

DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to dcusa@electralink.co.uk for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

- PART A – Mandatory for all Change Proposals
- PART B – Mandatory for Non Charging Methodologies Proposals
- PART C – Mandatory for Charging Methodologies Proposals
- PART D – Guidance Notes

PART A - MANDATORY FOR ALL CHANGE PROPOSALS

Document Control	
CP Status	Standard / Urgent
CP Number	DGP 112
Date of submission	[11 th March 2011]
Attachments	Yes
Originator Details	
Company Name	Electricity North West Limited
Originator Name	Brian Hoy
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	Brian.Hoy@enwl.co.uk
Phone Number	01925 846904
Change Proposal Details	
CP Title	Inclusion of the Common Connection Charging Methodology and Common Connection Charging Template into the DCUSA
Impacted parties	DNOs and IDNOs
Impacted Clause(s)	Contents, Definitions, 9.5.5, New Schedule 20 and Schedule 21
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	
Change Proposal Intent	
<p>To include the existing Common Connection Charging Methodology and Common Connection Charging Template into the open governance and change management processes of the DCUSA. This is in accordance previous discussions on the governance of the connection charging statements and with Ofgem's way forward on governance as set out in their letter of 16th February 2011.</p> <p>DNOs are required to have a Methodology under SLC 13 and a Charging Statement under SLC 14. These requirements were met by developing a common "Statement of Methodology and Charges for Connection" from October 2010. Certain sections of these documents are common to all DNOs and it is these that are intended to be put into open governance under DCUSA. Ofgem are considering making it a licence requirement for DNOs to have a common Methodology and Charging Statement. Note that the requirement for a common methodology is applied to DNOs and not IDNOs.</p> <p>The intention of this proposal is to create a "place holder" for the relevant sections of the "Statement of Methodology and Charges for Connection" and therefore the specific text has not been included at this stage.</p>	

Business Justification and Market Benefits

Whilst the DNOs had work together voluntarily to develop the common approaches it was recognised that for the above benefits to be maintained a formal governance arrangement would be required. The proposal to achieve this in the DCUSA was developed after considering other possible alternatives as the most effective way of achieving the objectives.

As well as maintaining the consistency and transparency, open governance will allow other stakeholders to propose changes to the Methodology and Statement. A Connections Charging Methodology Forum has already been established including other industry stakeholders to support the intended formal governance.

Proposed Solution and Draft Legal Text

See attached document.

Proposed Implementation Date

April 2012

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

- BSC
- CUSC
- Grid Code
- MRA
- Other
- None

If other please specify
Amendments to the Distribution Licence are also required to give full effect to the proposal.

Environmental Impact

None.

Confidentiality

None

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives

General Objectives:

Please tick the relevant boxes.

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- ✓ 2 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
- ✓ 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement

Rationale for better facilitation of the DCUSA Objectives identified above

In October 2010, all DNOs implemented a common connection charging methodology. Whilst there was no licence requirement for DNOs to produce a common charging methodology it was the DNOs' view that such an approach would better meet the Relevant Objectives. DNOs are obliged by SLC 13.1 to have Connection Charging Methodologies which are defined in SLC1 to mean "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 Connection Charges". The DNOs considered that by clarifying the way in which the Connection Charging Methodologies are applied, the proposals would better facilitate the discharge by DNOs of their obligations under SLC 13.1. This would better meet Relevant Objective 13.3(a) that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence.

Relevant Objective 13.3(b) states "that compliance with the methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity". Clearer explanation of the application of the Connection Charging Methodology allows distributed generators, other developers and independent connection providers to estimate more accurately the costs they will be subject to, upon connection or the provision of a connection and could promote effective competition in both areas and as such better meets this relevant Objective.

With regarding to the charging statement, however, SLC14.14 requires items of significant cost to be presented in accordance with a template common to all licensees (to be referred to as the common connection charging template a common template). The proposal, therefore to have a common template is required to meet this licence condition and hence ensure that the DNOs meet Relevant Objective 13.3(a) that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence.

As set out above, without a formal governance arrangement the benefits achieved through a common connection charging methodology would be lost which would have an adverse impact on the DNOs meeting their Licence obligations and the development of competition in distribution.

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

DCUSA CDCM Objectives

Please tick the relevant boxes.

CDCM Objectives:

- 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

General Objectives:

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- 2 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
- 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement

Rationale for better facilitation of the DCUSA Objectives identified above

CDCM Objectives:

General Objectives:

Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation

The proposals have been presented to the Electricity Connections Steering Group on 25 May 2011 - link to slides below

<http://www.ofgem.gov.uk/Networks/Connectns/ElecConnSteerGrp/ECSG/Documents/1/Common%20Connection%20Charging%20Methodology%20Governance%20presentation.pdf>

Minutes recorded the support – extract below

http://www.ofgem.gov.uk/Networks/Connectns/ElecConnSteerGrp/ECSG/Documents/1/Minutes%20of%20Electricity%20Connections%20Steering%20Group%20Meeting%2025th%20May_final.pdf

**6.3. Governance- Electricity Connections Charging Methodology Forum (ECCMF)
(Brian Hoy)**

BH presented on the work that had been done so far on introducing common and open governance arrangements for the Common Connection Charging Methodology (CCCM). He explained that this was envisaged that this would involve a new working group.

The group would broadly be taking over from the previous work-stream 4 group and it would consider potential CCCM mods. He explained that it was envisaged that group would meet via teleconference and set up working groups of interested parties as potential mods arose.

BH requested feedback from the ECSG as to whether the TOR/membership of such a group should be consulted on. It was the group and Ofgem's view that this did not appear immediately necessary.