfortable with divorcing P2/6 with charging requirements? Please provide your rationale.**

**Q5: Which solution option do you support and why?**

**Q6: Is there an alternative approach? If so, please provide details.**

## 5 Legal Text

### DCP 313 Proposed Legal Text

5.1 The proposed changes to Schedules 17 and 18 can be found as attachment 2.

#### Option 1

5.2 Amend paragraph 6.3 of Schedule 17 and paragraph 6.5 of Schedule 18 as follows:

*Charge 1 is applied to export charges as a credit. The credit is expressed as a negative charge rate in p/kWh and is applied in respect of active power units exported during the DNO Party's super-red time band. The credit rate is set to zero for Connectees are assigned an F Factor of zero. The credit rate is calculated as follows:*

$$[p/kWh \text{ super-red export rate}] = -100 * [Proportion \text{ eligible for charge 1 credits}] * ([local \text{ charge 1 } \pounds/kVA/year] + [remote \text{ charge 1 } \pounds/kVA/year]) * ([Chargeable \text{ export capacity}] / [Maximum \text{ export capacity}]) / [number \text{ of hours in the super-red time band}]$$

Where:

*For intermittent generation only, the proportion eligible for charge 1 credits is zero if the F Factor that is assigned to the Connectee as described in the [FCP LRIC] methodology is equal to zero, and 1 otherwise*

*For non -intermittent generators the proportion eligible for credits is 1*

*Intermittent generation is defined as generation plant where the energy source of the prime mover cannot be made available on demand, in accordance to the definitions in Engineering Recommendation P2/6. These include wind, tidal, wave, photovoltaic and small hydro.*

*Non-intermittent generation is defined as a generation plant where the energy source of the prime mover can be made available on demand, in accordance to the definitions in Engineering Recommendation P2/6. The generator can choose when to operate. These include combined cycle gas turbine (CCGT), gas generators, landfill, sewage, biomass, biogas, energy cop, waste incineration and combined heat and power (CHP).*

#### Option 2

5.3 Amend paragraph 5.35 and 5.36 of Schedule 17 (Annex 1) and 5.31 and 5.32 of Schedule 18 (Annex 1) as follows:

*The Network Demand Data (Generation) element of the Maximum Demand Data will be constructed with generation output set at zero unless the generation ~~can be considered to have a contribution to security of supply under ER P2/6, in which case the ER P2/6 level of export will be modelled is assigned a non-zero PDG Factor.~~*

*~~The contribution of distributed generation to security of supply is dealt with in ER P2/6 through the application of F Factors. Each Generation Installation is assigned an F Factor and this represents the percentage of the generator's declared not capacity that can be considered when assessing network security. ER P2/6 also uses the term 'Persistence' to reduce the F Factor for intermittent generation, as the time period (in hours) for which its contribution to security is being assessed increases. Table 2-4 of ER P2/6 recommends value of 'Persistence'; these values are dependent on the demand class being assessed. The value of 'Persistence' to be used for intermittent~~*

*generation will be as stated in Table 2-4 of ER P2/6 for 'Other outage', using the maximum GSP (or GSP groups') demand instead of the demand class of the demand group.*

*Non-intermittent distributed generation is assigned an PDG Factor in accordance with table x:*

<u>Type of Generation</u>	<u>Number of Units</u>									
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
<u>Landfill Gas</u>	<u>63</u>	<u>69</u>	<u>73</u>	<u>75</u>	<u>77</u>	<u>76</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>80</u>
<u>Combined Heat and Power sewage treatment using a spark ignition engine</u>	<u>40</u>	<u>48</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>54</u>	<u>55</u>	<u>55</u>	<u>56</u>	<u>56</u>
<u>Waste to Energy</u>	<u>58</u>	<u>64</u>	<u>69</u>	<u>71</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>75</u>	<u>76</u>	<u>77</u>
<u>Combined Cycle Gas Turbine</u>	<u>63</u>	<u>69</u>	<u>73</u>	<u>75</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>79</u>	<u>80</u>	<u>80</u>
<u>Combined Heat and Power sewage treatment using a Gas Turbine</u>	<u>53</u>	<u>61</u>	<u>65</u>	<u>67</u>	<u>69</u>	<u>70</u>	<u>71</u>	<u>71</u>	<u>72</u>	<u>73</u>
<u>Other Non-Intermittent Generation</u>	<u>55</u>	<u>62</u>	<u>66</u>	<u>68</u>	<u>70</u>	<u>71</u>	<u>72</u>	<u>72</u>	<u>73</u>	<u>73</u>

Table x – PDG Factors for non-intermittent distributed generation

*Non-intermittent generation is defined as a generation plant where the energy source of the prime mover can be made available on demand, in accordance to the definitions in Engineering Recommendation P2/6. The generator can choose when to operate.*

- 5.4 Option 1 involves a simple change to the legal text, to make all non-intermittent EDCM embedded generators eligible for charge one credits regardless of the F Factor assigned.
- 5.5 Option 2 involves a more significant change to the legal text, with the reference to P2/6 removed from the relevant paragraphs which define the F Factor to be used, and table 2-1 from P2/6 inserted. *F Factor has also been re-named the PDG Factor.*
- 5.6 The Working Group believe that the table used in Option 2 already omits some non-intermittent technologies that should be included, e.g. large hydro. Prior to implementation of this CP, there is an opportunity to amend this table to ensure all known technologies are covered.
- 5.7 In instances of new non-intermittent technologies, a default PDG Factor will apply that has been included in the "Other Non-Intermittent Generation" line of the table. The average for each column has been calculated for inclusion under this category. Once this table is incorporated into DCUSA,

the credit will be determined using the PDG Factor assigned to “Other” until a formal CP has been completed to update the table with the actual PDG Factors to be used for any new technologies.

**Q7: For option 2, are Parties comfortable with the value added in the “Other” section of the table? If no, please provide your rationale and if appropriate any alternative suggestion.**

**Q8: For option 2, are there any other technologies that should be included in the table now? If yes, what PDG Factor should they be assigned?**

**Q9: Do you have any other comments on both options of the proposed legal text?**

## 6 Relevant Objectives

### Assessment Against the DCUSA Objectives

- 6.1 For a DCUSA CP to be approved it must be demonstrated that it better meets the DCUSA Charging Objectives.
- 6.2 The Proposer believes that both proposed solutions will better facilitate Charging Objective two by providing greater transparency to EDCM embedded generators of the process by which the DNO will determine eligibility for charge one credits, and so enable them to more easily predict the likely charges/credits they will face when deciding where to site plant.
- 6.3 Option 2 will facilitate objective two more strongly by improving transparency in the assignment of the F Factor alongside the eligibility for credits; whilst Option 1 will only improve transparency in the eligibility for credits for non-intermittent EDCM embedded generators by divorcing eligibility from the site-specific assessment carried out to determine the F Factor.
- 6.4 However, both proposed solutions will have a small detrimental impact against charging objective three, as there is the possibility that EDCM embedded generators which are deemed not to support the network by the DNO could be awarded credits.
- 6.5 Option 1 would have a slightly worse detrimental impact than option 2, due to the issue where an EDCM embedded generator which is deemed to support the network could receive lower credits than an equivalent EDCM embedded generator which is deemed to not support the network.

DCUSA Charging Objectives	Identified impact
<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	None

<input checked="" 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).	Positive
<input checked="" 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.	Negative
<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	None
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<input type="checkbox"/> 6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

**Q10: Which of the DCUSA Charging Objective does this CP better facilitate? Please provide supporting comments.**

## 7 Impacts & Other Considerations

### Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

7.1 This CP does not have any impacts on the Target Charging Review (TCR) SCR. However, the Working Group is aware of DCP287 - 'Generation credits in the EDCM' that may impact this change proposal. It is understood that DCP287 is reviewing the consultation responses at this time and no legal impact has yet been developed.

- 7.2 The Working Group are aware of the recent Distribution Code (Dcode) consultation for DCRP/18/03/PC<sup>2</sup> that is looking to replace P2/6 with a proposed P2/7.
- 7.3 The proposed implementation date of the proposed P2/7 is quarter 2 of 2018 dependent on Authority approval and hence the Working Group decided to continue with DCP 313 in its current form. Should P2/6 be replaced with P2/7, there will be a need for a further CP to be raised as P2/6 is referenced in other parts of the DCUSA not relating to this CP.

**Q11: Do Parties believe that the Dcode consultation will have a significant impact on this change? Please provide rationale.**

## Consumer Impact

- 7.4 The Working Group conducted a request for information (RFI) from DNOs to determine the impacts on EDCM tariffs for both options. The outcome from that RFI is in Attachment 4.
- 7.5 The majority of DNO areas provided impacts on their EDCM tariffs for option one and the impact assessment showed that for the majority of DNO areas there would be no impact on EDCM tariffs if option one were accepted. However, one DNO area highlighted that there would be an impact on customers in their area if option one were accepted.
- 7.6 It was noted that in this area, 33 generators would be affected by the changes of option one, which would mean a difference of between 0.501p/kWh and 10.452p/kWh on the super-red unit rate export tariffs for the generators affected.
- 7.7 Impact assessments could not be completed on option two by all DNOs as there would be financial impacts to do so. The DNOs who were able to complete the impact assessment concluded that there would be no impacts on their EDCM tariffs if option two were accepted.
- 7.8 The consultation period will provide an opportunity for the DNO which was not able to conduct the impact assessment on any of the solution options to carry out an impact assessment if it wishes to do so.

## Environmental Impacts

- 7.9 In accordance with DCUSA Clause 11.14.6, the proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 313 were implemented. The proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

## Engagement with the Authority

- 7.10 Ofgem has been fully engaged throughout the development of DCP 313 as an observer on the Working Group.

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<sup>2</sup> <http://www.dcode.org.uk/consultations/open-consultations/>



**Q12: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?**

## 8 Implementation

8.1 The proposed implementation date for DCP 313 is 01 April 2020. Respondents are invited to consider whether they agree with the proposed implementation date.

**Q13: The proposed implementation date for DCP 313 is 01 April 2020. Do you agree with the proposed implementation date?**

## 9 Consultation Questions

9.1 The Working Group is seeking industry views on the following consultation questions:

Number	Questions
1	Do you understand the intent of DCP 313?
2	Are you supportive of the principles of DCP 313?
3	Is this an issue for P2/6 and the connection offer whereby generators ask the question as to whether they would qualify for a credit or not at that time rather than charging methodology change?
4	Are parties comfortable with divorcing P2/6 with charging requirements? Please provide your rationale
5	Which solution option do you support and why?
6	Is there an alternative approach? If so, please provide details
7	For option 2, are Parties comfortable with the value added in the “Other” section of the table? If no, please provide your rationale and if appropriate any alternative suggestion.
8	For option 2, are there any other technologies that should be included in the table now? If yes, what PDG Factor should they be assigned?
9	Do you have any other comments on both options of the proposed legal text?

10	Which of the DCUSA Charging Objective does this CP better facilitate? Please provide supporting comments.
11	Do Parties believe that the Dcode consultation will have a significant impact on this change? Please provide rationale.
12	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
13	The proposed implementation date for DCP 313 is 01 April 2020. Do you agree with the proposed implementation date?

9.2 Responses should be submitted using Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than, 16 March 2018.

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.

## Attachments

- Attachment 1 – DCP 313 Consultation Response Form
- Attachment 2 – DCP 313 Proposed Legal Text
- Attachment 3 – DCP 313 Change Proposal
- Attachment 4 – Impact Assessment