



DCUSA Consultation

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

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties, the Authority and any other interested parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 200 '*Unmetered Supplies*' – *revision to Schedule 22 of the DCUSA (the Common Connection Charging Methodology)*'.
- 1.3 Parties are invited to consider the questions set out in section 7 below and submit comments using the response form provided as Attachment 1 to DCUSA@electralink.co.uk by **Friday, 25 April 2014**.

2 DCP 200 – 'UNMETERED SUPPLIES' – REVISION TO SCHEDULE 22 OF THE DCUSA (THE COMMON CONNECTION CHARGING METHODOLOGY)

- 2.1 DCP 200 has been raised by Western Power Distribution to update the Common Connection Charging Methodology (CCCM) 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 This Change Proposal 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.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel has established the DCP 200 Working Group to analyse the change. An open invitation was issued to a wide audience including the DCUSA Contract Managers, the Distribution Charging Methodology Forum and the National Terms of Connection distribution lists. The Working Group consists of DNO representatives and one customer representative. Meetings are held in

open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.

- 3.2 Parties are asked to consider whether the DCUSA needs amending due to the fact that contestability for live jointing is no longer restricted to work on the single phase service cable no closer than one metre from the distributing main. Under DCUSA Schedule 22, Clause 1.50 states the Independent Connection Provider (ICP) is only allowed to carry out works on single phase service cables that are more than one metre from the distribution main. The ICP is defined in DCUSA Schedule 22 Section 2 glossary of terms as *"a person with sufficient accreditation to carry out all or part of the Contestable Work"*. The proposer suggests that an ICP holding accreditation in appropriate National Electricity Registration Scheme (NERS) construction scopes would have the appropriate training and assessed competency to undertake jointing works with no restrictions on cable type. Furthermore, this change would reflect current practices where DNOs allow the ICP to undertake jointing to the existing low voltage mains. It is suggested that Schedule 22 Clause 1.50 is amended in order to facilitate this proposal (Please see Section 5).
- 3.3 Parties are asked to consider the suggestion that, as DNOs can offer to enter into bilateral agreements with the ICP there is not always a triangular relationship between the parties so reference to the fact that triangular arrangements must be made should be removed from Clause 1.50.
- 3.4 The Working Group has considered the Change Proposal and is in agreement that the ICP should be allowed to carry out jointing works in accordance with current NERS construction scopes. The Working Group is aware that this change impacts upon competition and is looking for industry views upon the proposed changes.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group has reviewed the CP against the DCUSA Objectives and are in agreement that DCP 200 better facilitates DCUSA General Objective 2¹ and 3² and DCUSA Charging Objective 2³ and 4⁴.

¹ 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

Charging Objectives

- 4.2 DCUSA Charging Objective 2 is better facilitated by this change because compliance with the current charging methodology would not allow the DNOs to extend contestability and lessen restrictions on competition in the distribution of electricity.
- 4.3 DCUSA Charging Objective 4 is better facilitated by this change as it aligns DCUSA Schedule 22 CCCM with current DNO business practice.

General Objectives

- 4.4 DCUSA General Objective 2 is better facilitated by this change as it seeks to extend the contestable activities that an ICP may undertake under CIC. The CCCM is included in the DNOs Connection Charging Statement and identifies those contestable works an ICP may undertake for the Customer. Implementing this change will ensure that customers are fully aware of the extent of contestable activity available and the removal of specific triangular arrangement should encourage those customers previously deterred from entering into such arrangements to pursue the competitive route.
- 4.5 The Working Group agreed that 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,

² The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

³ 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)

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

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.

- 4.6 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*.

5 DCP 200 LEGAL DRAFTING

- 5.1 It is proposed that text be deleted from Schedule 22 Clause 1.50 to add clarity and accommodate this proposal. The suggested DCP 200 legal drafting for this new Clause 1.50 is shown below in redlined text:

Unmetered Supplies

- 1.50 You may elect to appoint an accredited ICP to carry out the Contestable Work for unmetered connections. The ICP will be allowed to carry out live jointing on low voltage, ~~single phase,~~ underground ~~service~~ cables ~~more than one metre from the distributing main~~. Where you use an ICP ~~a triangular~~ arrangements must first be established:
- You will enter into an agreement with the ICP to carry out and complete the Contestable Work;
 - We will enter into an Adoption Agreement ~~or other form of agreement~~ with you and/or your appointed agent as appropriate;
 - We will enter into an enabling agreement with the ICP to allow the ICP to work on the Distribution System (this may be the same document as the Adoption Agreement).

6 IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 200 is the next DCUSA release following Authority consent.

7 CONSULTATION

- 7.1 The following table provides a list of the consultation questions that the Working Group is seeking responses to.

| Question Number | General Questions |
|-----------------|--|
| 1. | Do you understand the intent of DCP 200? |

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| 2. | Do you agree with the principles of DCP 200? |
| 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? |
| 4. | Do you agree that the reference to triangular arrangements should be removed from Clause 1.50? |
| 5. | Do you have any comments on the proposed legal text for DCP 200? |
| 6. | <p>Do you consider that the proposal (DCP 200) better facilitates the DCUSA General objectives? Please give supporting reasons.</p> <ol style="list-style-type: none"> 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. |
| 7. | <p>Do you consider that the proposal (DCP 200) better facilitates the DCUSA Charging objectives? Please give supporting reasons.</p> <ol style="list-style-type: none"> 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 |

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| | <p>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)</p> <p>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</p> <p>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</p> <p>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.</p> |
| 8. | Are you supportive of the proposed implementation date for DCP 200 of next DCUSA release following Authority consent? |
| 9. | Are there any alternative solutions or matters that should be considered by the Working Group? |

7.2 Responses should be submitted using Attachment 1 to DCUSA@electralink.co.uk no later than **Friday, 25 April 2014**.

7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

8 NEXT STEPS

8.1 Following the end of the consultation period the responses will be reviewed by the Working Group. The Working Group will finalise the drafting of the CP and submit its final report to the Panel. Following Panel approval, the Change Proposal will be issued to all DCUSA Parties for voting and, following the vote, issued to Ofgem for final determination.

8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3011.

9 ATTACHMENTS

- Attachment 1 – Response form
- Attachment 2 – DCP 200 Change Proposal