



DCUSA Consultation

DCP 190 and DCP 190A - Credit For Equipment
Recovery Associated With Temporary
Connections

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 190 'Credit For Equipment Recovery Associated With Temporary Connections' and DCP 190 (A) Alternate Change Proposal.
- 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 **Monday, 16 December 2013**.

2 DCP 190 – CREDIT FOR EQUIPMENT RECOVERY ASSOCIATED WITH TEMPORARY CONNECTIONS

- 2.1 DCP 190 has been raised by Northern Powergrid, following on from the work of the Connections Sub Group of the Commercial Operations Group which identified that some DNOs provide a refund to customers for plant and equipment that is recovered when a temporary connection is no longer required. This generally relates only to switchgear and transformers that can be reused and any refund may take account of depreciation and maintenance required to allow the equipment to be reused on the network.
- 2.2 The Change Proposal (CP) seeks to amend the Common Connection Charging Methodology (CCCM) such that customers may receive a credit for the value of any equipment recovered by DNOs that can subsequently be reused, as a result of the disconnection of a temporary connection.
- 2.3 DCP 190A Change Proposal was raised by PowerCon UK Ltd. on the 21 November 2013 and seeks to meet the same intent as DCP 190 but with a difference in the proposed legal text which is detailed in section five of this consultation.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel has established the DCP 190 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 and Customer representatives. 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 The DCUSA defines Temporary Connections in Schedule 22 Clause 1.19 “*as connections that are only required for a period of up to five years, but exclude connections to provide the initial connection to a development, where the Reinforcement will subsequently be required for the permanent connection*”.
- 3.3 For permanent connections that require reinforcement of the network in order to be connected, the cost of the connection is apportioned between the DNO and the Customer based on the minimum scheme required to make the connection under the Common Connection Charging Methodology. If Reinforcement is required to accommodate a Temporary Connection then the Reinforcement is treated as Extension Assets and the apportionment rules do not apply.
- 3.4 Therefore those Customers seeking Temporary Connections do not have their costs for the connection apportioned with the DNO. Currently some DNOs provide a credit for equipment that is recovered and can be re-used once the Temporary Connection is terminated. This Change Proposal allows those DNOs who wish to pay a credit may do so whilst being compliant with the CCCM.
- 3.5 The majority of the Working Group has considered the Change Proposal and are in agreement that customers should receive a credit for the value of any equipment recovered by DNOs that can subsequently be reused.

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 190 and DCP 190A better facilitates DCUSA Charging Objective 1¹ and DCUSA Charging Objective 3.
- 4.2 DCUSA Charging Objective 1 is better facilitated by this change as a current practice exists where some DNOs offer a credit for the value of any equipment recovered by DNOs that can subsequently be reused. This change ensures that this practice is in compliance with the charging methodology within the meaning of standard condition 13.
- 4.3 DCUSA Charging Objective 3 is better facilitated by this change as by providing the Customer with a credit for the reusable equipment it better reflects the cost of the connection.

5 LEGAL DRAFTING FOR DCP 190 and DCP 190A

- 5.1 It is proposed that additional text be added to Schedule 22 clause 1.33 to add clarity and accommodate this proposal. The suggested DCP 190 legal drafting for this new Clause 1.33 is shown below in redlined text:

Recovered Equipment and Deferment of Asset Replacement

- 1.33 **Normally** you will not receive any credit for the value of any equipment recovered by us as a result of the connection. **Where a Temporary Connection is to be Disconnected we may make a payment based on the value of any equipment recovered that we can subsequently reuse, net of depreciation, removal and refurbishment costs. (Please see DCP 190 Change Proposal)**
- 5.2 One Working Group member considers that the word “we **may** make a payment” should be changed to “we **will** make a payment” in this legal text. This change will allow for a consistent approach to providing a credit to customers and will prevent DNOs from choosing to not provide a credit to a customer through the open interpretation of proposed clause 1.33. (Please see DCP 190 A Change Proposal)

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

- 5.3 The majority of Working Group members are not in favour of this change as the proposed legal text was drafted to allow DNOs whose current practice is to provide a credit for the value of any reusable equipment recovered from a terminated Temporary Connection in line with the Common Connection Charging Methodology.
- 5.4 Furthermore the majority of the Working Group considered that inserting the word “will” in proposed clause 1.33 would give the impression to customers that a credit was due in every case where this may not happen when the costs of refurbishment and the effect of depreciation are taken into account. The Working Group considered the change suggested in DCP 190A to be a different Change Proposal to the one submitted.

6 IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 190 and DCP 190A 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 190 and DCP 190A?
2.	Do you agree with the principles of DCP 190 and DCP 190A?
3.	Do you agree that customers should receive a credit for the value of any equipment recovered by DNOs that can subsequently be reused after the termination of a temporary connection?
4.	Do you consider that the word “may” should be changed to the word “will” in proposed clause 1.33?
5.	Do you consider that inserting the word “will” as opposed to the word

	"may" in to proposed clause 1.33 ensures consistency of treatment by DNOs of the provision of credit for equipment recovery associated with Temporary Connections to customers under the Common Connection Charging Methodology?
6.	Do you have any comments on the proposed legal text for DCP 190 and DCP 190A?
7.	<p>Do you consider that the proposals (DCP 190 & DCP 190A) 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.
8.	<p>Do you consider that the proposals (DCP 190 & DCP 190A) 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 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

	<p>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>
9.	Are you supportive of the proposed implementation date of DCP 190 and DCP 190A as the next DCUSA release following Authority consent?
10.	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 **Monday, 16 December 2013**.

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 CPs and submit its final report to the Panel. Following Panel approval, the Change Proposals 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 190 and DCP 190A Change Proposals