

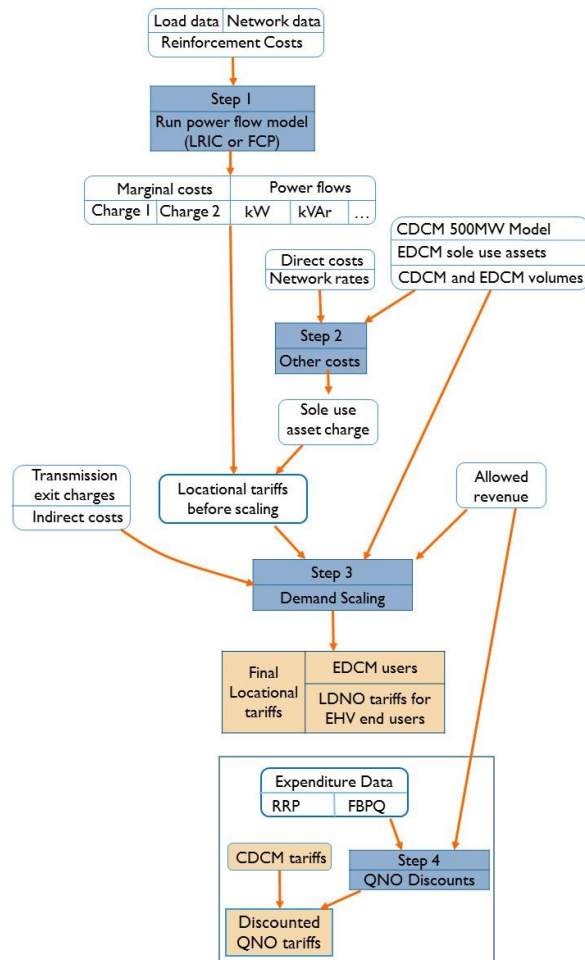
DCP 252 Draft Legal Text

Clarification and Extension of the Application of Portfolio Tariffs under the EDCM

Amend paragraph 1.8 of Schedule 17 as follows:

- 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.

Delete Figure 2 in Schedule 17 and replace with the following:



Amend paragraph 18.16 and 18.17 of Schedule 17 as follows:

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.

Indirect cost charging rate in p/kVA/day = $100 / DC * (\text{Aggregate indirect cost contribution}) / \text{Volume for scaling}$

Where:

DC is the number of days in the Charging Year.

Volume for scaling is calculated as the sum of $(0.5 + \text{coincidence factor}) * \text{import capacity} * \text{LDNO-QNO factor}$ across all EDCM Connectees.

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 $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

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.

~~LDNO-QNO~~ factor takes the value 0.5 if the EDCM Connectee is connected to a ~~an~~ ~~LDNO Party~~ ~~QNO~~'s network and 1 otherwise.

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:

Import capacity based INDOC charge in p/kVA/day = $\text{Indirect cost charging rate} * (0.5 + \text{coincidence factor}) * \text{LDNO-QNO factor}$

Where:

Indirect cost charging rate is the Distribution System-wide p/kVA/day rate calculated

as described in the previous paragraph.

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))

~~LDNO-QNO~~ factor takes the value 0.5 if the EDCM Connectee is connected to an ~~IDNO-PartyQNO~~'s network and 1 otherwise.

Amend paragraph 19.2 of Schedule 17 as follows:

- 19.2 The part of EDCM portfolio tariffs (for ~~IDNO-PartyQNO~~ networks-and-Distribution Licence-exempt networks) that is based on CDCM tariffs will be billed like CDCM tariffs.

Amend paragraphs 24.1 and 24.2 of Schedule 17 as follows:

24. LDNO-QNO CHARGING

- 24.1 ~~QNOs with networksIDNO-Parties 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 ~~QNOIDNO-Party~~ with a ~~Distribution-Systemnetwork~~ that 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.

An ~~QNOIDNO-Party~~ with a ~~Distribution-Systemsnetwork~~ 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).

- 24.2 An ~~QNOIDNO-Party~~ with a ~~Distribution-Systemnetwork~~ 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 ~~QNO/DNO Party's~~ 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.

Amend paragraphs 24.5 and 24.6 of Schedule 17 as follows:

- 24.5 The network level of the boundary between the host DNO Party and the ~~QNO/DNO Party's Distribution System~~ network is determined by reference to the asset ownership boundary between the host DNO Party and the ~~QNO/DNO Party~~.
- 24.6 Where the ~~QNO/DNO Party's Distribution System~~ network only has one Connectee (whether a designated EHV property or not), the network level of the boundary between the host DNO Party and ~~QNO/DNO Party~~ 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.

Amend paragraph 24.8 of Schedule 17 as follows:

- 24.8 ~~QNO networks~~~~DNO Party Distribution Systems~~ are split into 15 categories based on the network level of the boundary between the host DNO Party and the ~~QNO/DNO Party~~, and whether or not higher network levels are used by the ~~QNO/DNO Party~~.

Amend heading of Table 10 in Schedule 17 as follows:

Table 10 Categorisation of designated EHV ~~IDNO Parties~~QNOs

Amend the heading to paragraph 25 of Schedule 17 to read as follows:

CALCULATION OF EDNO DISCOUNTS~~THE EXTENDED "METHOD M"~~
MODEL¹

¹ Drafting note – this heading is being similarly amended by DCP234. The heading proposed by DCP251 shall, if approved, override the heading proposed by DCP234.

Amend paragraphs 25.16 and 25.17 of Schedule 17 as follows²:

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:

- (a) Discount category 0000 - This applies to ~~IDNO Party~~~~QNO~~ category 0000.
- (b) Discount category 132kV (in England and Wales only) - This applies to ~~QNO~~~~IDNO Party~~ category 1000.
- (c) Discount category 132kV/EHV (in England and Wales only) - This applies to ~~QNO~~~~IDNO Party~~ categories 1100 and 0100.
- (d) Discount category EHV - This applies to ~~QNO~~~~IDNO Party~~ categories 1110, 0110 and 0010.
- (e) Discount category HVplus - This applies to ~~QNO~~~~IDNO Party~~ categories 1111, 0001, 1001, 0002, 0011, 0111, 1101, 0101.

25.17 Discount percentages are determined as follows:

For discount categories 0000, 132kV/EHV and HVplus

Discount percentage = is the lowest of 100 per cent and $P / (S + U)$

For discount category 132kV

Discount percentage = is the lowest of 100 per cent and $(P + ([132kV \text{ allocation}] * (1 - ([Network \text{ length split for } 132kV] * [EHV \text{ and } 132kV \text{ direct cost proportion}])))) / (S + U)$

For discount category EHV

Discount percentage = is the lowest of 100 per cent and $(P + ([EHV \text{ allocation}] * (1 - ([Network \text{ length split for EHV}] * [EHV \text{ and } 132kV \text{ direct cost proportion}])))) / (S$

² Drafting note – these paragraphs will be deleted by DCP234. Such deletion will occur in accordance with DCP234 (notwithstanding this DCP252).

+U)

Where:

Discount percentage is the discount applicable for each combination of discount category and end user type.

P is the sum of the allocation percentages for all network levels below the network level of the DNO Party – ~~LDNO-QNO~~ boundary up to and including the network level of the end user in the case of demand, and up to and excluding the network level of the end user in the case of generation.

S is the sum of the percentages for all network levels in the distribution network above and including the network level of the end user in the case of demand, and up to and excluding the network level of the end user in the case of generation.

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.

[Network length split for 132kV] and [Network length split for EHV] are currently set to 100 per cent.

[EHV and 132kV direct cost proportion] is as calculated in paragraph 25.14E.

Commented [GWL1]: The base text here differs from that in the WG text. Has the text recently been changed?

Amend paragraph 26 of Schedule 17 as follows:

- 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~~; except for ~~LDNO-QNO~~ 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

~~IDNO-QNO~~ 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 ~~IDNO-PartyQNO~~'s network would be assigned the demand Connectee category relating to the 15 ~~IDNO-PartyQNO~~ 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-PartyQNO~~'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 ~~IDNO-PartyQNO~~.
- 26.6 All EDCM charges ~~would~~ will be calculated using "boundary equivalent" data provided by the ~~IDNO-PartyQNO~~ 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-PartyQNO~~ has allowed for at the DNO Party - ~~IDNO-PartyQNO~~ boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the ~~IDNO-PartyQNO~~'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-PartyQNO~~'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.
- 26.8 In calculating charges for assets on the DNO Party's network that are for the sole use of an ~~Embedded IDNO-PartyQNO~~'s ~~network 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 ~~IDNO Party~~QNO - DNO Party boundary.

26.9 If there are no Embedded Designated EHV Properties on the ~~IDNO Party~~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~~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~~QNO's network, 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 paragraph 28 of Schedule 17 as follows:

28. ~~DNO PARTY TO UNLICENSED NETWORKS~~NOT USED

~~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 to provide the necessary data, they can, if they wish, be treated as IDNO Parties.~~

~~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.~~

Amend paragraph 3 of Annex 1 to Schedule 17 as follows:

Connection Node	<p>A Node which is a point of connection to one of the following:</p> <ul style="list-style-type: none"> • an Entry Point or the Sole Use Assets connecting the Entry Point; or • an Exit Point or the Sole Use Assets connecting the Exit Point; or
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	<ul style="list-style-type: none"> the DNO Party's HV network; or a Distribution System of another DNO Party or IDNO Party<u>the network of a QNO</u>.
Embedded	means connected to an IDNO Party's Distribution System <u>QNO's network</u> .
network	This is a reference to <u>(a) the DNO Party's Distribution System, or to a particular part of that Distribution System; or (b) the QNO's distribution system, or to a particular part of that distribution system (whichever is relevant in the context)</u> .
Node	<p>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:</p> <ul style="list-style-type: none"> another Branch; or an Entry Point or the Sole Use Assets connecting the Entry Point; or an Exit Point or the Sole Use Assets connecting the Exit Point; or the DNO Party's HV network; or the Distribution System of another DNO Party or IDNO Party<u>the network of a QNO</u>; or the National Electricity Transmission System.
Portfolio tariff	A tariff for use of the network by another DNO/IDNO Party <u>a QNO</u> where charges are linked to flows out of/into the other DNO/IDNO Party <u>QNO's</u> network from its Connectees or further nested networks.

Commented [GWL2]: This was further amended in CDCM.

Add a new definition to paragraph 3 of Annex 1 to Schedule 17 as follows:

Qualifying Network Operator (QNO)	<p>means one of the following:</p> <p>(a) an IDNO Party (or DNO Party operating a network outside its Distribution Services Area), whose network is connected to the</p>
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Commented [GWL3]: This is obviously the key definition. Please check.

	<p>network of a DNO Party operating within its Distribution Services Area, where the IDNO Party (or DNO Party operating a network outside its Distribution Services Area) receives use of system from the DNO Party for the purpose of conveying electricity to or from premises or distribution systems connected to the network of the IDNO Party (or DNO Party operating a network outside its Distribution Services Area); or</p> <p>(b) any person who does not hold an electricity distribution licence (and who has confirmed that it is exempt under the Act from the requirement to hold an electricity distribution licence), whose network is connected to the network of a DNO Party operating within its Distribution Services Area, where that person receives use of system from the DNO Party for the purpose of conveying electricity to or from premises or distribution systems connected to that person's network; but only where:</p> <p>(i) the premises connected to that person's network (or premises connected to distribution systems connected to that person's network) import or export electricity through a Metering Point; and</p> <p>(ii) the DNO Party is required to provide services to such person on the same equivalent basis as it does to an IDNO Party or DNO Party.</p>
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Commented [GWL64]: When do such persons ever receive UoS from a DNO? This would require a separate UoS agreement.

Commented [GWL65]: What is this adding over and above the reference to UoS in paragraph (b)?

Amend paragraph 4.10 of Annex 1 to Schedule 17 as follows:

Inclusion of Distribution Systems of ~~IDNO Parties~~QNOs in the Authorised Network Model

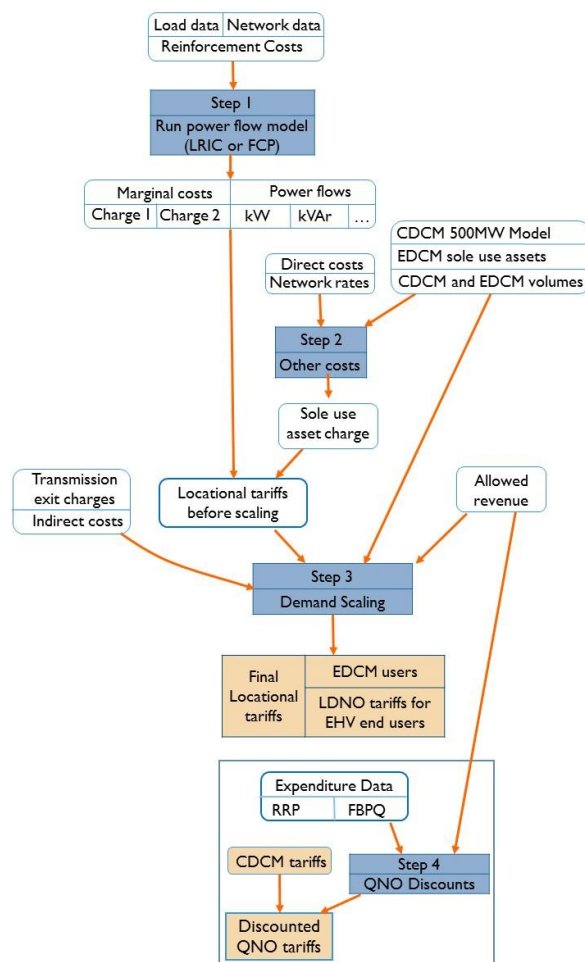
4.10 Where there is a connection between the DNO Party's Distribution System and an EDCM ~~IDNO Party Distribution System~~QNO network, the ~~IDNO Party~~QNO's network can be represented either by an Exit Point or Entry Point, in a similar manner

to that of an ECDM Connectee. In the event that the ~~IDNO Party~~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~~QNO are representative of those expected under Normal Running Arrangements and Contingency scenarios.

Amend paragraph 1.8 of Schedule 18 as follows:

- 1.8 Step 4 uses CDCM charges to determine the element of portfolio charges to be applied in the case of ~~IDNO Parties~~ QNOs who are supplied from the DNO Party's network at voltages higher than the scope of CDCM charges.

Delete Figure 14 in Schedule 18 and replace with the following:



Amend paragraph 18.16 and 18.17 of Schedule 18 as follows:

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.

Indirect cost charging rate in p/kVA/day = $100 / DC * (\text{Aggregate indirect cost contribution}) / \text{Volume for scaling}$

Where:

DC is the number of days in the Charging Year.

Volume for scaling is calculated as the sum of $(0.5 + \text{coincidence factor}) * \text{import capacity} * \text{LDNO-QNO factor}$ across all EDCM Connectees.

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 $(1 - (\text{Hours in super-red for which not a customer} / \text{Annual hours in super-red})) * (\text{Days in year} / (\text{Days in year} - \text{Days for which not a customer}))$

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.

~~LDNO-QNO~~ factor takes the value 0.5 if the EDCM Connectee is connected to ~~a~~ ~~DNO Party~~ ~~QNO's~~ network and 1 otherwise.

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:

Import capacity based INDOC charge in p/kVA/day = $\text{Indirect cost charging rate} * (0.5 + \text{coincidence factor}) * \text{LDNO-QNO factor}$

Where:

Indirect cost charging rate is the Distribution System-wide p/kVA/day rate calculated

as described in the previous paragraph.

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))

~~IDNO-QNO~~ factor takes the value 0.5 if the EDCM Connectee is connected to an ~~IDNO-PartyQNO~~'s network and 1 otherwise.

Amend paragraph 19.2 of Schedule 18 as follows:

- 19.2 The part of EDCM portfolio tariffs (for ~~IDNO-PartyQNO~~ networks ~~and Distribution Licence exempt networks~~) that is based on CDCM tariffs will be billed like CDCM tariffs.

Amend paragraphs 24.1 to 24.3 of Schedule 18 as follows:

24. ~~IDNO-QNO~~ CHARGING

- 24.1 ~~IDNO-PartiesQNOs~~ 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.

An ~~IDNO-PartyQNO~~ with a ~~Distribution-System~~network that 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.

An ~~IDNO-PartyQNO~~ 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).

- 24.2 An ~~IDNO-PartyQNO~~ with a ~~Distribution-System~~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~~QNO's 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.

- 24.3 ~~As~~ ~~IDNO Party~~QNO 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 ~~IDNO Party~~QNO's 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.

Under the EDCM, the DNO Party's network is divided into five network levels:

Level 1 comprises 132 kV circuits

Level 2 comprises substations with a primary voltage of 132 kV and a secondary voltage of 22 kV or more.

Level 3 comprises circuits of 22 kV or more, excluding circuits already categorised as being in Level 1.

Level 4 comprises substations with a primary voltage of 22 kV or more but less than 132 kV and a secondary voltage of less than 22 kV.

Level 5 comprises substations with a primary voltage of 132 kV and a secondary voltage of less than 22 kV.

Amend paragraphs 24.5 and 24.6 of Schedule 18 as follows:

- 24.5 The network level of the boundary between the host DNO Party and the ~~IDNO Party~~QNO's ~~Distribution System 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~~QNO's ~~Distribution System 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.

Amend paragraph 24.8 of Schedule 18 as follows:

24.8 ~~IDNO Party Distribution Systems~~QNO networks 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.

Amend heading of Table 26 in Schedule 18 as follows:

Table 26 Categorisation of designated EHV ~~IDNO Parties~~QNOs

Amend the heading to paragraph 25 of Schedule 18 to read as follows:

CALCULATION OF EDNO DISCOUNTS~~THE EXTENDED "METHOD M"~~
MODEL³

Amend paragraphs 25.16 and 25.17 of Schedule 18 as follows⁴:

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:

- (a) Discount category 0000 - This applies to ~~IDNO Party~~QNO category 0000.
- (b) Discount category 132kV (in England and Wales only) - This applies to QNO~~IDNO Party~~ category 1000.
- (c) Discount category 132kV/EHV (in England and Wales only) - This applies to

³ Drafting note – this heading is being similarly amended by DCP234. The heading proposed by DCP251 shall, if approved, override the heading proposed by DCP234.

⁴ Drafting note – these paragraphs will be deleted by DCP234. Such deletion will occur in accordance with DCP234 (notwithstanding this DCP252).

~~QNOIDNO Party~~ categories 1100 and 0100.

- (d) Discount category EHV - This applies to ~~QNOIDNO Party~~ categories 1110, 0110 and 0010.
- (e) Discount category HVplus - This applies to ~~QNOIDNO Party~~ categories 1111, 0001, 1001, 0002, 0011, 0111, 1101, 0101.

25.17 Discount percentages are determined as follows:

For discount categories 0000, 132kV/EHV and HVplus

Discount percentage = is the lowest of 100 per cent and $P / (S + U)$

For discount category 132kV

Discount percentage = is the lowest of 100 per cent and $(P + ([132kV \text{ allocation}] * (1 - ([Network \text{ length split for } 132kV] * [EHV \text{ and } 132kV \text{ direct cost proportion}])))) / (S + U)$

For discount category EHV

Discount percentage = is the lowest of 100 per cent and $(P + ([EHV \text{ allocation}] * (1 - ([Network \text{ length split for EHV}] * [EHV \text{ and } 132kV \text{ direct cost proportion}])))) / (S + U)$

Where:

Discount percentage is the discount applicable for each combination of discount category and end user type.

P is the sum of the allocation percentages for all network levels below the network level of the DNO Party – ~~QNOIDNO~~ boundary up to and including the network level of the end user in the case of demand, and up to and excluding the network level of the end user in the case of generation.

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 the case of demand, and up to and excluding the network level of the end user in the case of generation.

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.

[Network length split for 132kV] and [Network length split for EHV] are currently set to 100 per cent.

[EHV and 132kV direct cost proportion] is as calculated in paragraph 25.14E.

Commented [GWL6]: See comment on equivalent paragraph of schedule 17.

Amend paragraph 26 of Schedule 18 as follows:

- 26.1 For Connectees on a ~~QNO's network~~~~DNO Party's Distribution System~~ 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 ~~QNO's network~~~~DNO Party's distribution system~~ were notionally connected at the boundary between the DNO Party and the ~~IDNO Party~~~~QNO~~; except for ~~IDNO-QNO~~ 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 ~~IDNO-QNO~~ 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 ~~IDNO Party~~~~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~~~~QNO~~'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 ~~IDNO Party~~~~QNO~~.

- 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 ~~QNO~~IDNO Party has allowed for at the DNO Party - ~~QNO~~IDNO Party boundary, for each EDCM Connectee, after taking into consideration the diversity and losses within the ~~QNO~~IDNO Party’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 ~~QNO~~Embedded IDNO Party’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.
- 26.8 In calculating charges for assets on the DNO Party’s network that are for the sole use of an ~~QNO~~Embedded IDNO Party’s ~~distribution system~~network, 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~~Property, as the ratio of the boundary equivalent capacity of that Connectee to the capacity at the ~~QNO~~IDNO Party - DNO Party boundary.
- 26.9 If there are no Embedded Designated EHV Properties on the ~~QNO~~IDNO Party’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 ~~QNO~~IDNO Party’s network will be treated as notional EDCM Connectees connected to the ~~QNO~~IDNO Party’s network at the voltage level of the boundary.
- 26.11 For EDCM Connectees connected to the ~~QNO~~IDNO Party’s network, 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 paragraph 28 of Schedule 18 as follows:

28. ~~DNO PARTY TO UNLICENSED NETWORKS~~NOT USED

~~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 to provide the necessary data, they can, if they wish, be treated as IDNO Parties.~~

~~28.2 Otherwise, the DNO Party applies the EDCM to calculate an import charge and an 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.~~

Amend paragraph 3 of Annex 1 to Schedule 18 as follows:

Connection Node	<p>A Node which is a point of connection to one of the following:</p> <ul style="list-style-type: none"> • an Entry Point or the Sole Use Assets connecting the Entry Point; or • an Exit Point or the Sole Use Assets connecting the Exit Point; or • the DNO Party's HV network; or • a Distribution System of another DNO Party or <u>the network of a QNO</u>IDNO Party.
Embedded	<p>means connected to an <u>QNO's network</u>IDNO Party's Distribution System.</p>
network	<p>This is a reference to: <u>(a) the DNO Party's Distribution System, or to a particular part of that Distribution System; or (b) the QNO's distribution system, or to a particular part of that distribution system (whichever is relevant in the context).</u></p>

Node	<p>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:</p> <ul style="list-style-type: none"> • another Branch; or • an Entry Point or the Sole Use Assets connecting the Entry Point; or • an Exit Point or the Sole Use Assets connecting the Exit Point; or • the DNO Party's HV network; or • the Distribution System of another DNO Party or IDNO Party <u>the network of a QNO</u>; or • the National Electricity Transmission System, <p>and "Nodal" shall be construed accordingly.</p>
Portfolio tariff	<p>A tariff for use of the network by another DNO/IDNO Party <u>a QNO</u> where charges are linked to flows out of/into the QNO <u>other DNO/IDNO Party's</u> network from its Connectees or further nested networks.</p>

Commented [GWL67]: This was further amended in CDCM.

Add a new definition to paragraph 3 of Annex 1 to Schedule 18 as follows:

Qualifying Network Operator (QNO)	<p>means one of the following:</p> <p>(a) an IDNO Party (or DNO Party operating a network outside its Distribution Services Area), whose network is connected to the network of a DNO Party operating within its Distribution Services Area, where the IDNO Party (or DNO Party operating a network outside its Distribution Services Area) receives use of system from the DNO Party for the purpose of conveying electricity to or from premises or distribution systems connected to the network of the IDNO Party (or DNO Party operating a network outside its</p>
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Commented [GWL68]: This is obviously the key definition. Please check.

	<p>Distribution Services Area); or</p> <p>(b) any person who does not hold an electricity distribution licence (and who has confirmed that it is exempt under the Act from the requirement to hold an electricity distribution licence), whose network is connected to the network of a DNO Party operating within its Distribution Services Area, <u>where that person receives use of system from the DNO Party for the purpose of conveying electricity to or from premises or distribution systems connected to that person's network; but only where:</u></p> <p>(i) the premises connected to that person's network (or premises connected to distribution systems connected to that person's network) import or export electricity through a Metering Point; and</p> <p>(ii) <u>the DNO Party is required to provide services to such person on the same equivalent basis as it does to an IDNO Party or DNO Party.</u></p>
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Commented [GWL9]: When do such persons ever receive UoS from a DNO? This would require a separate UoS agreement.

Commented [GWL10]: What is this adding over and above the reference to UoS in paragraph (b)?

Amend paragraph 4.6 of Annex 1 to Schedule 18 as follows:

4.6 Where there is a connection between the DNO Party's EHV network and ~~an IDNO Party~~ 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~~ 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~~ 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.

Commented [GWL11]: The WG text suggested that there was also a 4.10 to be amended, but I think that was a duplication of 4.6.

Gowling WLG (UK) LLP
14 March 2017