

## SCHEDULEDCP 305 Draft Legal Text

### LDNO Boundary Level Definitions in the EDCM

Amend paragraph 24 of Schedule 17-EHV as follows:

#### 24. LDNO CHARGING~~METHODOLOGY (FCP MODEL)~~

#### ~~24. LDNO CHARGING~~

- 24.1 LDNOs with Distribution Systems that serve Connectees that fall within the scope of the CDCM would have their charges based on standard discount percentages applied to the CDCM all-the-way end user charges.

An LDNO with a Distribution System that qualifies as a CDCM "Designated Property" according to the definition set out in condition 13A.6 of the Distribution Licence is eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

An LDNO with a Distribution System that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 13B.6 of the Distribution Licence is eligible for discounts calculated using an "extended" price control disaggregation model (extended method M).

- 24.2 An LDNO with a Distribution System that qualifies as an EDCM "Designated EHV Property" could itself have Connectees who would fall under the scope of the EDCM. Since the EDCM is a locational charging method, the host DNO Party would calculate EDCM charges at the DNO Party's boundary for each EDCM-like Connectee on the LDNO's Distribution System. No discounts are calculated for such EDCM Connectees as the DNO Party's charges are based only on the specific site's equivalent use of the DNO Party's Distribution System.

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Amend paragraph 26 of Schedule 17 as follows:

**26. PORTFOLIO EDCM TARIFFS FOR CONNECTEES IN THE EDCM**

- 26.1 For Connectees on an LDNO's Distribution System that would be covered by the EDCM if they were on the DNO Party's Distribution System, the EDCM is applied to calculate a portfolio EDCM charge/credit for each such Connectee.
- 26.2 These EDCM portfolio charges would be calculated as if each EDCM Connectee on the LDNO's Distribution System were notionally connected at the boundary between the DNO Party and the LDNO; except for LDNO UMS tariffs, which are charged by reference to the voltage of the Points of Connection that provide the majority of the energised domestic connections for the LDNO in the GSP Group (or, where there is no such majority, on such other reasonable basis as the DNO Party determines). Both EDCM import and export charges will apply.
- 26.3 For the purposes of calculating the boundary-equivalent portfolio EDCM tariffs, each EDCM Connectee on the LDNO's Distribution System would be assigned the demand Connectee category determined by reference to that LDNO Distribution System's Point of Common Coupling. ~~The LDNO Distribution System's Point of Common Coupling is defined as the point on the DNO Party's network where the power flow associated with consumption or output on the LDNO Distribution System may under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements. The demand Connectee category is assigned as per Table 3 of Clause 15.6.~~ The demand Connectee category is assigned as per Table 3 in paragraph 15.6.
- 26.4 Such Connectees would attract charges (credits) in respect of any reinforcements caused (avoided) on the DNO Party's Distribution System only, i.e. any network Branches that are on the LDNO's Distribution System would be attributed a zero ~~LRICFCP~~ charge/credit.

**Comment [GW1]:** Description of Point of Common Coupling removed, as already defined in glossary.

- 26.5 The setting of final charges to Embedded Designated EHV Properties including the calculation of charges for assets used on the LDNO's Distribution System will be established by the LDNO.
- 26.6 All EDCM charges would be calculated using "boundary equivalent" data provided by the LDNO to the host DNO Party for each Embedded Designated EHV Property. For the purposes of the EDCM, boundary equivalent data should be what the LDNO has allowed for at the DNO Party- LDNO boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the LDNO's Distribution System. Data relating to CDCM end users must be considered for the purposes of calculating boundary equivalent data in order to cater for the effect of diversity and losses.
- 26.7 The EDCM will include in the charges for Embedded Designated EHV Properties a fixed charge relating to any assets on the DNO Party's Distribution System that are for the sole use of an LDNO's Distribution System. The assets on the DNO Party's network that are for the sole use of an LDNO Distribution System are defined as the assets in which only consumption or output associated with Embedded customers on the LDNO Distribution System can directly alter the power flow in the asset, taking into consideration all possible credible running arrangements, i.e. all assets between the asset ownership boundary and the LDNO Distribution System's Point of Common Coupling are considered as sole use assets. These fixed charges would be calculated in the same way as it would be for EDCM Connectees connected directly to the host DNO Party's Distribution System.
- 26.8 In calculating charges for assets on the DNO Party's Distribution System that are for the sole use of an LDNO's Distribution System, DNO Party's will charge only for the proportion of sole use assets deemed to be used by Embedded Designated EHV Properties. This proportion will be calculated, in respect of each Embedded Designated EHV Properties, as the ratio of the boundary equivalent capacity of that Connectee to the capacity at the LDNO - DNO Party boundary.
- 26.9 If there are no Embedded Designated EHV Properties on the LDNO's

Distribution System, no sole use asset charges would apply.

26.10 Demand scaling would be applied as normal to any EDCM portfolio tariff in respect of an EDCM Connectee. For the purposes of scaling, all EDCM Connectees connected to the LDNO's Distribution System will be treated as notional EDCM Connectees connected to the DNO Party's Distribution System with a Point of Common Coupling at the LDNO Distribution System's Point of Common Coupling-.

26.11 For EDCM Connectees connected to the LDNO's Distribution System, the capacity-based charge for the DNO Party's indirect costs and the 20% share of residual revenue that is applied as a fixed adder, would be scaled down by a factor of 50 per cent, however, the scaling down will not apply where the residual revenue is negative.

### Amend the definitions in paragraph 3. DEFINITIONS

In this of Annex 1 of Schedule 17, unless the context otherwise requires, the expressions below shall have the meanings set out below. as follows:

Embedded means connected to an LDNO's Distribution System

LDNO refers to a licensed distribution network operator, meaning an IDNO Party or a DNO Party operating an electricity distribution system outside of its Distribution Services Area.

### Amend paragraph 24 of Schedule 18 as follows:

#### 24. LDNO CHARGING

### SCHEDULE 18- EHV CHARGING METHODOLOGY (LRIC MODEL)

#### 24. LDNO CHARGING

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- 24.1 LDNOs with Distribution Systems that serve Connectees that fall within the scope of the CDCM would have their charges based on standard discount percentages applied to the CDCM all-the-way end user charges.

An LDNO with a Distribution System that qualifies as a CDCM "Designated Property" according to the definition set out in condition 13A.6 of the Distribution Licence is eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

An LDNO with a Distribution System that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 13B.6 of the Distribution Licence is eligible for discounts calculated using an "extended" price control disaggregation model (extended method M).

- 24.2 An LDNO with a Distribution System that qualifies as an EDCM "Designated EHV Property" could itself have Connectees who would fall under the scope of the EDCM. Since the EDCM is a locational charging method, the host DNO Party would calculate EDCM charges at the DNO Party's boundary for each EDCM-like Connectee on the LDNO's Distribution System. No discounts are calculated for such EDCM Connectees as the DNO Party's charges are based only on the specific site's equivalent use of the DNO Party's Distribution System.

**Amend paragraph 26 of Schedule 18 as follows:**

**26. PORTFOLIO EDCM TARIFFS FOR CONNECTEES IN THE EDCM**

- 26.1 For Connectees on an LDNO's Distribution System that would be covered by the EDCM if they were on the DNO Party's Distribution System, the EDCM is applied to calculate a portfolio EDCM charge/credit for each such Connectee.
- 26.2 These EDCM portfolio charges would be calculated as if each EDCM Connectee on the LDNO's Distribution System were notionally connected at

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the boundary between the DNO Party and the LDNO; except for LDNO UMS tariffs, which are charged by reference to the voltage of the Points of Connection that provide the majority of the energised domestic connections for the LDNO in the GSP Group (or, where there is no such majority, on such other reasonable basis as the DNO Party determines). Both EDCM import and export charges will apply.

- 26.3 For the purposes of calculating the boundary-equivalent portfolio EDCM tariffs, each EDCM Connectee on the LDNO's Distribution System would be assigned the demand Connectee category determined by reference to that LDNO Distribution System's Point of Common Coupling. ~~The LDNO Distribution System's Point of Common Coupling is defined as the point on the DNO Party's network where the power flow associated with consumption or output on the LDNO Distribution System may under some (or all) possible arrangements interact with the power flows associated with other Connectees, taking into account all possible credible running arrangements. The demand Connectee category is assigned as per Table 3 of Clause~~ The demand Connectee category is assigned as per Table 3 in paragraph 15.6.
- 26.4 Such Connectees would attract charges (credits) in respect of any reinforcements caused (avoided) on the DNO Party's Distribution System only, i.e. any network Branches that are on the LDNO's Distribution System would be attributed a zero LRIC charge/credit.
- 26.5 The setting of final charges to Embedded Designated EHV Properties including the calculation of charges for assets used on the LDNO's Distribution System will be established by the LDNO.
- 26.6 All EDCM charges would be calculated using "boundary equivalent" data provided by the LDNO to the host DNO Party for each Embedded Designated EHV Property. For the purposes of the EDCM, boundary equivalent data should be what the LDNO has allowed for at the DNO Party- LDNO boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the LDNO's Distribution System. Data relating to CDCM end users must be considered for the purposes of calculating boundary equivalent

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**Comment [GW2]:** Point of Common Coupling is already defined.

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data in order to cater for the effect of diversity and losses.

- 26.7 The EDCM will include in the charges for Embedded Designated EHV Properties a fixed charge relating to any assets on the DNO Party's Distribution System that are for the sole use of an LDNO Party's Distribution System. The assets on the DNO Party's network that are for the sole use of an LDNO Distribution System are defined as the assets in which only consumption or output associated with Embedded customers on the LDNO Distribution System can directly alter the power flow in the asset, taking into consideration all possible credible running arrangements, i.e. all assets between the asset ownership boundary and the LDNO Distribution System's Point of Common Coupling are considered as sole use assets. These fixed charges would be calculated in the same way as it would be for EDCM Connectees connected directly to the host DNO Party's Distribution System.
- 26.8 In calculating charges for assets on the DNO Party's Distribution System that are for the sole use of an LDNO's Distribution System, DNO Party's will charge only for the proportion of sole use assets deemed to be used by Embedded Designated EHV Properties. This proportion will be calculated, in respect of each Embedded Designated EHV Properties, as the ratio of the boundary equivalent capacity of that Connectee to the capacity at the LDNO- DNO Party boundary.
- 26.9 If there are no Embedded Designated EHV Properties on the LDNO's Distribution System, no sole use asset charges would apply.
- 26.10 Demand scaling would be applied as normal to any EDCM portfolio tariff in respect of an EDCM Connectee. For the purposes of scaling, all EDCM Connectees connected to the LDNO's Distribution System will be treated as notional EDCM Connectees connected to the DNO Party's Distribution System with a Point of Common Coupling at the LDNO Distribution System's Point of Common Coupling.
- 26.11 For EDCM Connectees connected to the LDNO's Distribution System, the capacity-based charge for the DNO Party's indirect costs and the 20% share of residual revenue that is applied as a fixed adder, would be scaled down by a

factor of 50 per cent, however, the scaling down will not apply where the residual revenue is negative.

**Amend the definitions in paragraph 3 of Annex 1 of Schedule 18 as follows:**

Embedded means connected to an LDNO's Distribution System

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LDNO refers to a licensed distribution network operator, meaning an IDNO Party or a DNO Party operating an electricity distribution system outside of its Distribution Services Area.

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**Amend paragraph 45 of Schedule X<sup>1</sup> as follows:**

45 For the calculation of discount percentages used in Schedules 17 and 18, each LDNO Distribution System is allocated to one of five discount categories, defined as follows:

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a) Discount category 0000 - this applies where asset ownership boundary between the host DNO Party and the LDNO is at the GSP.

b) Discount category 132kV (in England and Wales only) - this applies where the asset ownership boundary is at 132kV and not at the GSP.

c) Discount category 132kV/EHV (in England and Wales only) - this applies where the asset ownership boundary as at 22kV or more on the secondary side of a substation where the primary side is at 132kV.

d) Discount category EHV - this applies where the asset ownership boundary as at 22kV or more, but less than 132kV, not at a GSP or at a transformation substation where the primary is at 132kV.

e) Discount category HVplus - this applies where the asset ownership boundary is at less than 22kV.

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<sup>1</sup> This is the Schedule to be added by DCP243.



In some cases, it may be appropriate to treat 66kV equipment as being equivalent to 132kV equipment and allocate LDNO Distribution Systems to categories accordingly.

**Comment [GW3]:** In what cases will this be appropriate?

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### 3. DEFINITIONS

In this Schedule 17, unless the context otherwise requires, the expressions below shall have the meanings set out below.

Gowling WLG (UK) LLP

7 March 2018

~~Embedded~~ means connected to an LDNO's Distribution System

~~LDNO~~ a licensed distribution network operator, meaning an IDNO Party or DNO  
Party operating an electricity distribution system outside of its Distribution  
Services Area.

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