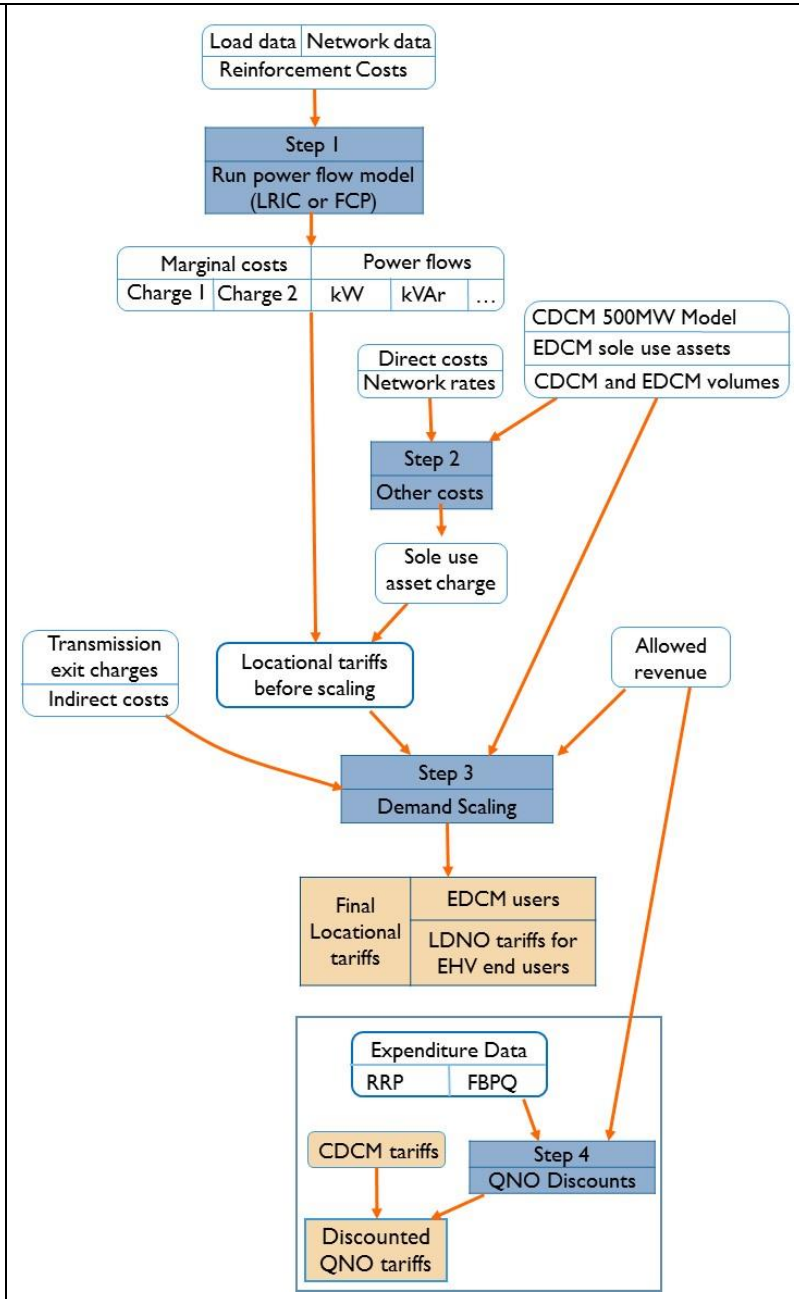
## Annex to DCP 252

## Suggested Legal Text to Schedule 17

| Schedule 17 Paragraph No | Proposed Amendment | Comments |
|---|---|---|
| **1.8** | Step 4 uses CDCM charges to determine the element of portfolio charges to be applied in the case of ~~DNO/IDNO Parties~~ QNOs who are supplied from the DNO Party's network at voltages higher than the scope of CDCM charges. | Through out the schedule the terminology is inconsistent referring to "LDNO", "IDNO Party", "Distribution Systems", "distribution systems", IDNO Party's network", "Embedded IDNO Party's distribution system", "Embedded IDNO Party's network"<br><br>The effect of the drafting is to create inconsistency.<br><br>Also under the drafting, DNOs operating outside their Distribution Services Area are excluded from Portfolio tariffs:where<br>the [SSE] connection to the DNO network is at EHV and<br>the incumbent employs the methodology prescribed by Sch 17.<br><br>Therefore the above terms have been replaced by the term Qualifying Network Operator or QNO. The definition of this incorporates DNO party's operating outside their distribution services area as well as IDNOs.<br><br>The definition also incorporates licence exempt distributors |

**Figure 1**


Load data
Network data
Reinforcement Costs
Step 1
Run power flow model (LRIC or FCP)
Marginal costs
Charge 1
Charge 2
Power flows
kW
kVAr
…
CDCM 500MW Model
EDCM sole use assets
CDCM and EDCM volumes
Direct costs
Network rates
Step 2
Other costs
Sole use asset charge
Transmission exit charges
Indirect costs
Locational tariffs before scaling
Allowed revenue
Step 3
Demand Scaling
Final Locational tariffs
EDCM users
LDNO tariffs for EHV end users
Expenditure Data
RRP
FBPQ
CDCM tariffs
Step 4
QNO Discounts
Discounted QNO tariffs

| | | |
|---|---|---|
| **18.16** | A p/kVA/day charging rate for indirect costs for each EDCM Connectee is calculated on the basis of historical demand at the time of the DNO Party's peak and 50 per cent of Maximum Import Capacity of that Connectee.<br><br>Indirect cost charging rate in p/kVA/day = 100 / DC * (Aggregate indirect cost contribution) / Volume for scaling<br><br>Where:<br><br>DC is the number of days in the Charging Year.<br><br>Volume for scaling is calculated as the sum of (0.5 + coincidence factor)* import capacity * ~~LDNO~~ QNO factor across all EDCM Connectees.<br><br>Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by (1 - (Hours in super-red for which not a customer/Annual hours in super-red))*(Days in year/(Days in year - Days for which not a customer))<br><br>Import capacity is the Maximum Import Capacity (adjusted if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.<br><br>~~LDNO~~ QNO factor takes the value 0.5 if the EDCM Connectee is connected to ~~an IDNO Party's~~ QNO's network and 1 otherwise.<br><br>Aggregate indirect cost contribution is the sum of the import capacity based and sole use asset based indirect cost contribution from each EDCM Connectee. | |

| | | |
|---|---|---|
| **18.17** | The p/kVA/day charging rate for indirect costs is converted into an import capacity based charge for each EDCM Connectee as follows:<br><br>Import capacity based INDOC charge in p/kVA/day = Indirect cost charging rate * (0.5 + coincidence factor) * ~~LDNO~~ QNO factor<br><br>Where:<br><br>Indirect cost charging rate is the Distribution System-wide p/kVA/day rate calculated as described in the previous paragraph.<br><br>Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by (1 - (Hours in super-red for which not a customer/Annual hours in super-red))*(Days in year/(Days in year - Days for which not a customer))<br><br>~~LDNO~~ QNO factor takes the value 0.5 if the EDCM Connectee is connected to ~~an IDNO Party's~~ a QNO's network and 1 otherwise. | |
| **19.2** | The part of EDCM portfolio tariffs (for ~~IDNO Party~~ QNO networks ~~and Distribution Licence exempt networks~~) that is based on CDCM tariffs will be billed like CDCM tariffs. | |
| **24 (heading)** | ~~LDNO~~ **QNO CHARGING**. | |
| **24.1** | ~~IDNO Parties~~QNOs with ~~Distribution Systems~~ networks 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.<br><br>~~An IDNO~~A QNO Party with a ~~Distribution System~~ network that | Whilst the definition of Definition of Distribution System covers Authorised distributors (Authorised in the Act means authorised by licence or by exemption), DCUSA defines Distribution System as being the Distribution System of an IDNO Party or DNO Party. |

| | | |
|---|---|---|
| | qualifies as a CDCM "Designated Property" according to the definition set out in condition 50.10 of the Distribution Licences are eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.<br><br>~~An IDNO Party~~ A QNO with a ~~Distribution Systems~~ network that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences are eligible for discounts calculated using an "extended" price control disaggregation model (extended method M). | The use of the term network broadens the application of portfolio tariffs to include licence exempt operators. |
| **24.2** | ~~An IDNO Party~~ A QNO with a ~~Distribution Systems~~ network 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 ~~IDNO Party's~~ QNOs network. 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 network. | |
| **24.5** | The network level of the boundary between the host DNO Party and the ~~IDNO Party's~~ ~~Distribution System~~ QNO's network is determined by reference to the asset ownership boundary between the host DNO Party and the ~~IDNO Party~~QNO. | |
| **24.6** | Where the ~~IDNO Party's Distribution System~~ QNO's network only has one Connectee (whether a designated EHV property or not), the network level of the boundary between the host DNO Party and ~~IDNO Party~~ QNO is determined by reference to the Point of | |

| | | |
|---|---|---|
| | Common Coupling. The Point of Common Coupling is determined in the same way as it is for an EDCM Connectee connected directly to the host DNO Party's network. | |
| **24.8** | ~~IDNO Party Distribution Systems~~ are split into 15 categories based on the network level of the boundary between the host DNO Party and the ~~IDNO Party~~ QNO, and whether or not higher network levels are used by the ~~IDNO Party~~ QNO. | |
| **Table 16 Heading** | **Table 1 Categorisation of designated EHV ~~IDNO Parties~~ QNOs** | |
| **25.16** | For the purposes of calculating portfolio discounts for Connectees that fall within the scope of the CDCM, the 15 boundary categories between the DNO Party and the ~~IDNO Party~~ QNO are grouped into five discount categories in England and Wales and three in Scotland:<br>(a) Discount category 0000 - This applies to ~~IDNO Party~~ QNO category 0000.<br>(b) Discount category 132kV (in England and Wales only) - This applies to ~~IDNO Party~~ QNO category 1000.<br>(c) Discount category 132kV/EHV (in England and Wales only) - This applies to ~~IDNO Party~~ QNO categories 1100 and 0100.<br>(d) Discount category EHV - This applies to ~~IDNO Party~~ QNO categories 1110, 0110 and 0010. | |

| | | |
|---|---|---|
| | (e) Discount category HVplus - This applies to ~~IDNO Party~~ QNO categories 1111, 0001, 1001, 0002, 0011, 0111, 1101, 0101. | |
| **25.17** | For each combination of an end user network level and a discount category, the relevant discount for demand end users is calculated as follows:<br><br>**For discount categories 0000, 132kV/EHV and HVplus**<br><br>Discount percentage = P / (S + U)<br><br>**For discount category 132kV**<br><br>Discount percentage = (P + ([percentage for 132kV] * (1 – ([network length split for 132kV] * [direct cost proportion])))) / (S +U)<br><br>**For discount category EHV**<br><br>Discount percentage = (P + ([percentage for EHV] * (1 – ([network length split for EHV] * [direct cost proportion])))) / (S +U)<br><br>Where:<br><br>Discount percentage is the discount applicable for each combination of discount and end user type.<br><br>P is the sum of the percentages for all network levels below the network level of the DNO Party – ~~IDNO Party~~ QNO's boundary up to and including the network level of the end user.<br><br>S the sum of the percentages for all network levels in the distribution network above and including the network level of the end user | In respect of Network length the term "IDNO Party" has been replaced with "QNO". However licence exempt networks do not currently provide this data. This is something a working group should consider<br><br>Whilst it may be appropriate that such data is used, it is suggested that is outside the vires of DCUSA to place such a requirement on licence exempt distributors (since they are not party to DCUSA).<br><br>One way of addressing this is place an obligation on licensed distributors to put such requirement on licence exempt operators through connection agreements. Licence exempt operators can then either provide information to the DNO/IDNO for onward transmission, or directly to DCUSA. In the latter DCUSA would ned contact details of relevant networks<br><br>Alternatively the Working Group may consider that the information provided by licensed distributors is a reasonable proxy for network lengths on licence exempt networks. |

| | | |
|---|---|---|
| | U is the ratio of the sum of the DNO Party's total incentive revenue and the transmission exit charge, and the DNO Party's total Allowed Revenue including any incentive revenue and transmission exit charge.<br><br>Network length split is equal to 1 minus the ratio of the average length of circuits on relevant network level (EHV or 132kV) that is deemed to be provided by the ~~IDNO Party~~ QNO to that provided by the host DNO Party. The values for the "network length split" for 132kV and EHV are currently set to 100 per cent.<br><br>Direct cost proportion is the percentage share of direct costs in the sum of direct costs and indirect costs (excluding IT and telecoms and property management costs) at EHV. Negative costs will be excluded from the calculation. | |
| **26.1** | For Connectees on ~~an IDNO Party's Distribution System~~ QNO's network that would be covered by the EDCM if they were on the DNO Party's network, 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 ~~IDNO Party's distribution system~~ QNO's network were notionally connected at the boundary between the DNO Party and the ~~IDNO Party~~ QNO. 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 ~~IDNO Party's~~ QNO's network would be assigned the demand Connectee | |

| | | |
|---|---|---|
| | category relating to the 15 ~~IDNO Party~~ QNO boundary categories. | |
| **26.4** | Such Connectees would attract charges (credits) in respect of any reinforcements caused (avoided) on the DNO Party's network only, i.e. any network Branches that are on the ~~IDNO Party's~~ network would be attributed a zero FCP charge/credit. | |
| **26.5** | The setting of final charges to Embedded Designated EHV Properties including the calculation of charges for assets used on the Embedded network will be established by the QNO~~IDNO Party~~. | |
| **26.6** | All EDCM charges ~~would~~ will be calculated using "boundary equivalent" data provided by the ~~IDNO Party~~ QNO to the host DNO Party for each Embedded Designated EHV Property. For the purposes of the EDCM, boundary equivalent data should be what the ~~IDNO Party~~ QNO has allowed for at the DNO Party - ~~IDNO Party~~ QNO's boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the ~~IDNO Party's~~ QNO's network. 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 network that are for the sole use of an ~~Embedded IDNO Party's~~ QNO's network. 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 network.<br>. | |

| | | |
|---|---|---|
| **26.8** | In calculating charges for assets on the DNO Party's network that are for the sole use of ~~an Embedded IDNO Party's distribution system~~ QNO's, 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 ~~IDNO Party~~ QNO - DNO Party boundary. | |
| **26.9** | If there are no Embedded Designated EHV Properties on the ~~IDNO Party's~~ QNO's network, no sole use asset charges ~~would~~ will 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 ~~IDNO Party's~~QNO's network will be treated as notional EDCM Connectees connected to the DNO Party's network at the voltage level of the boundary.. | |
| **26.11** | For EDCM Connectees connected to the ~~IDNO Party's~~ QNO's network, the capacity-based charge for the DNO Party's indirect costs would be scaled down by a factor of 50 per cent. | |
| **28** | **28. NOT USED ~~DNO PARTY TO UNLICENSED NETWORKS~~**<br><br>~~28.1 Unlicensed networks have a choice. If they are part of the Total System under the Balancing and Settlement Code with the network open to supply competition, and if they are party to the DCUSA, and have accepted the obligations~~ | Paragraph 28 is fundamentally flawed in that it is wholly inconsistent with the provisions of DCUSA. Whilst this paragraph allows licence exempt distributors to be charged on the same basis as IDNOs (and DNOs operating outside their DSA), it only does so on the proviso that such entities are parties to DCUSA. However DCUSA does not permit such entities to become Parties. |

| | | |
|---|---|---|
| | ~~to provide the necessary data, they can, if they wish, be treated as IDNO Parties.~~<br><br>~~28.2 Otherwise, the DNO Party applies the EDCM to calculate an import and export charge based on capacity and power flow data metered at the boundary. Any sole use assets specific to the unlicensed network are charged as a p/day sole use asset charge calculated as applicable to a normal EDCM Connectee.~~ | Clause 15 sets out the definition of User and Company: both exclude licence exempt distributors<br><br>Under Clause 4 of the DCUSA an applicant may not be admitted if it has no reasonable prospect of satisfying the conditions precedent in Clause 16 of DCUSA. (Clause 4.2.3 only applies in respect of OTSO Parties, DNO Parties or IDNO Parties, therefore the conditions precedent in clause 37 do not apply to licence exempt distributors). One of these conditions precedent is to hold a distribution licence<br><br>Further, even if Clause 37 did apply, it is still a condition precedent, inter alia, to hold a Distribution Licence.<br><br>The revised drafting of Sch 17 makes Paragraph 28 redundant |
| **Annex 1 Implementation Guide** | | |
| **3. Definitions** | | |
| **Connection Node** | A Node which is a point of connection to one of the following:<br>• an Entry Point or the Sole Use Assets connecting the Entry Point; or<br>• an Exit Point or the Sole Use Assets connecting the Exit Point; or<br>• the DNO Party's HV network; or<br>• a Distribution System of another DNO Party or the network of a QNO~~IDNO Party~~. | |

| | | |
|---|---|---|
| **"Embedded"** | means connected to an ~~IDNO Party's Distribution System~~ QNO's network | |
| **"network"** | This is a reference to:<br>(a) the DNO Party's Distribution System, or to a particular part of that Distribution System~~.~~, or<br>(b) the QNO's distribution system, or to a particular part of that Distribution System.<br>whichever is relevant in the particular use of the term | |
| **"Node"** | A representation of a point on the DNO Party's EHV network that is a point of connection between a Branch and one or more of the following:<br>• another Branch; or<br>• an Entry Point or the Sole Use Assets connecting the Entry Point; or<br>• an Exit Point or the Sole Use Assets connecting the Exit Point; or<br>• the DNO Party's HV network; or<br>• the Distribution System of another DNO Party or the network of a QNO~~IDNO Party~~; or<br>• the National Electricity Transmission System. | |
| **Portfolio tariff** | A tariff for use of the network by another DNO/IDNO Party where charges are linked to flows out of/into the other DNO/IDNO Party's network from its Connectees or further nested networks. | |
| **Qualifying Network Operator** | A Qualifying Network Operator (QNO) is<br>*a) an IDNO Party, whose electricity distribution system is connected to the electricity distribution system of a DNO Party operating within its Distribution Services Area; and who for the purpose of conveying electricity to premises or distribution systems connected to its electricity distribution system, receives use of system from that DNO Party, or*<br>*b) a DNO Party who, in operating part of its electricity* | This is a new term |

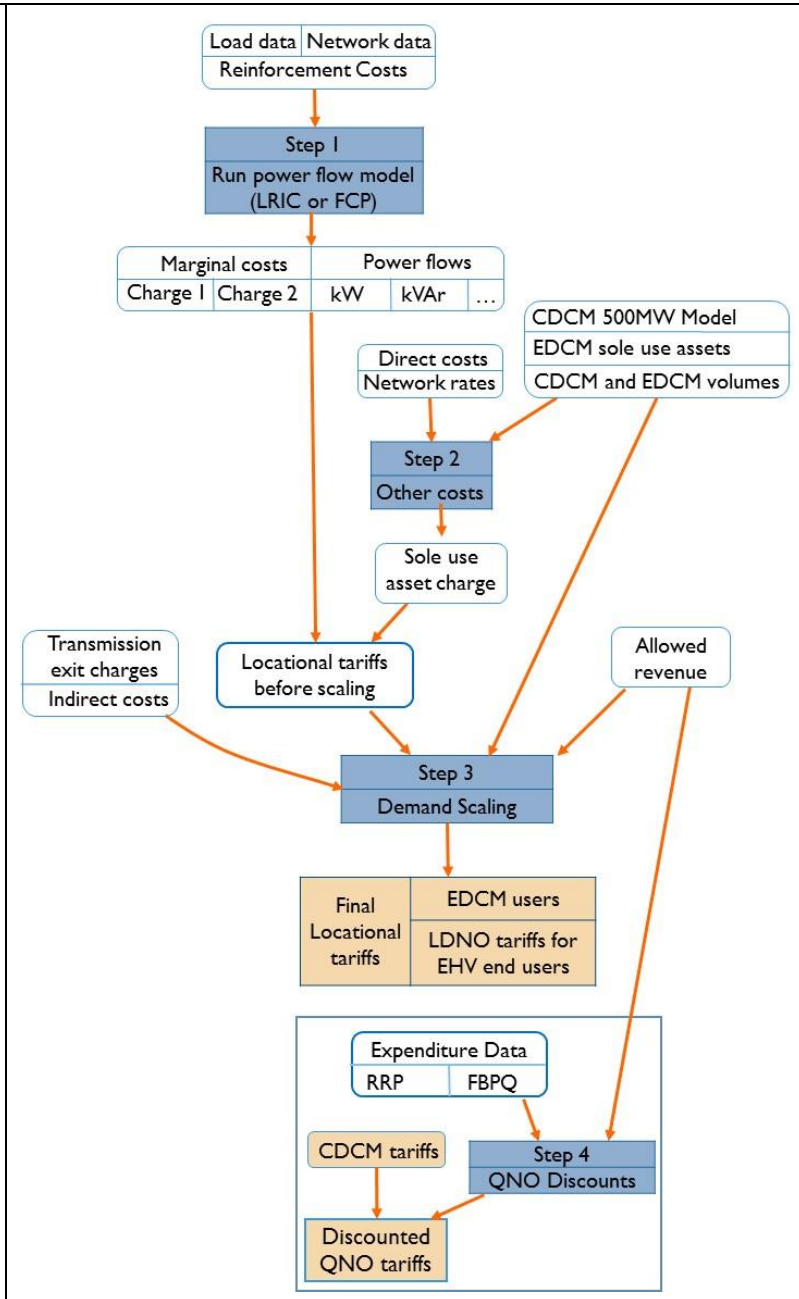
| | | |
|---|---|---|
| | *distribution system outside its specified Distribution Services Area, has that part of its electricity distribution system connected to the electricity distribution system of another DNO Party operating within its Distribution Services Area; and who for the purpose of conveying electricity to premises or distribution systems connected to that part of its electricity distribution system receives use of system from that other DNO Party or*<br>c) *any person who does not hold an electricity distribution licence, and:*<br>(i) *whose distribution system is connected to the electricity distribution system of a DNO Party operating within its Distribution Services Area for the purpose of conveying electricity to premises or distribution systems connected to its electricity distribution system, receives use of system from that DNO Party; and*<br>(ii) *where the premises connected to that distribution system (or to such other sub ordinate distribution system that may be connected to that distribution system) import or export electricity through a Metering Point and where a Distribution Business provides the relevant Data Services in respect of that Metering Point in order to facilitate competition in supply.* | |
| | | |
| **4.10** | **Inclusion of Distribution Systems of ~~IDNO Parties~~ QNOs in the Authorised Network Model**<br>Where there is a connection between the DNO Party's Distribution | |

| | | |
|---|---|---|
| | System and an EDCM ~~IDNO Party Distribution System~~ QNO's network, the ~~IDNO Party's~~ QNO's network can be represented either by an Exit Point or Entry Point, in a similar manner to that of an ECDM Connectee. In the event that the ~~IDNO Party's~~ QNO's network derives its supply from several different connection points on the DNO Party's Distribution System it may become necessary to model some or the entire ~~IDNO~~ QNO network to ensure that the flows at the boundary between the DNO Party's Distribution System and the ~~Distribution System of the IDNO Party~~ network of the QNO are representative of those expected under Normal Running Arrangements and Contingency scenarios. | |

## Suggested Legal Text to Schedule 18

| Schedule 18 Paragraph No | Proposed Amendment | Comments |
|---|---|---|
| **1.8** | Step 4 uses CDCM charges to determine the element of portfolio charges to be applied in the case of ~~DNO/IDNO Parties~~ QNOs who are supplied from the DNO Party's network at voltages higher than the scope of CDCM charges. | Through out the schedule the terminology is inconsistent referring to "LDNO", "IDNO Party", "Distribution Systems", "distribution systems", IDNO Party's network", "Embedded IDNO Party's distribution system", "Embedded IDNO Party's network"<br><br>The effect of the drafting is to create inconsistency.<br><br>Also under the drafting, DNOs operating outside their Distribution Services Area are excluded from Portfolio tariffs:where<br>the [SSE] connection to the DNO network is at EHV and<br>the incumbent employs the methodology prescribed by Sch 17.<br><br>Therefore the above terms have been replaced by the term Qualifying Network Operator or QNO. The definition of this incorporates DNO party's operating outside their distribution services area as well as IDNOs.<br><br>The definition also incorporates licence exempt distributors |

**Figure 1**


Load data
Network data
Reinforcement Costs
Step 1
Run power flow model (LRIC or FCP)
Marginal costs
Charge 1
Charge 2
Power flows
kW
kVAr
…
CDCM 500MW Model
EDCM sole use assets
CDCM and EDCM volumes
Direct costs
Network rates
Step 2
Other costs
Sole use asset charge
Transmission exit charges
Indirect costs
Locational tariffs before scaling
Allowed revenue
Step 3
Demand Scaling
Final Locational tariffs
EDCM users
LDNO tariffs for EHV end users
Expenditure Data
RRP
FBPQ
CDCM tariffs
Step 4
QNO Discounts
Discounted QNO tariffs

| | | |
|---|---|---|
| **18.16** | A p/kVA/day charging rate for indirect costs for each EDCM Connectee is calculated on the basis of historical demand at the time of the DNO Party's peak and 50 per cent of Maximum Import Capacity of that Connectee.<br><br>Indirect cost charging rate in p/kVA/day = 100 / DC * (Aggregate indirect cost contribution) / Volume for scaling<br><br>Where:<br><br>DC is the number of days in the Charging Year.<br><br>Volume for scaling is calculated as the sum of (0.5 + coincidence factor)* import capacity * ~~LDNO~~ QNO factor across all EDCM Connectees.<br><br>Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by (1 - (Hours in super-red for which not a customer/Annual hours in super-red))*(Days in year/(Days in year - Days for which not a customer))<br><br>Import capacity is the Maximum Import Capacity (adjusted if the Connectee is connected for part of the Charging Year) in kVA for that EDCM Connectee.<br><br>~~LDNO~~ QNO factor takes the value 0.5 if the EDCM Connectee is connected to ~~an IDNO Party's~~ QNO's network and 1 otherwise.<br><br>Aggregate indirect cost contribution is the sum of the import capacity based and sole use asset based indirect cost contribution from each EDCM Connectee. | |

| | | |
|---|---|---|
| **18.17** | The p/kVA/day charging rate for indirect costs is converted into an import capacity based charge for each EDCM Connectee as follows:<br><br>Import capacity based INDOC charge in p/kVA/day = Indirect cost charging rate * (0.5 + coincidence factor) * ~~LDNO~~ QNO factor<br><br>Where:<br><br>Indirect cost charging rate is the Distribution System-wide p/kVA/day rate calculated as described in the previous paragraph.<br><br>Coincidence factor is calculated as the forecast peak-time consumption in kW divided by Maximum Import Capacity in kVA of that Connectee (based on historical data) multiplied by (1 - (Hours in super-red for which not a customer/Annual hours in super-red))*(Days in year/(Days in year - Days for which not a customer))<br><br>~~LDNO~~ QNO factor takes the value 0.5 if the EDCM Connectee is connected to ~~an IDNO Party's~~ a QNO's network and 1 otherwise. | |
| **19.2** | The part of EDCM portfolio tariffs (for ~~IDNO Party~~ QNO networks ~~and Distribution Licence exempt networks~~) that is based on CDCM tariffs will be billed like CDCM tariffs. | |
| **24 (heading)** | ~~**LDNO**~~ **QNO CHARGING**. | |
| **24.1** | ~~IDNO Parties~~QNOs with ~~Distribution Systems~~ networks 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.<br><br>~~An IDNO~~A QNO Party with a ~~Distribution System~~ network that | Whilst the definition of Definition of Distribution System covers Authorised distributors (Authorised in the Act means authorised by licence or by exemption), DCUSA defines Distribution System as being the Distribution System of an IDNO Party or DNO Party. |

| | | |
|---|---|---|
| | qualifies as a CDCM "Designated Property" according to the definition set out in condition 50.10 of the Distribution Licences are eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.<br><br>~~An IDNO Party~~ A QNO with a ~~Distribution Systems~~ network that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences are eligible for discounts calculated using an "extended" price control disaggregation model (extended method M). | The use of the term network broadens the application of portfolio tariffs to include licence exempt operators. |
| **24.2** | ~~An IDNO Party~~ A QNO with a ~~Distribution Systems~~ network 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 ~~IDNO Party's~~ QNOs network. 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 network. | |
| **24.5** | The network level of the boundary between the host DNO Party and the ~~IDNO Party's~~ ~~Distribution System~~ QNO's network is determined by reference to the asset ownership boundary between the host DNO Party and the ~~IDNO Party~~QNO. | |
| **24.6** | Where the ~~IDNO Party's Distribution System~~ QNO's network only has one Connectee (whether a designated EHV property or not), the network level of the boundary between the host DNO Party and ~~IDNO Party~~ QNO is determined by reference to the Point of | |

| | | |
|---|---|---|
| | Common Coupling. The Point of Common Coupling is determined in the same way as it is for an EDCM Connectee connected directly to the host DNO Party's network. | |
| **24.8** | ~~IDNO Party Distribution Systems~~ are split into 15 categories based on the network level of the boundary between the host DNO Party and the ~~IDNO Party~~ QNO, and whether or not higher network levels are used by the ~~IDNO Party~~ QNO. | |
| **Table 16 Heading** | **Table 2 Categorisation of designated EHV ~~IDNO Parties~~ QNOs** | |
| **25.16** | For the purposes of calculating portfolio discounts for Connectees that fall within the scope of the CDCM, the 15 boundary categories between the DNO Party and the ~~IDNO Party~~ QNO are grouped into five discount categories in England and Wales and three in Scotland:<br>(f) Discount category 0000 - This applies to ~~IDNO Party~~ QNO category 0000.<br>(g) Discount category 132kV (in England and Wales only) - This applies to ~~IDNO Party~~ QNO category 1000.<br>(h) Discount category 132kV/EHV (in England and Wales only) - This applies to ~~IDNO Party~~ QNO categories 1100 and 0100.<br>(i) Discount category EHV - This applies to ~~IDNO Party~~ QNO categories 1110, 0110 and 0010. | |

| | | |
|---|---|---|
| | (j) Discount category HVplus - This applies to ~~IDNO Party~~ QNO categories 1111, 0001, 1001, 0002, 0011, 0111, 1101, 0101. | |
| | | |
| **25.17** | For each combination of an end user network level and a discount category, the relevant discount for demand end users is calculated as follows:<br>**For discount categories 0000, 132kV/EHV and HVplus**<br>Discount percentage = P / (S + U)<br>**For discount category 132kV**<br>Discount percentage = (P + ([percentage for 132kV] * (1 – ([network length split for 132kV] * [direct cost proportion])))) / (S +U)<br>**For discount category EHV**<br>Discount percentage = (P + ([percentage for EHV] * (1 – ([network length split for EHV] * [direct cost proportion])))) / (S +U)<br>Where:<br>Discount percentage is the discount applicable for each combination of discount and end user type.<br>P is the sum of the percentages for all network levels below the network level of the DNO Party – ~~IDNO Party~~ QNO's boundary up to and including the network level of the end user. | In respect of Network length the term "IDNO Party" has been replaced with "QNO". However licence exempt networks do not currently provide this data. This is something a working group should consider<br>Whilst it may be appropriate that such data is used, it is suggested that is outside the vires of DCUSA to place such a requirement on licence exempt distributors (since they are not party to DCUSA).<br>One way of addressing this is place an obligation on licensed distributors to put such requirement on licence exempt operators through connection agreements. Licence exempt operators can then either provide information to the DNO/IDNO for onward transmission, or directly to DCUSA. In the latter DCUSA would ned contact details of relevant networks<br>Alternatively the Working Group may consider that the information provided by licensed distributors is a reasonable proxy for network lengths on licence exempt networks. |

| | | |
|---|---|---|
| | S the sum of the percentages for all network levels in the distribution network above and including the network level of the end user<br><br>U is the ratio of the sum of the DNO Party's total incentive revenue and the transmission exit charge, and the DNO Party's total Allowed Revenue including any incentive revenue and transmission exit charge.<br><br>Network length split is equal to 1 minus the ratio of the average length of circuits on relevant network level (EHV or 132kV) that is deemed to be provided by the ~~IDNO Party~~ QNO to that provided by the host DNO Party. The values for the "network length split" for 132kV and EHV are currently set to 100 per cent.<br><br>Direct cost proportion is the percentage share of direct costs in the sum of direct costs and indirect costs (excluding IT and telecoms and property management costs) at EHV. Negative costs will be excluded from the calculation. | |
| **26.1** | For Connectees on ~~an IDNO Party's Distribution System~~ QNO's network that would be covered by the EDCM if they were on the DNO Party's network, 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 ~~IDNO Party's distribution system~~ QNO's network were notionally connected at the boundary between the DNO Party and the ~~IDNO Party~~ QNO. 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 ~~IDNO Party's~~ QNO's network would be assigned the demand Connectee category relating to the 15 ~~IDNO Party~~ QNO boundary categories. | |
| **26.4** | Such Connectees would attract charges (credits) in respect of any reinforcements caused (avoided) on the DNO Party's network only, i.e. any network Branches that are on the ~~IDNO Party's~~ network 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 Embedded network will be established by the QNO~~IDNO Party~~. | |
| **26.6** | All EDCM charges ~~would~~ will be calculated using "boundary equivalent" data provided by the ~~IDNO Party~~ QNO to the host DNO Party for each Embedded Designated EHV Property. For the purposes of the EDCM, boundary equivalent data should be what the ~~IDNO Party~~ QNO has allowed for at the DNO Party - ~~IDNO Party~~ QNO's boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the ~~IDNO Party's~~ QNO's network. 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 network that are for the sole use of an ~~Embedded IDNO Party's~~ QNO's network. 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 network.<br>. | |
| **26.8** | In calculating charges for assets on the DNO Party's network that are for the sole use of ~~an Embedded IDNO Party's distribution system~~ QNO's, 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 Propert~~ies~~y, as the ratio of the boundary equivalent capacity of that Connectee to the capacity at the ~~IDNO Party~~ QNO - DNO Party boundary. | |
| **26.9** | If there are no Embedded Designated EHV Properties on the ~~IDNO Party's~~ QNO's network, no sole use asset charges ~~would~~ will 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 ~~IDNO Party's~~QNO's network will be treated as notional EDCM Connectees connected to the DNO Party's network at the voltage level of the boundary.. | |
| **26.11** | For EDCM Connectees connected to the ~~IDNO Party's~~ QNO's network, the capacity-based charge for the DNO Party's indirect costs would be scaled down by a factor of 50 per cent. | |
| **28** | **28. NOT USED ~~DNO PARTY TO UNLICENSED NETWORKS~~**<br><br>~~28.1 Unlicensed networks have a choice. If they are part of the~~ | Paragraph 28 is fundamentally flawed in that it is wholly inconsistent with the provisions of DCUSA. Whilst this paragraph allows licence exempt distributors to be charged on the same basis as IDNOs (and DNOs operating outside |

| | | |
|---|---|---|
| | ~~Total System under the Balancing and Settlement Code with the network open to supply competition, and if they are party to the DCUSA, and have accepted the obligations to provide the necessary data, they can, if they wish, be treated as IDNO Parties.~~<br><br>~~28.2 Otherwise, the DNO Party applies the EDCM to calculate an import and export charge based on capacity and power flow data metered at the boundary. Any sole use assets specific to the unlicensed network are charged as a p/day sole use asset charge calculated as applicable to a normal EDCM Connectee.~~ | their DSA), it only does so on the proviso that such entities are parties to DCUSA. However DCUSA does not permit such entities to become Parties.<br><br>Clause 15 sets out the definition of User and Company: both exclude licence exempt distributors from th<br><br>Under Clause 4 of the DCUSA an applicant may not be admitted if it has no reasonable prospect of satisfying the conditions precedent in Clause 16 of DCUSA. (Clause 4.2.3 only applies in respect of OTSO Parties, DNO Parties or IDNO Parties, therefore the conditions precedent in clause 37 do not apply to licence exempt distributors). One of these conditions precedent is to hold a distribution licence<br><br>Further, even if Clause 37 did apply, it is till a condition precedent, inter alia, to hold a Distribution Licence.<br><br>The revised drafting of Sch 17 makes Paragraph 28 redundant |
| **Annex 1 Implementation Guide** | | |
| **3. Definitions** | | |
| **"Connection Node"** | A Node which is a point of connection to one of the following:<br>• an Entry Point or the Sole Use Assets connecting the Entry Point; or<br>• an Exit Point or the Sole Use Assets connecting the Exit Point; | |

| | | |
|---|---|---|
| | or<br>• the DNO Party's HV network; or<br>• a Distribution System of another DNO Party or the network of a QNO~~IDNO Party~~. | |
| **"Embedded"** | means connected to an ~~IDNO Party's Distribution System~~ QNO's network | |
| **"network"** | This is a reference to:<br>(a) the DNO Party's Distribution System, or to a particular part of that Distribution System~~.~~, or<br>(b) the QNO's distribution system, or to a particular part of that Distribution System.<br>whichever is relevant in the particular use of the term | |
| **"Node"** | A representation of a point on the DNO Party's EHV network that is a point of connection between a Branch and one or more of the following:<br>• another Branch; or<br>• an Entry Point or the Sole Use Assets connecting the Entry Point; or<br>• an Exit Point or the Sole Use Assets connecting the Exit Point; or<br>• the DNO Party's HV network; or<br>• the Distribution System of another DNO Party or the network of a QNO~~IDNO Party~~; or<br>• the National Electricity Transmission System,<br>and "Nodal" shall be construed accordingly. | |
| **"Portfolio tariff"** | A tariff for use of the network by another ~~DNO/IDNO Party~~ QNO where charges are linked to flows out of/into the other ~~DNO/IDNO Party's QNI DNO/IDNO~~ QNO's network from its Connectees or further nested networks. | |
| **"Qualifying Network** | A person who is authorised to distribute electricity: | This is a new term |

| | | |
|---|---|---|
| **Operator”** | (a) by an electricity distribution licence it:<br>(i) does not have a specified Distribution Services Area; or,<br>(ii) is a DNO Party operating a network outside its specified Distribution Services Area; or<br>(b) by exemption under the Act where<br>– the relevant distribution system forms part of the Total System (as defined by the Balancing and Settlement Code);<br>– Customers’ Entry Points or Exit Points to or from that distribution system are Metering Points;<br>– the person has notified the DNO Party that it wishes to be treated as a QNO; and<br>– the person responsible for that system agrees to provide the relevant DNO Party with information it may reasonably require to enable them to be treated as a QNO. | |
| **4.6** | Where there is a connection between the DNO Party’s EHV network and ~~an IDNO Party’s~~ a QNO’s EHV network (or another DNO Party’s EHV network), these can be represented either by an Exit Point or an Entry Point in a similar manner to that of an EDCM Connectee. In the event that the ~~IDNO Party’s~~ QNO’s (or other DNO Party’s) network derives its supply from several different connection points on the DNO Party’s Distribution System it may become necessary to model some or all of the ~~IDNO Party’s~~ QNO’s (or other DNO Party’s) network to ensure that the flows at the boundary are representative of those expected under Normal Running Arrangements and Contingency scenarios. | |

| | | |
|---|---|---|
| **4.10** | **Inclusion of Distribution Systems of ~~IDNO Parties~~ QNOs in the Authorised Network Model**<br><br>Where there is a connection between the DNO Party's Distribution System and an EDCM ~~IDNO Party Distribution System~~ QNO's network, the ~~IDNO Party's~~ QNO's network can be represented either by an Exit Point or Entry Point, in a similar manner to that of an ECDM Connectee. In the event that the ~~IDNO Party's~~ QNO's network derives its supply from several different connection points on the DNO Party's Distribution System it may become necessary to model some or the entire ~~IDNO~~ QNO network to ensure that the flows at the boundary between the DNO Party's Distribution System and the ~~Distribution System of the IDNO Party~~ network of the QNO are representative of those expected under Normal Running Arrangements and Contingency scenarios. | |
| | | |

Notes:

1. The term LDNO is commonly an abbreviation of the term Licensed Distribution Network Operator. It therefore seems contradictory that it should be used to include charges to licence exempt networks

2. Embedded network tariffs applying to licence exempt networks will be based on the HV split data and LV split data. This data is only based on IDNO/DNO data. Licence exempt networks are not subject to DCUSA and therefore DCUSA has no vires to request this information (given that such network owners are not parties). Hence paragraph 116 of Schedule 16 is unchanged; i.e. it still refers to an LDNO. However

consideration may need to be given as to whether licence exempt network operators should provide such information. If so it will probably need to an obligation place on the licence exempt distributor by the relevant distributor (through a connection agreement)

3. User is defined in main body of DCUSA. Since schedule 16 is part of DCUSA definition of user within the schedule should be consistent with that used by DCUSA. It is uncertain as to why a separate definition is required in this schedule.