






## Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 294</h1> <h2>Capacity Management following acceptance of Connection Offer</h2> <p>Date raised: 01 March 2017</p> <p>Proposer Name: Thomas Cadge</p> <p>Company Name: The Electricity Network Company Limited</p> <p>Company Category: Independent Distribution Network Operator</p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<p>Purpose of Change Proposal:</p> <p>To put arrangements in place that set out the principles under which the unutilised maximum capacity specified in connection offers or in bilateral connection agreements with IDNOs can be managed in an economic and efficient manner whilst protecting the legitimate requirements of parties requiring Capacity which was agreed in connection offers.</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> <li>Treated as a Part 1 Matter</li> <li>Treated as a Standard Change</li> <li>Proceed to a Working Group</li> </ul> <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>	
	DNOs, IDNOs	
	Section 2B of DCUSA: Clauses 39 and 52 in; Schedule 22 of DCUSA (the CCCM): Paragraphs 1.51 to 1.55 and definitions	

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Indicative Timeline		 01359 243308
<b>The Secretariat recommends the following timetable:</b>		
Initial Assessment Report	08 March 2017	
Consultation Issued to Industry Participants	TBC	
Change Report Approved by Panel	21 June 2017	
Change Report issued for Voting	23 June 2017	
Party Voting Closes	14 July 2017	
Change Declaration Issued to Parties	18 July 2017	
Change Declaration Issued to Authority	18 July 2017	
Authority Decision	21 November 2017	

## 1 Summary

### What?

This change proposal seeks to ensure that connecting customers are guaranteed the right to the capacity which is contained in their connection offer where it is appropriate. This change also seeks to ensure that in instances where capacity is not utilised in connection projects, and 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.

## Why?

In making requests for connection a person is required to set out the maximum capacity they require to be provided. In response to such requests the electricity distributor will set out the works that need to be undertaken and the charges that need to be paid in providing a connection capable of conveying electricity up to the maximum capacity requested.

However, the basis under which the maximum capacity is offered to the person requesting the connection and the rights that such person will have to such capacity on an enduring basis are often unclear in connection offers. In some circumstances the maximum capacity specified in a connection offer will be under-utilised once the connection works are complete (or not utilised at all if connection works are not carried out).

Also, there may be circumstances where a person may request a connection offer to secure capacity rights on a speculative basis, i.e. where the person may not have a firm commitment to use the capacity and may not be the owner or occupier of relevant premises or the authorised distributor of a relevant distribution system

As part of their duty under the Electricity Act 1989 it is appropriate that distributors should seek to reclaim unutilised capacity for use by other customers where there is no clear demonstrable future use for such capacity. However, in doing so the rights of customers who have legitimate future needs for capacity need to be protected.

Therefore, the principles and processes that electricity distributors use to reclaim unutilised capacity should be clearly specified and transparent.

## How?

We propose to address the defect by setting out a consistent approach to the utilisation of capacity within the Schedule 22 of the DCUSA - "Common Connection Charging Methodology". The updated legal text sets out the rules and process for where distributors may request a connecting customer to relinquish capacity in the event of underutilisation.

We also address this, as an ongoing issue, between distributors by altering the legal text in Section 2B – "Distributor to Distributor/OTSO Relationships" – to ensure that Maximum Import Capacity and Maximum Export Capacity Provisions within bilateral connection agreements (or other documents where appropriate) can be altered to reflect the needs of the distribution businesses and their end customers.

## 2 Governance

### Justification for Part 1 and Part 2 Matter

The proposer believes this should be considered as a Part 1 matter because it is likely to have a significant impact on customers seeking connection, including developers, IDNOs, ICPs and generators. We believe it may also have a significant, albeit positive, impact on competition in the distribution of electricity.

### Requested Next Steps

This Change Proposal should:

- Be treated as a Part 1 Matter
- Be treated as a Standard Change
- Proceed to Working Group

## 3 Why Change?

### Introduction

1. Customers making requests for connection need certainty that the capacity made available once connection works are complete is consistent with that specified in the connection offer so that the connection can be used for purpose required on an enduring basis. For example, a housing development comprising hundreds (or even thousands) of houses may take many years before it is fully built out. The developer needs certainty that capacity specified in the original connection offer will be available to service the whole development.
2. However, estimating the capacity required for a connection is not a precise science and there will be circumstances where the maximum capacity specified in a connection request is not utilised - in whole or in part. This could be because the customer has built in a margin of error or because the assessment maximum capacity required is incorrect because of erroneous assumptions about the proposed connected load or assumptions about the level of diversity. This unutilised capacity may become sterile if it cannot be released for use by other customers.
3. Also, there may be some parties who make connection requests in order to secure connection offers and the associated rights to capacity, even though they may have no firm commitment or plans to utilise the capacity. For example, a party may seek connection offers for generation where they are neither the owner nor the occupier of the relevant premises, or where they have no contracts to construct the generation facility. Alternatively, a party may request a connection offer for a new development area where they are not the owner or occupier of the premises, or where they are not contracted to provide the relevant services. Securing capacity in this 'speculative' way is often referred to as "capacity bagging" and may lead to such capacity become sterile and unavailable for use by others. This, synonymous with using a piece of land as a ransom strip, may have the result of:
  - a. preventing or inhibiting competition in connections
  - b. preventing or inhibiting the development of generation connections; or,
  - c. higher prices to other customers seeking connection (e.g. an electricity distributor may have to undertake reinforcement to service a request, or a party who has the capacity rights may seek to use it as a bargaining tool).
4. In contrast, and possibly in response to behaviours illustrated above, there are instances where some electricity distributors may seek to unilaterally restrict the period for which the maximum capacity specified in a connection offer is made available. At the end of that period the availability of any unutilised proportion of the maximum capacity set out in the original connection offer is withdrawn, again apparently on unilateral basis. Such time restrictions may be shorter than the expected time for a development to build out and for the maximum capacity to be fully utilised.
5. Unutilised capacity that has been made sterile through connection offers (and where there is a low probability that it will be utilised in the future for that connection) can lead to inefficient investment and reinforcement if such sterile capacity is not made available for other customers. Any additional costs brought about by inefficient reinforcement and investment (because unutilised capacity cannot be made available to other customers) may have to be borne by all consumers and not just future connectees.
6. Whilst it is recognised that distributors need to operate an economic and efficient distribution system, and that under certain circumstances it may be reasonable for distributors to withdraw or reduce the maximum capacity previously made available in a connection offer, there needs to be a clear set of rules and a defined process for doing so. These do not exist at present and their absence potentially:
  - a. Creates significant investment uncertainty, and financial and reputational risk for IDNOs<sup>1</sup>, and developers. This is because limiting the time that capacity will be available, and after such time withdrawing all or part of that capacity, may mean that there will be insufficient capacity

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<sup>1</sup> The term IDNOs is used here to describe any electricity distributor authorised by licence who is seeking connection to another licensed electricity distributor's distribution system.

available to IDNOs (and to developers who contract with IDNOs) for to serve developments that take longer to build out.

- b. Distorts competition because the electricity distributor may not place time restrictions on the availability of maximum capacity equally in respect of all connection offers.
- c. Distorts competition in the wider connections market because where capacity has been reserved on a speculative basis<sup>2</sup>, with no restriction but is unutilised (“capacity bagging”), other parties seeking connection may be prevented from doing so because either the maximum capacity is unavailable to them; or, to make such capacity available additional connection works may be required.

## Background

- 7. Any party seeking a connection to an electricity distributor's distribution system must give the electricity distributor a notice (a 'connection request'). The connection request must, inter alia, specify the maximum power<sup>3</sup> required to be provided through the connection. However, notwithstanding this, the usual practice for connection requests in respect of new housing developments is for the electricity distributor to determine the maximum capacity to be used in designing the connection required by applying an 'After Diversity Maximum Demand' (“ADMD”). To facilitate the electricity distributor doing this the developer provides details about the development; e.g. the number of homes, the size of the homes and the type of space and water heating in each of the homes.
- 8. In responding to a connection request, an electricity distributor must provide a counter notice (a 'connection offer') setting out the works that need to be undertaken by the electricity distributor to provide the connection requested and the charges that the person must pay in respect of such works. The notice may also set out additional terms which may apply in respect of the provision of the connection.
- 9. However, connection offers do not usually set out the enduring arrangements for continuing to provide the connection, including the maximum capacity that will be made available for use on an enduring basis. Such arrangements are normally set out in a 'connection agreement' put in place with the customer through the National Terms of Connection<sup>4</sup> (the NTCs) or a bespoke “site-specific” connection agreement.
- 10. Additionally, there will be terms for use of system. These are set out in the Distribution Connection and Use of System Agreement (DCUSA) and are in place between either:
  - a. the electricity distributor and the appointed supplier; or
  - b. or, where the connection is to another distribution system, between the electricity distributor and the IDNO<sup>5</sup>)).
- 11. So that an electricity distributor can provide the maximum capacity on an enduring basis it must reserve sufficient capacity on its electricity distribution system so that it can service that person's needs. This reserved capacity is not available for use by other customers. As a result, 'spare' capacity on the electricity distributors available for use by other existing or future customers is reduced. If the remaining spare capacity on the network is insufficient to service the future requirements of existing or future customers, electricity distributors may have to reinforce their networks to make additional capacity available.

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<sup>2</sup> The interpretation of the term “speculative” here is made to mean where the party making the request is unable to provide evidence that the owner/occupier of the premises, or authorised distributor, has contracted or entered into an agreement for connections that will utilise the capacity.

<sup>3</sup> Section 16A of the Electricity Act 1989 requires that the customer must specify the maximum power required.

<sup>4</sup> The National Terms of connection are put in place by the customer's appointed supply for and on behalf of the distributor; they are maintained at <http://www.connectionterms.org.uk>.

<sup>5</sup> Section 2B of DCUSA covers generic arrangements where on distributor party connects a network to the distribution system of another distributor party

12. In many cases, the person accepting a connection offer, and entering into the agreement for the provision of the connection, will not be the same person as the customer (or customers) who enter into a connection agreement (either through the NTCs or through a site-specific connection agreement) and an agreement for use of system (either directly through DCUSA, or indirectly through an agreement with a supplier who is party to DCUSA). For example:
- a. house builder or developer entering into an agreement for connections to a development comprising multiple premises (and multiple meter points/ MPANs)
  - b. An IDNO or ICP seeking connection to another (DNO) distribution system where a connection agreement setting out the Maximum Capacity has yet to be completed and where the build out of the development may be over a long period.
  - c. The developer of a generation facility who will neither own nor operate the generation on completion

For such persons the rights to the maximum capacity provided once the connection works are complete is at best unclear in the connection offer, and sometimes non-existent.

### **Time Taken to Complete Developments**

13. Once a customer accepts a connection offer, they have an expectation that the maximum capacity agreed and provided by the works will continue to be available for the full duration of the development and to future customers who occupy premises on the development. The time a development takes to complete will be influenced by a number of factors, for example:
- a. The nature and size of the development. A strategic development comprising many hundreds (or even thousands) of homes, schools and shops may take even the most efficient developer more than ten years to complete whereas a small development comprising a few homes may complete in under 18 months.
  - b. Relevant planning and other legal consents.
  - c. The time taken by the DNO to provide a connection with the maximum capacity for the site – particularly if significant reinforcement (such as primary substation works) are required.
  - d. The provision of other utilities (i.e. gas, water, sewerage and telecoms).
  - e. The economic climate. The recession of 2008 led to a slump in the housing market with many housing projects mothballed slowed or cancelled. This did not mean the maximum capacity was not required, but that the date it was required was deferred. Many developments stalled in the recession are now progressing. Similarly, the impact that the Brexit vote of 2016 may have on new developments.

Also, as is the case with all electricity distributors, IDNOs may need an element of spare capacity to allow for organic load growth.

### **Capacity Ramping for LDNOs**

14. Capacity ramping provisions were principally introduced into the CCCM to address margin squeeze issues caused by the tariffs incumbent electricity distributors applied in respect of networks of other electricity distributors connecting to their distribution system<sup>6</sup>. Capacity ramping allowed the chargeable capacity component in the tariff to ramp incrementally as the development built out and therefore mitigate against the margin squeeze issue. The introduction of portfolio tariffs in 2010 removed the need to use capacity ramping to manage capacity charge component in the use of system charges. Therefore, in this respect, these provisions are redundant.

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<sup>6</sup> Pre 2010 DNOs applied non-domestic half-hourly tariffs, using the full maximum capacity required for the development from the date the connection was first energised. This was different to the way they charged where they owned the network; i.e charges would rise incrementally as and when each new premises on the development would connect.



15. In the CCCM, the section on Capacity Ramping sets out that the release of unutilised proportion of the Maximum Capacity is by agreement and following a review. Further the CCCM sets out that the required capacity will be agreed at the end of the development phase and that any apportionment factors used to determine the connection charge will be recalculated based on the revised Maximum Capacity. Whilst the development phase is nominally defined as 3 years, it makes provision for parties to agree different periods.

### **Managing Capacity under the NTCs**

16. Previously DCUSA change proposals DCP 114 and DCP 115 were raised to modify the National Terms of Connection (the NTCs) to allow distributors to modify the “Maximum Capacity” made available and to set out the process that an electricity distributor would follow in seeking to reduce the maximum capacity made available to a connection. However, the process only applies to customers who are subject to the NTCs (i.e. consumers with an MPAN and an appointed supplier). The NTC’s do not apply in respect of connection offers (including those to developers, ICPs or other electricity distributors), premises where site-specific connection agreements are in place, or in respect of enduring connection and use of system arrangements to licensed distribution systems (and in some instances unlicensed distribution systems).

### **Provisions under The Electricity Act 1989 and the Licence in respect of Maximum Capacity**

17. Sections 16 to 21 the Electricity Act 1989 (the “Act”) places duties on an electricity distributor to make connections between his distribution system and premises, or between his distribution system and another distribution system. The provisions also state that any reference to making a connection include a reference to requiring the connection to be maintained. Condition 12 of the electricity distribution licence further augments the provisions under the Act and states that any request for a connection must not be treated as anything other than a Notice given under Section 16A of the Act.
18. However, sections 9, 16(1), 16(2), 16(3), 16(4) and 17 of the Act, taken in the round, provide an electricity distributor with the scope to reduce the maximum capacity made available in certain circumstances. Illustrations of such circumstances are:
  - a. Where maximum capacity is not utilised (in whole or in part) and the unutilised capacity is not needed for the purpose that the connection is required (“...enabling a supply of electricity to be conveyed...” to or from premises or another distribution system).
  - b. The same is true where a connection has never been made – and where there is no clear prospect that it will be made. In such circumstances, electricity is not being conveyed; therefore, the capacity is not needed for the purpose of conveying electricity through the connection.
  - c. Where an electricity distributor engages with a relevant party<sup>7</sup> to establish on what reasonable grounds the person requires the capacity to be maintained; and following such engagement such party cannot demonstrate that there is a need for such then it may be reasonable for the distributor to withdraw all or a proportion of the maximum capacity made available. This is because section 17 of the Act sets out exceptions where an electricity distributor is not required to make (or continue to make) a connection.
  - d. Where the party accepting the connection offer is not an owner or occupier, or in a case of a connection to another distribution system, is not the authorised distributor.
19. Whilst SLC12.2(a) of the electricity distribution licence requires that a request for a connection from any person must not treat that request

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<sup>7</sup> A relevant party under section is the owner or occupier of a premises, or with the authorised distributor of another distribution system

*“...as anything other than a notice given under section 16A of the Act requiring it to make the connection pursuant to section 16(1) of the Act”*

it does not (and cannot) modify the provisions under the Act. SLC12.2(b) requires an electricity distributor to take “...all reasonable steps...” to ensure a request from any person is compliant with the requirements of section 16A of the Act. Section 16A sets out the procedure to be followed where a person requires a connection in pursuance of section 16(1) of the Act. If there is no clear path to link a request for connection to the owner or occupier of premises, or to the authorised distributor of a distribution system, then section 16A and SLC 12.2 can be considered to not apply.

20. Additionally, SLC 12.7 sets out, inter alia, that an electricity distributor is not obliged to enter into an agreement for connection where “...if doing so would likely to cause it to be in breach of.... its duties under section 9 of the Act”.
21. Therefore, whilst persons seeking a connection to a distribution system should have a reasonable expectation that the maximum capacity will be available for their use, the Act and the licence conditions do provide scope to permit such capacity to be reduced or not provided under certain circumstances.

### **Principles governing the availability of Maximum Capacity**

22. A balance between protecting the interests of individual customers, protecting the wider interests of all consumers and in meeting the duties imposed by section 9 of the Act is required. Where electricity distributors have reasonable grounds for believing that the maximum capacity previously agreed in a connection offer, exceeds the demonstrable needs of a customer, they should be entitled to propose modifications to either reduce or withdraw the maximum capacity made available. This is most likely to occur where releasing unutilised maximum capacity to mitigate the need for reinforcement in providing connections to other customers will.
23. However, we do not believe it is appropriate that an electricity distributor should be able to impose a unilateral right to withdraw that part of the maximum capacity that is not utilised. Electricity distributors should follow clearly laid out principles and processes in seeking to reduce capacity. These should be clearly documented in the Common Connection Charging Methodology; and in respect of IDNOs, in Schedule 2B of DCUSA, so that they apply to all electricity distributors in a consistent manner and in a way that manner that is compliant with provisions under the Act.

### **The Principles**

24. Illustrative principles governing capacity bagging and /or the withdrawal or reduction of capacity are set out below
  - A. In any connection offer the electricity should set out the basis under which the maximum capacity will be provided. The basis under which the maximum capacity is offered offer must not: unduly discriminate between:
    - i. his own distribution business and the distribution business of another electricity distributor;
    - ii. developments that will connect directly to his own electricity distribution system network and developments that will connect to his electricity distribution system network via distribution system of another electricity distributor.
    - iii. against electricity distributors connecting to his distribution system and other classes of customer connected to the DNO network.
  - B. In making a request for connection an electricity distributor (e.g. an IDNO) must, on request, set out:
    - i. How it has determined the maximum capacity required.
    - ii. The phasing and timescales over which it expects the maximum capacity will be taken up.
    - iii. Provide such information as is reasonably required to substantiate the request. 10



- iv. Where the parties cannot agree on what is required, there should be a route to arbitration (as is currently the case under Section 23 of the Act).
  - v. The type of information that an electricity distributor should provide in a connection request should be set out either in the CCCM
- C. Where the requested maximum capacity is not substantiated the DNO should be able to treat the works for that part of the unsubstantiated capacity as speculative and calculate the connection charge accordingly. This principle should apply to all types of connection. These principles should be set out in the CCCM.

## **The Process**

25. Either party can make proposals to the other for reducing the Maximum Capacity. The process for doing this should be clearly defined, documented and transparent. Within the CCCM and for IDNOs within section 2B of DCUSA (in that way the process is common across all DNOs and for all IDNOs). The process should include
- a. A requirement on the DNO to provide a notice of its intention to reduce the Maximum Capacity to propose an alternative Maximum Capacity.
  - b. A requirement to identify any changes that will be made to the connection works; and any changes to customer contributions. For example, this may include refund if previous connection charges include elements of apportioned cost. (This will include any mandatory refunds under the ECCR).
  - c. Any notice should set out why it is 'reasonable in all the circumstances' to seek a reduction in Maximum Capacity (in order to satisfy the provisions of section 17 of the Act).
  - d. A party should have the right to dispute the notice issued by the electricity distributor in (a) above and submit its own counter proposal.
  - e. Where a new Maximum Capacity cannot be agreed by the parties, either party should be required to follow a dispute resolution process (This could be a referral to GEMA pursuant to section 23 of the Act).
26. The process set out in paragraph 25 above broadly follows the process implemented in the NTCs under DCUSA change proposals DCP 114 and DCP 115.
27. Also Engineering Recommendation G88 "Principles for the Planning, Connection and Operation of Electricity Distribution Network Operators (DNOs) and Independent Distribution Network Operators (IDNOs)" recommends the principles to be followed by DNOs and IDNOs in managing networks. These could be developed to incorporate the principles above. However, where this is the case, compliance with G88 should be mandated in the relevant agreement to give them contractual force and effect.

## **Treatment of Customer Contributions**

28. If an electricity distributor reduces the Maximum Capacity, the basis on which the charge for providing the original connection should be reviewed. For example:
- a. Could a different lower cost option have been provided for the connection with the lower capacity?
  - b. Where shared assets have been used to provide the connection and costs apportioned based on the Maximum Capacity requested.
  - c. Where connection charges include charges in respect of regulations made pursuant to section 19 of the Act and such charges are calculated on the basis of the Maximum Capacity originally requested.
29. The CCCM should be reviewed to ensure that where the electricity distributor reclaims maximum capacity for use by other customers, the connection charges originally paid in respect of a higher capacity connection are reviewed, and where appropriate an element repaid. Such arrangements

will need to be consistent with the provisions of the Electricity (Connection Charges) Regulations 2017.

## Part B: Code Specific Details

### 4 Solution and Legal Text

#### Legal Text

The proposed legal text for this Change Proposal acts as Attachment 1.

#### Text Commentary

The update legal text for Section 2B of the main body of the DCUSA sets out the process for distributors to follow to ensure that capacity at the boundary of distribution systems is managed through the Bilateral Connection agreement (or any other document which may contain the Maximum Import or Export Capacity of a connection between two distribution systems).

The updated legal text for Schedule 22 of the DCUSA sets out the process whereby distributors and customers may, during the build out phase of a development, address issues relating to underutilisation of capacity and ensure that any such capacity is released back to the distributor for the benefit of other connecting customers. This updated legal text does, however, provide sufficient protection for connecting customers where they have a legitimate and reasonable requirement for the capacity they have entered into an agreement for.

### 5 Code Specific Matters

#### Reference Documents

We do not believe that there are reference documents which need to be considered as part of this change proposal. However, if this change proposal is implemented DNOs will be required to update their Connection Charging Methodology Statements.

### 6 Relevant Objectives

DCUSA Charging Objectives	Identified impact
<input checked="" 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	Positive
<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	Positive
<input checked="" 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	Positive
<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
Paragraphs 1 to 6 under Section 3 in this document explains the Proposer's view on the current deficiencies within the DCUSA and provides the rationale behind how this change will better facilitate the relevant DCUSA Objectives and thus resolving the current deficiencies	
<b>DCUSA General Objectives</b>	<b>Identified impact</b>
<input checked="" type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive
<input checked="" 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	Positive
<input checked="" type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
<input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	None
<input type="checkbox"/> 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.	None

## 7 Impacts & Other Considerations

Only the main body of the DCUSA and the Common Connection Charging Methodology in Schedule 22 of DCUSA are impacted

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

No

**Does this Change Proposal Impact Other Codes?**

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

## Consideration of Wider Industry Impacts

The issues addressed in this DCP have been discussed in several industry forums over the years. Previously DCPs 114 and 115 were implemented to make changes to the National Terms of Connection that had the same effect. This DCP seeks to put in place equivalent provisions in respect of connection offers and to parties not subject to the NTCs.

## Confidentiality

None

## 8 Implementation

### Proposed Implementation Date

Next release of DCUSA after DCP is approved as it is noted that this change will not alter tariff structures and as such does not require a 15-month notification period.

## 9 Recommendations

### Part C: Guidance Notes for Completing the Form

Ref	Section	Guidance
1	<b>Attachments</b>	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	<b>Governance</b>	<p>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.</p> <p>Part 1 Matter</p> <p>A change Proposal is considered a Part 1 Matter if it satisfies one or more of the following criteria:</p> <p>a) it is likely to have a significant impact on the interests of electricity consumers;</p> <p>b) it is likely to have a significant impact on competition in one or more of:</p>

		<ul style="list-style-type: none"> <li>i. the generation of electricity;</li> <li>ii. the distribution of electricity;</li> <li>iii. the supply of electricity; and</li> <li>iv. any commercial activities connected with the generation, distribution or supply of electricity;</li> </ul> <p>c) it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties);</p> <ul style="list-style-type: none"> <li>i. it is directly related to the safety or security of the Distribution Network; and</li> <li>ii. it concerns the governance or the change control arrangements applying to the DCUSA; and</li> <li>iii. it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A.</li> </ul> <p>Part 2 Matter</p> <p>A CP is considered a Part 2 Matter if it is proposing to change any actual or potential provisions of the DCUSA which does not satisfy one or more of the criteria set out above.</p>
<b>3</b>	<b>Related Change Proposals</b>	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
<b>4</b>	<b>Proposed Solution and Draft Legal Text</b>	<p>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.</p> <p>The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>

5	<b>Proposed Implementation Date</b>	<p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes into consideration the minimum notice periods for publishing tariffs. These are:</p> <ul style="list-style-type: none"> <li>• 15 months, for DNOs acting within their Distribution Services Areas; or</li> <li>• 14 months, for IDNOs and DNOs acting outside their Distribution Services Area.</li> </ul> <p>Please select an implementation date that provides sufficient time for the Change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected in future tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a>.</p>
6	<b>Impacts &amp; Other Considerations</b>	<p>Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.</p>
7	<b>Environmental Impact</b>	<p>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 <a href="#">Ofgem Guidance</a>.</p>
8	<b>Confidentiality</b>	<p>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</p>
9	<b>DCUSA General Objectives</b>	<p>Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.</p>
10	<b>Detailed Rationale for DCUSA Objectives</b>	<p>Provide detailed 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.</p>
11	<b>DCUSA Charging Objectives</b>	<p>Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.</p>
12	<b>Defining 'Material' for Charging Methodology Changes</b>	<p>In respect of proposals to vary one or more of the Charging Methodologies, such proposals shall be deemed to be "material" if they might reasonably be expected to have a significant impact on the tariffs calculated under one or more of the methodologies.</p>