

DCUSA CHANGE DECLARATION

DCP 124 - Third Party Network – National Connection Terms Amendment

VOTING END DATE: 15 May 2013

DCP 124 - Third Party Network – National Connection Terms Amendment	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
CHANGE SOLUTION	Accept	N/A	Reject
IMPLEMENTATION DATE	Accept	N/A	Reject
RECOMMENDATION	<p>Change Solution – REJECT. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> <p>Implementation Date – REJECT. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was less than 50% in the all Categories.</p>		
PART ONE / PART TWO	Part One – Authority Determination Required		

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	COMMENTS
DNO PARTIES			
Electricity North West Ltd	Accept	Accept	<p>When measured against the DCUSA Objectives Electricity North West believe that this Change Proposal should be accepted. The reasoning against each objective is detailed below:</p> <p>Objective 1 – <i>The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</i></p> <p>As part of the Ofgem’s determination associated with DCP033 (connection terms) they concluded that this objective was better facilitated because it ensured that all Customers have in place standard terms for connection to the Licensed Distributor’s network. Similarly where owners changed there will automatically be a contract in place. This was further enforced by DCP079 (statutory application of the NTC) which covered where the owner did not have a relationship with the Supplier thereby ensuring that there is a default position to protect Customers.</p> <p>At the time it was felt that all types of connection had been catered for; however this change proposal has</p>

		<p>identified a class of customer not considered by the two previous change proposals i.e. non metered connections that do not require a supplier being registered which at present can only be covered by bi-lateral agreements.</p> <p>We therefore believe that this objective is better facilitated by ensuring that this class of customer is covered by national terms of connection as was expected by the approval of both of the previous change proposals.</p> <p>Objective 2 – <i>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.</i></p> <p>We believe that this is neutral</p> <p>Objective 3 – <i>The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.</i></p> <p>LC22 Appendix 1,A2 states DCUSA must contain the following:</p> <p><i>“material terms, procedures, and arrangements of a commercial nature as relate to the use of the licensee’s Distribution System and (where appropriate) to connections to that</i></p>
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			<p>system” and</p> <p>“Terms that provide (i) for the circumstances in which, in relation to the use of or connections to the licensee’s Distribution System, a party’s liability for any contravention of the provisions of the DCUSA may be restricted, and (ii) for the extent to which and the circumstances in which such liability will otherwise attach to that party in respect of any claims against it.”</p> <p>This Change Proposal caters for an entire class of Customer previously omitted and as such better facilitates objective 3.</p> <p>Objective 4 – <i>The promotion of efficiency in the implementation and administration of this Agreement.</i> We believe that this is neutral</p> <p>Objective 5 – <i>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.</i></p> <p>We believe that this is neutral.</p>
<p>Northern Powergrid - Northern Electric Distribution Ltd</p>	<p>Accept</p>	<p>Accept</p>	<p>N/A</p>

Northern Powergrid - Yorkshire Electricity Distribution plc	Accept	Accept	
Scottish Power - Manweb	Accept	Accept	SPEN agree with drafting proposed in DCP 124
Scottish Power - Distribution	Accept	Accept	
SSE - Scottish Hydro-Electric Power Distribution plc	Accept	Accept	N/A
SSE - Southern Electric Power Distribution plc	Accept	Accept	
UKPN - Eastern Power Networks	Accept	Accept	<p>We set out our comments against the relevant objectives and in summary below.</p> <p>Objective 1—<i>The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks. Better Facilitated.</i></p> <p>We are of the opinion that without the proposed change there are no default terms of connection that apply in respect of the customer directly connected to a licenced distributors system who;</p> <p>a) are not subject to a supplier agreement or</p> <p>b) do not having a settlements connection to our system and have no part of the</p>
UKPN - London Power Networks	Accept	Accept	
UKPN - South Eastern Power Networks	Accept	Accept	

			<p>current National Terms of Connection that is worded to apply statutorily (if not through a supplier agreement in respect of a direct connection).</p> <p>The vast majority of licence exempt networks are medium to small size low voltage networks that have a non-metered connection and are subject to what is known as Full Settlements of embedded metering points within the licence exempt network.</p> <p>The National Terms of Connection are not in force in respect of the licensed distributor's direct connection to the licence exempt distributor's system and without this change being implemented no default terms of connection for the licence exempt distributor's connection to the licensed distributor exist, both generally but specifically in respect of conditions of import or export capacity and liabilities.</p> <p>Objective 2 – The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the</p>
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			<p><i>promotion of such competition in the sale, distribution and purchase of electricity</i></p> <p>We are of the opinion that provision of legal certainty in respect of the connection terms applying to connection of licence exempt distribution network operators' systems is a healthy enabler of efficient competition in distribution of electricity, which includes distribution by license exempt electricity distributors..</p> <p>Objective 3 – <i>The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.</i></p> <p>We are of the opinion that the proposal meets the aims of Objective 3 as set out below.</p> <p>LC22A states DCUSA must contain the following;</p> <p><i>“material terms, procedures, and arrangements of a commercial nature as relate to the use of the licensee’s Distribution System and (where appropriate) to connections to that system” and</i></p>
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			<p><i>"Terms that provide (i) for the circumstances in which, in relation to the use of or connections to the licensee's Distribution System, a party's liability for any contravention of the provisions of the DCUSA may be restricted, and (ii) for the extent to which and the circumstances in which such liability will otherwise attach to that party in respect of any claims against it."</i></p> <p>This proposal better achieves this aim in catering for an entire class of Customer previously omitted from the application of the National Terms of Connection.</p> <p>Objective 4 – The promotion of efficiency in the implementation and administration of this Agreement.</p> <p>We are of the opinion that the proposal marginally improves the operation of DCUSA in that setting out terms upon the licence exempt distributor the proposal also enables the setting out of the obligations of the licenced distributor to the connected</p>
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			<p>customer, in a manner transparent to the licence exempt distributor and transparent to all DCUSA parties and the Authority.</p> <p>Objective 5—<i>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.</i></p> <p>We are of the opinion that the proposal is neutral in terms of Objective 5 and presents no grounds for rejection.</p> <p>Summary</p> <p>In summary we agree to the proposed change and its improvements to our original proposal’s drafted changes.</p> <p>The proposal fills a longstanding and now quite critical gap in provision of default connection terms to persons connected to distribution systems who do not have a settlement metered connection to them. This applies to the majority of licence exempt distribution networks. The proposal also closes a gap in provision of appropriate default</p>
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			<p>connection terms for all licence exempt distributors more generally as sections 3 and 4 of the current National Terms of Connection are incomplete in the content that is required for the specific type of connectee.</p> <p>The change provides valuable legal certainty to licence exempt distributors especially due to the high levels of ownership churn on many premises operating licence exempt networks. It is clear to us that bilateral connection agreements could never practically provide the desired level of certainty and no other viable means to set out statutorily binding default connection terms for this customer type is possible.</p>
Western Power Distribution - East Midlands plc	Accept	Accept	N/A
Western Power Distribution - South Wales plc	Accept	Accept	
Western Power Distribution - South West plc	Accept	Accept	
Western Power Distribution - West Midlands plc	Accept	Accept	
IDNO PARTIES			
			No votes received

SUPPLIER PARTIES			
EON	Reject	Reject	<p>We cannot accept this change proposal on the grounds that it is seeking to replace an obligation on the Distributor to ensure their network is run effective, and putting the emphasis now on a Supplier to alter their contractual arrangements. We believe that the proper way to ensure capacity is managed correctly is by the Distributor entering into and maintaining proper arrangements. Many problems arise where this is not done properly now and to extend the use of hiding behind the NTC is not a solution that should be acceptable. The Change report refers to Suppliers having to amend their contractual arrangements but does not investigate why or what should be done and is in our belief incomplete and not presenting the full picture it instead focuses solely on the benefits to the Distributor.</p> <p>Evaluation against objectives.</p> <p>Objective 1 at best neutral as it still relies on a supplier to take further action so the change in itself does not have the desired effect. A better way for Distributors to agree their import or export capacity with certainty is to</p>

			<p>agree via bilateral arrangements.</p> <p>Objective 2 is negatively impacted as there are unknown costs associated with Suppliers having to renegotiate customer contracts. This could have an adverse affect on smaller suppliers and therefore be detrimental to competition.</p> <p>Objective 3 at best neutral as it still requires some action by the Supplier to be effective. Again we believe the more appropriate and complete solution is for Distributors to enter into bi lateral arrangements.</p> <p>Objective 4 no impact as this CP does not have connection in the running of the DCUSA agreement.</p> <p>Objective 5 no impact.</p>
Scottish Power Energy Retail Ltd	Accept	Accept	N/A
SSE Energy Supply Ltd	Reject	Reject	Our position hasn't changed from the original consultation response we submitted. We support the intent of this proposal, but still believe a full solution is required to facilitate Third Party access to Private Networks, with a coordinated involvement from all impacted Industry, and Non Industry, Parties.