

## DCP287 - 'Generation credits in the EDCM'

### Direct Costs

The cost of those activities which involve physical contact with system assets.

Direct Costs	Impact of EHV Generation connections
Staff whose work involves physical contact with system assets. This can include the element of labour costs associated with trench excavation staff, craftsmen, technicians, technical engineers, administration and support staff, network planners and designers where a portion of their time involves physical contact with system assets, however only that portion spent on direct activities may be included. It will include idle, sick, non-operational training and other downtime of staff, which cost should follow their normal time allocations.	<p>The Working Group noted that the power flow approach is already built into the EDCM and is reflected within the Charge 1 element of the tariff. If reinforcement is a long way off, the Charge 1 tariff will be very small.</p> <p>It was also noted that active network schemes may incur further costs.</p> <p>It was further noted that managed connections are usually agreed between network operators and generators at the point of connection, which should limit reinforcement costs. This is not a driver of reducing Direct Costs, however there may be instances where generation causes increased assets on the network, and therefore increased direct costs. However, this is generally avoided through managed connections.</p> <p>Further work is being undertaken to ascertain the cost of each of these line items, and this will be addressed upon completion of the pilot exercise.</p>
Operational Engineers working on commissioning of assets, physically changing protection settings, issuing safety documentation or liaising with the control centre are considered direct activities	
Contractors - the total charges invoiced by external contractors for the primary purpose of performing direct activities.	
Materials from stores or purchased and delivered directly to site for use in performing direct activities. In addition, this includes the cost of the materials (stores issues) for refurbishing system assets.	
Servitude and easement to enable the direct activity to be performed. This does not include the cost of management or administration of these.	
Related Party Margins - charged by a Related Party for work performed on direct activities. In addition, includes, for the purposes of flooding, site surveys and non site based costs.	
Low carbon networks - resourcing and project preparation and Second Tier bid preparation	

### Indirect Costs

Activities listed below, which in most cases support work being physically carried out on network assets, that could not, on their own, be classed as a direct network activity. Indirect Activities generally do not involve physical contact with system assets, whereas direct activities do.

Indirect Costs	Impact of EHV Generation connections
Closely Associated Indirects	The Working Group are evaluating the percentage of the closely associated indirect costs as a percentage of the total indirect costs to ascertain the closeness to the 60% value detailed in the CDCM. The analysis indicates an indirect average of 59.6%, a minimum of 53.4% and a maximum of 63.3% across all connections.
Business support costs	
Non-Operational Capex	
Operational Engineers working on planning and project mobilisation, preparing and planning associated with protection settings, administration of outages, contract specification and liaising with contractors and customers are considered Indirect Activities	

### Network Rates

For Network Rates, the information gathered is from the Government Valuation Office website, for which a link is below. Exactly what is included within the calculation of the Network Rates is listed in section 5 'Electricity Distribution Hereditaments'. This site, however is out of date, and still refers to DCPR5 and not ED1, however the arrangements for Network Rates has not changed in recent times.

<https://www.gov.uk/guidance/rating-manual-section-6-part-3-valuation-of-all-property-classes/section-371-electricity-distribution-networks>

Network Rates	
Type	Impact of EHV Generation connections
Buildings and structures at sub stations and depots,	This is closely aligned with Direct Costs as these are the assets that have been installed to cater for demand.
Underground cables and ducts	
Overhead lines, towers and poles (which are rateable plant and machinery)	
The "land" within which the wires sit	
The meters	