



DCUSA Change Report

DCP 200 - 'Unmetered Supplies' – Revision To
Schedule 22 Of The DCUSA (the Common
Connection Charging Methodology)

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 200 *“Unmetered Supplies’ – Revision To Schedule 22 Of The DCUSA (the Common Connection Charging Methodology)’*.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed amendments (Attachment 2) and submit their votes using the form attached as Attachment 1 to dcusa@electralink.co.uk no later than **08 September 2014**.

2 EXECUTIVE SUMMARY

- 2.1 DCP 200 was raised by Western Power Distribution on the 29 January 2014 to update the existing text to reflect current unmetered market practices as a consequence of the on-going extension of contestable activities within the area of Competition in Connections (CIC).
- 2.2 Over a period of seven months the DCP 200 Working Group met two times and issued one consultation. The consultation considered a number of revisions to Clause 1.50 in DCUSA Schedule 22 Common Connection Charging Methodology (CCCM) legal text (Please see Attachment 2) which covers live jointing work that may be undertaken by Independent Connection Providers (ICPs), specifically the removal of references to ‘single phase’, ‘service’ cables, the ‘one metre’ rule and ‘triangular arrangements’. The Working Group unanimously supports the principles of this change and the legal text.

3 INTENT OF DCP 200 CHANGE PROPOSAL

- 3.1 DCP 200 has been raised by Western Power Distribution as a Part 1 matter¹, to update the existing text to reflect current unmetered market practices as a consequence of the on-going extension of contestable activities within the area of Competition in Connections (CIC).

¹ DCP 200 has been classified as a Part 1 matter in accordance with Clause 9.5.5 as it is likely to amend the Common Connection Charging Methodology set out in Schedule 22. Once progressed, the CP will require Authority consent.

- 3.2 This CP follows on from the work of the Connections Sub Group of the Commercial Operations Group (COG) which identified the need for the revision of the 'Unmetered Supplies' section of the CCCM to reflect the scope of contestability for live jointing and to remove references to triangular arrangements. The CP has been drafted to amend Clause 1.50 which discusses the work that the appointed ICP may undertake on a connection such as carrying out live jointing.

4 DCP 200 – WORKING GROUP CONSIDERATIONS

- 4.1 The DCUSA Panel established a Working Group to assess DCP 200. The Working Group met on two occasions and was comprised of DNOs, Ofgem and other (non-DCUSA) parties whose work involves electricity network connections.
- 4.2 Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 4.3 All Working Group members were supportive of the general principle of DCP 200.
- 4.4 Members considered that the scope for live jointing has widened since Clause 1.50 was initially drafted and the practice is no longer based on the one metre rule negating the need for its reference in this Clause.
- 4.5 Members considered that most DNOs allow a business as usual approach for ICPs to undertake live jointing on low voltage services and mains cables and no longer restrict works to single phase services. As DNOs sometimes only enter into a bilateral agreement with the ICP there is not always a triangular relationship therefore this CP proposes the removal of the word triangular to encompass those arrangements. Members agreed that this modification will bring the DCUSA legal text in line with current unmetered market practices.
- 4.6 All Working Group members are in agreement with the modifications proposed to DCUSA Clause 1.50.

5 DCP 200 CONSULTATION ONE

- 5.1 The Working Group carried out a Consultation to give DCUSA Parties and other interested organisations (Attachment 4) an opportunity to review and comment on DCP 200. There were seven responses received to the consultation. Five respondents were Distributors and

two respondents were large Customers. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Attachment 4.

- 5.2 A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1: Do you understand the intent of the CP?

Respondent Party Type	Yes	No	Undecided
DNOs	5	0	0
Customers	2	0	0

- 5.3 All respondents understood the intent of the CP.

Question 2: Are you supportive of the principles of the CP?

Respondent Party Type	Yes	No	Partially
DNOs	5	0	0
Customers	2	0	0

- 5.4 All respondents were supportive of the principles of the CP.

Question 3: Do you agree that Clause 1.50 should no longer restrict the scope of contestability to single phase service cable more than one metre from the distribution main?

Respondent Party Type	Yes	No	Partially
DNOs	5	0	0
Customers	2	0	0

- 5.5 The Working Group noted all respondents agreed that Clause 1.50 should no longer restrict the scope of contestability to single phase service cables more than one meter from the distribution main.

Question 4: Do you agree that the reference to triangular arrangements should be removed from Clause 1.50?

Respondent Party Type	Yes	No	Partially
DNOs	5	0	0
Customers	2	0	0

- 5.6 The Working Group noted that all respondents agreed that the reference to triangular arrangements should be removed from Clause 1.50.

Question 5: Do you have any comments on the proposed legal text for DCP 200?

Respondent Party Type	Yes	No	Partially
DNOs	0	5	0
Customers	0	2	0

- 5.7 The Working Group noted that respondents had no material comments on the DCP 200 legal text.

Question 6: Do you consider that the proposal (DCP 200) better facilitates the DCUSA General objectives? Please give supporting reasons.

1. The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.
2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.
3. The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.
4. The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.
5. compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Respondent Party Type	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	None	Undecided
DNOs	0	4	1	0	0	0	0
Customers	1	0	1	1	0	0	1

- 5.8 Four DNO respondents considered that this change better facilitates DCUSA General Objective 2 as it promotes competition and removes unnecessary restrictions. One DNO respondent considered that the change had a neutral impact on DCUSA General Objective 2 as any *“embedded distributors are free to set their own rules for making connections to their networks”*. This DNO respondent considered that General Objective 3 was better

facilitated *“as it improves competition in connections on DNO networks by providing additional clarity”*.

- 5.9 One customer respondent considered that this change *“provides a more equitable and fair base for competition and removes potential restrictive elements that can be problematic and used to delay or reduce competition”* but it did not stipulate which DCUSA General Objective they were referring to.

- 5.10 Another Customer respondent considered that DCUSA General Objectives 1, 3 and 4 were better facilitated by this change for the following reasons:

DCUSA General Objective 1 - “Removes an artificial barrier to a particular scenario that does not need to exist and is probably enforced to an increasingly varying degree”.

DCUSA General Objective 2 - “Removes an artificial barrier to a particular scenario that does not need to exist and is probably enforced to an increasingly varying degree”.

DCUSA General Objective 3 - “The agreement should not be a barrier to effective operational activities, the agreement should reflect the pragmatic operational approach already occurring”.

- 5.11 The Working Group agreed that DCUSA General Objective 3 was better facilitated by this change as it fulfils criteria set out under the Distribution Standard Licence Condition (SLC) 4. ‘No abuse of the licensee’s special position’ at Clause 4.6 it states:

In carrying on any of the activities of:

- (a) setting Connection Charges;
- (b) setting Use of System Charges; and
- (c) providing Non-Contestable Connection Services and information relating to such provision,

the licensee must not restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity, or in participation in the operation of an Interconnector.

- 5.12 The Working Group considered that by modifying the legal text to reflect current practices under Clause 4.6 it would help to not *restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity*.

Question 7: Do you consider that the proposal (DCP 200) better facilitates the DCUSA Charging objectives? Please give supporting reasons.

1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence.
2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences).
3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business.
4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business.
5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Respondent Party Type	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	None	Undecided
DNOs	2	1	0	4	0	0	0
Customers	0	0	0	0	0	0	1

5.13 Three DNO respondents considered that DCUSA Charging Objectives 1 and 4 were better facilitated by this change with one respondent advising that it was due to the change taking account of developments and ensuring compliance.

5.14 One DNO respondent considered that DCUSA Charging Objectives 2 and 4 were better facilitated by this change. This respondent advised the change *“supports Objective 2 as it promotes competition in connections and reflects the extended levels of contestability that have developed in all DNOs”*. Furthermore, *“It supports Objective 4 as it reflects developments in what work is now contestable compared to when the CCCM was developed”*.

5.15 One DNO respondent did not consider that DCUSA Charging Objective 2 was better facilitated by this change as the change will have no effect “on the promotion of competition in distribution since embedded distributors are free to set their own rules for making connections to their networks”. This DNO did consider that DCUSA Charging Objective 4 was better facilitated by the change as it “will allow the CCCM to accurately reflect current industry practice”.

5.16 One Customer respondent considered the DCUSA Charging Objectives better facilitated by the change in general. This respondent advised that they:

“would like to see greater transparency of DNO charges to ensure there can be no cross fertilisation of inter business cost manipulation and that audit costs and planning (whereabouts) requirements harmonise more with the DNO operations i.e. to promote a fair / level playing field”.

5.17 This respondent considered that currently “DNOs direct delivery have a tremendous advantage in terms of how they plan and operate a range of connection activities on site versus the ICP regime and the DNO requirements placed upon the ICP ref planning, task instructions and whereabouts and the inflexibility for changes on site where DNOs have such immediate flexibility”. The other customer respondent advised that they had no further comments.

5.18 The Working Group noted the concerns raised by the customer respondent but considered the items raised to be outside of the scope of this CP.

5.19 The Working Group agreed that DCUSA Charging Objective 4 was better facilitated by this change as it aligns DCUSA Schedule 22 CCCM with current DNO business practice and as a result properly takes account of development in each DNO Party’s Distribution business.

Question 8: Are you supportive of the proposed implementation date for DCP 200 of next DCUSA release following Authority consent?

5.20 All respondents were supportive of the DCP 200 implementation date of next DCUSA release following Authority consent.

Question 9: Are there any alternative solutions or matters that should be considered by the Working Group?

5.21 All DNO respondents and one customer respondent had no further matters that should be considered by the Working Group.

5.22 One customer respondent provided a general comment advising that they would

“like to see more focus on promoting fairness and equality in terms of the rigid requirements placed on ICPs in terms of planning and operating the range of unmetered connection activities on site versus the huge flexibility the DNO direct and contracting services have in terms of changing connection activities on site ie to reflect what they find etc when undertaking connections (planned as a transfer but has to be a mains connection due to site issues of misleading information etc.) The DNOs place strict re-planning and change procedures (timescales) on ICPs which is in stark contrast to how they operate themselves. This disadvantages ICPs through inflexibility around making changes on site where DNOs have immediate flexibility. Also, DNOs are imposing restrictive practices in terms of Joint Kit specifications on ICPs without real justification. This needs to be more transparent and DNOs should be more responsive to ICP requests”.

5.23 The Working Group noted the concerns raised by the respondent but considered the items raised to be outside of the scope of this CP.

6 DCP 200 – WORKING GROUP CONCLUSIONS

6.1 The Working Group reviewed each of the responses received to consultation one and concluded that all of the respondents understood the intent of DCP 200.

6.2 The Working Group agreed that all of respondents were supportive of the principle of the CP.

6.3 The Working Group noted that the majority of respondents felt that specifically DCUSA General Objectives 3 and DCUSA Charging Objective 4 were better facilitated by this change.

6.4 The Working Group concluded that the CP will provide the following benefits:

- by ensuring that the CCCM reflects current unmetered market practices which will assist users in understanding the works that may be carried out by the ICP.
- This change promotes flexibility in ICPs working arrangements and reduces certain

restrictions thereby promoting competition.

- Ensure the fulfilment of each of the DNOs obligation under Standard Licence Condition 13.1 to at all times have in force a Connection Charging Methodology which includes the Common Connection Charging Methodology. The DNO Licences define a Connection Charging Methodology as '*a complete and documented explanation, presented in a coherent and consistent manner, of the methods, principles, and assumptions that apply....in relation to connections, for determining the Licensee's Connection Charges*'.

7 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 7.1 The Working Group considers that DCUSA General Objectives 3 and DCUSA Charging Objective 4 are better facilitated by DCP 200. The reasoning against each objective is detailed below:

General Objectives

General Objective One – *The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.*

- **Working Group view on DCP 200:** The Working Group agreed that the impact on General Objective one is neutral.

General Objective Two – *The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity.*

- **Working Group view on DCP 200:** The Working Group agree that the impact of this change on Charging Objective two is neutral as although the change does not restrict, distort, or prevent competition in the transmission or distribution of electricity, it does not facilitate competition in the generation and supply of electricity.

General Objective Three – *The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.*

- 7.2 **Working Group view on DCP 200:** The Working Group agreed that DCUSA General

Objective 3 was better facilitated by this change as it fulfils criteria set out under the Distribution Standard Licence Condition (SLC) 4. 'No abuse of the licensee's special position' at Clause 4.6 it states

In carrying on any of the activities of:

- (a) setting Connection Charges;
- (b) setting Use of System Charges; and
- (c) providing Non-Contestable Connection Services and information relating to such provision,

the licensee must not restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity, or in participation in the operation of an Interconnector.

- 7.3 The Working Group considered that by modifying the legal text to reflect current practices under Clause 4.6 it would help to not *restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity.*

General Objective Four – *The promotion of efficiency in the implementation and administration of this Agreement.*

- **Working Group view on DCP 200:** The Working Group agreed that the impact on General Objective four is neutral.

General Objective Five – *Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.*

- **Working Group view on DCP 200:** The Working Group agreed that the impact on General Objective five is neutral.

Charging Objectives

Charging Objective One - *That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence.*

- **Working Group view on DCP 200:** The Working Group agreed that the impact on

Charging Objective one is neutral.

Charging Objective Two - *That compliance by each DNO Party with the Charging*

Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences).

- **Working Group view on DCP 200:** The Working Group agree that the impact of this change on Charging Objective Two is neutral as although the change does not restrict, distort, or prevent competition in the transmission or distribution of electricity, it does not facilitate competition in the generation and supply of electricity.

Charging Objective Three - *That compliance by each DNO Party with the Charging*

Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business.

- **Working Group view on DCP 200:** The Working Group agreed that the impact on Charging Objective three is neutral.

Charging Objective Four - *That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the*

Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business.

- **Working Group view on DCP 200:** The Working Group agreed that DCUSA Charging Objective 4 was better facilitated by this change as it aligns DCUSA Schedule 22 CCCM with current DNO business practice and as a result properly takes account of development in each DNO Party's Distribution business.

Charging Objective Five - *That compliance by each DNO Party with the Charging*

Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally

binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators (ACER).

- **Working Group view on DCP 200:** The Working Group agreed that the impact on Charging Objective five is neutral.

8 IMPACT ON GREENHOUSE GAS OMISSIONS

- 8.1 In accordance with DCUSA clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 200 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

9 IMPLEMENTATION

- 9.1 Subject to Party approval, DCP 200 will be implemented in the next DCUSA release following Authority consent.

10 PANEL RECOMMENDATION

- 10.1 The DCUSA Panel approved the DCP 200 Change Report on 20 August 2014. The timetable for the progression of the CPs is set out below:

Activity	Target Date
Change Report Approved By DCUSA Panel	20 August 2014
Change Report Issued For Voting	22 August 2014
Party Voting Ends	08 September 2014
Change Declaration Issued	10 September 2014
Authority Decision ²	15 October 2014
Implementation ³	Next DCUSA Release following Authority Consent

² Indicative decision date based on the 25 Working Day KPI

³ Next DCUSA release is the 07 November 2014

11 ATTACHMENTS:

- Attachment 1 – DCP 200 Voting Form
- Attachment 2 – DCP 200 Proposed Legal Text
- Attachment 3 - DCP 200 Change Proposal
- Attachment 4 – DCP 200 Consultation Documents