

DCP 348 'DNO Charing for Installing Capacity Management and Communication Equipment to Enable Flexibility in Connections' Collated consultation responses with Working Group Comments and Conclusions

Company	Confidential/ Anonymous	Q1: Do you understand the intent of DCP 348?	Working Group Comments
BUUK	Non-confidential	Yes	Noted
Electricity North West	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	Yes	Noted
UK Power Networks	Non-confidential	Yes	Noted
Western Power Distribution	Non-confidential	Yes. Developing these arrangements will provide transparency of approach across DNO's.	Noted
Working Group Conclusions: All respondents to the consultation agreed that they understood the intent of DCP 348			

Company	Confidential/ Anonymous	Q2: Are you supportive of the principles of DCP 348?	Working Group Comments
BUUK	Non-confidential	Yes	Noted

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Electricity North West	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	Yes	Noted
UK Power Networks	Non-confidential	Yes	Noted
Western Power Distribution	Non-confidential	Yes. It does seem equitable that some of these costs are socialised, some are shared, and others remain attributable to the connecting customer.	Noted
Working Group Conclusions: All respondents to the consultation agreed that they were supportive of the principles of DCP 348.			

Company	Confidential/ Anonymous	Q3: Do you have any comments on who should pay for the elements identified in the table?	Working Group Comments
BUUK	Non-confidential	<p>We are comfortable with the identification of who should pay for the elements identified within the table. However, do have comments for some of the descriptions identified within paragraph 4.2. The definition of what these items are is critical, as the proposals will incur costs on consumers.</p> <ul style="list-style-type: none"> Are the 'Connection Components' defined within DCUSA? 	

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		<ul style="list-style-type: none"> Who owns the 'Local System management unit' and 'End user control unit for the customer'? And, who defined what specification is used for each? 	
Electricity North West	Non-confidential	No	Noted
Northern Powergrid	Non-confidential	The table is reasonable and recognises that participating parties fund the cost of the necessary equipment. The legal text confirms that the capital cost of installing communications equipment will be considered as part of the Minimum Scheme however the proposed table in paragraph 1.32b covering cost recovery only mentions the on-going costs of communications. Is it reasonable to assume that these installation capital costs are part of the Extension Assets and recovered from the applicant or should this be clarified?	
UK Power Networks	Non-confidential	For dedicated schemes: where a central wide area ANM system has already been deployed it may be more cost effective to incorporate this type of customer into the central system, to avoid additional O&M costs for creating new bespoke schemes. Any costs associated with connecting though would be borne by the customer as usual.	
Western Power Distribution	Non-confidential	We believe that there is a case for socialising some of the costs associated with ANM schemes, particularly where the scheme controls larger areas of network and provides wider benefits to network users.	

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		<p>It is also right that customers should pay for those costs that are directly attributable to their connection.</p> <p>These principles reflect those currently set out for traditional reinforcement, i.e. the requirement to pay in full for sole use extension assets, sharing the cost of some reinforcement assets and socialising the cost of other reinforcement assets (under the voltage rule) that provides the wider benefit.</p>	
Working Group Conclusions:			

Company	Confidential/ Anonymous	Q4: Which Option (A or B) do you believe is the most appropriate way of apportioning the costs associated with the Dedicated Scheme? Please provide your rationale.	Working Group Comments
BUUK	Non-confidential	We believe that either Option A or B is acceptable.	
Electricity North West	Non-confidential	We believe Option A (splitting costs equally irrespective of capacity) provides the most efficient option. This option provides simplicity in its calculation and also recognises that the technology installed has no correlation between cost of equipment and capacity, e.g. the equipment installed has no capacity rating.	
Northern Powergrid	Non-confidential	We would prefer that the costs are shared equally between participants as unlike traditional reinforcement apportionment, parties aren't making use of a defined available capacity or	

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		<p>defined increased capacity. The system is carrying out the same operations regardless of the size of a connection, albeit some connections will experience greater constraint than others.</p> <p>We assume that any current ANM scheme that may have costs allocated in a different way, e.g. on a capacity basis will continue to share any costs for new connectees to that scheme on the same basis and any new schemes would operate under the new arrangements proposed under this DCP.</p> <p>We are conscious that sharing costs equally on a per customer basis could be perceived to be potentially onerous for smaller customers connecting to an ANM scheme, however this is mitigated by 2 factors a) we assume each DNO has a reasonableness approach to deciding which size of new connectee should join the ANM scheme and what size of smaller customers should connect to the network normally and b) on a similar note we assume all connectees joining an ANM scheme are sizeable given they are funding significant investment in their generation or storage site so should be able to fund an appropriate share of the ANM costs.</p>	
UK Power Networks	Non-confidential	<p>We would strongly support the first option which uses an equal split, and does not consider the impact of capacity which is unlikely to be material when the costs being recovered relate to field monitoring equipment, relays etc.</p>	

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Western Power Distribution	Non-confidential	<p>Equally splitting costs between the number of participants seems simple at first. However, it could become problematic and further consideration may be required as to how it is managed. For example, will all schemes being considered have to progress in identical timescales? Would the costs be managed under interactivity? What about second comers after completion of the scheme?</p> <p>Equal cost sharing will also disproportionately affect smaller connections affected by the same scheme – it is not unheard of to have 50MW and 50kW schemes managed under the same ANM.</p> <p>Sharing using capacity factors could be a more logical approach and provides a route for treatment of second comers. Whilst it does risk under recovery of ANM costs if the asset is not fully utilised, this is no different to conventional reinforcement. Using the applied for capacity requested by the connectee also sounds sensible.</p> <p>We assume that 'ongoing costs' will include maintenance, indirectly associated IT and telecoms and therefore be socialised and recovered from DUoS, like any other operational IT.</p>	
Working Group Conclusions:			

Company	Confidential/ Anonymous	Q5: Do you believe the Working Group should consider a different solution? If so, please provide your rationale.	Working Group Comments
BUUK	Non-confidential	No	Noted

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Electricity North West	Non-confidential	No, the options present appear to be effective and simplistic in operation.	Noted
Northern Powergrid	Non-confidential	No	Noted
UK Power Networks	Non-confidential	No, we are comfortable with the change as proposed.	Noted
Western Power Distribution	Non-confidential	We do not believe it necessary to consider a different solution.	Noted
Working Group Conclusions: All respondents agreed that there were no other solutions that the Working Group should consider.			

Company	Confidential/ Anonymous	Q6: Do you believe it is a fair assessment that Suppliers are not included as Impacted Parties for this CP? If not, why not?	Working Group Comments
BUUK	Non-confidential	Yes	Noted
Electricity North West	Non-confidential	Yes. We believe it is fair, but we recognise that there is some impact to suppliers as the ongoing scheme costs and installation in the Wide Area option would be recovered from DUoS charges.	Noted

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Northern Powergrid	Non-confidential	It is a fair assessment that Supplier are not impacted parties as this methodology change will impact certain parties paying connection charges.	Noted
UK Power Networks	Non-confidential	Yes, as based upon the proposals so far considered by this change, Supplier shouldn't see any material impact as a result of any changes as a result of this change.	Noted
Western Power Distribution	Non-confidential	Yes. We believe it is fair not to include Suppliers as Impacted Parties. Any consequential change to DUoS charges would not impact their business.	Noted
Working Group Conclusions: All respondents to the consultation agreed that Supplier Parties would not be impacted by DCP 348 and the Working Group provided a fair assessment as to why.			

Company	Confidential/ Anonymous	Q7: Do you have any comments on the proposed legal text for DCP 348? Please provide your rationale.	Working Group Comments
BUUK	Non-confidential	<p>Paragraph 1.32a states 'Some of the costs associated with installing, operating and maintaining the system management equipment will be directly attributed to your connection and be included as part of your Connection Charge'.</p> <p>Where are the other parts of the costs attributed? It may be clearer if 'as per table 1.32b' is added to directly relate the comment to the attribution of charges.</p>	

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Electricity North West	Non-confidential	In proposed amendment paragraph 1.32a, it is not clear if any new connections downstream of the constraint which are not controlled by the ANM scheme could be made. If new connections could be made downstream of the constraint would this mean the scheme changes to a Type 2 (Wide Area Scheme)?	
Northern Powergrid	Non-confidential	The text mentions that 'system management equipment' will need to be installed and maintain and that some of the costs will be attributed to the customer however the text does not clarify what is meant by this term. Should this be clarified or defined?	
UK Power Networks	Non-confidential	The glossary should define local system management units. We are socialising the cost for field monitoring equipment, e.g. primary RTUs, primary transducers, etc. so these should be covered under the definition.	
Western Power Distribution	Non-confidential	<p>It is not easy to understand what each of the connection components described in table 1.32b relate to. Could they be defined?</p> <p>It's not clear who pays for the comms into the customer's site. Is it a 'Connection Asset' (because all customers need to pay for this, regardless whether they are ANM or not), or is it a 'Scheme Specific' item because it could be argues the scheme wouldn't work without it?</p> <p>Consideration should be given to whether the definition of Wide Area Scheme requires refinement. Wide-area refers to schemes which confer potential benefits across the majority of customers</p>	

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		connected, compared to a dedicated scheme which benefits only a minority of customers connected. The broad delineation would be whether these systems are in place just to manage generation export constraints (and only impact those that are causing constraints), or will it also be used to enact import and export constraint management by curtailing demand/generation/storage and perhaps also proactively dispatching flexibility (serving both those causing constraints, but also those providing solutions).	
Working Group Conclusions:			

Company	Confidential/ Anonymous	Q8: Which of the DCUSA Objectives does this CP better facilitated? Please provide supporting comments.	Working Group Comments
BUUK	Non-confidential	We agree with the suggested impacts on the DCUSA Objectives.	Noted Supportive of DCUSA Charging Objectives 1, 2, 3 and 4
Electricity North West	Non-confidential	We agree with the working group that DCUSA objectives one, two, three and four are better facilitated. We agree with the working groups supporting comments.	Noted Supportive of DCUSA Charging Objectives 1, 2, 3 and 4.
Northern Powergrid	Non-confidential	DCUSA Charging Objective One is better facilitated as the updated CCCM will set out the method of calculating charges and ensure each DNO continues to comply with the obligations imposed on it by the Act and its Distribution Licence.	Noted Supportive of DCUSA Charging Objectives 1, 2 and 3.

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		<p>DCUSA Charging Objective Two is better facilitated as the updated CCCM will ensure that charging for flexible connections is clear and transparent and will not restrict, distort, or prevent competition in the transmission or distribution of electricity.</p> <p>DCUSA Charging Objective Three is better facilitated as DNOs will be able to demonstrate how charges for recovery of the cost of flexible connections are structured to reflect both specific and wider benefits to participants.</p>	
UK Power Networks	Non-confidential	<p>We believe that DCUSA charging objective two is better facilitated as it will ensure that each DNOs approach to flexible connections is clear and transparent. Objective three is also better facilitated as the recovery of the costs of flexible connections better reflecting specific and wider benefits to participants. Objective four will also be better facilitated as the DNOs charging statements will better reflect developments in the way flexible connections are provided.</p>	<p>Noted Supportive of DCUSA Charging Objectives 2, 3 and 4</p>
Western Power Distribution	Non-confidential	<p>DCUSA Objectives 1, 2, 3 & 4 are better facilitated by this change proposal.</p> <p>DCUSA Charging Objective 1 is better facilitated as updating the CCCM will ensure each DNOs obligation to prepare a charging statement that sets out the basis on which charges will be made for the provision of connections to the licensee's Distribution System is maintained.</p> <p>DCUSA Charging Objective 2 is better facilitated as updating the CCCM will ensure each DNOs methodology for charging for flexible connections is clear and transparent and will not restrict,</p>	<p>Noted Supportive of DCUSA Charging Objectives 1, 2, 3 and 4.</p>

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		<p>distort or prevent competition in the transmission or distribution of electricity.</p> <p>DCUSA Charging Objective 3 is better facilitated as DNOs will be able to demonstrate how charges for recovery of the costs of flexible connections are structured to reflect both specific and wider benefits to participants.</p> <p>DCUSA Charging Objective 4 is better facilitated as the proposed change will ensure that the DNOs charging methodologies reflect developments in the way that connections are provided, particularly in relation to the implementation of flexible solutions as opposed to traditional reinforcement.</p>	
Working Group Conclusions:			

Company	Confidential/ Anonymous	Q9: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
BUUK	Non-confidential	No	Noted
Electricity North West	Non-confidential	No	Noted
Northern Powergrid	Non-confidential	No	Noted
UK Power Networks	Non-confidential	As this work has been taken forward as it is outside the scope of Ofgem's SCR, then we do not believe that any developments are impacted by this CP.	Noted

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Western Power Distribution	Non-confidential	In the short term we are not aware of any wider developments that may impact upon or be impacted by this change proposal. In the longer term the proposed charging methodology may be impacted by the work understand by the SCR Access Group, specifically those tasked with considering options for amending the 'connection boundary'. We assume that should this change proposal be implemented, it will not retrospectively apply?	
Working Group Conclusions:			

Company	Confidential/ Anonymous	Q10: The proposed implementation date for DCP 348 is 5 Working Days following Authority approval. Do you agree with the proposed implementation date? Please provide your rationale.	Working Group Comments
BUUK	Non-confidential	Yes	Noted
Electricity North West	Non-confidential	No. There will be existing connection offers issued that would be affected by the change proposal. There is a potential that quotations would have to be renewed for these and potentially impact customers. We would suggest a 6-month implementation to allow existing quotations to take account the change.	
Northern Powergrid	Non-confidential	Given the forecasted decision date from Ofgem is February 2020 this should allow time for any necessary briefings and relevant documents to be updated.	

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		<p>However, we will need to be clear on how DNOs will transition from the current arrangements to the proposed method, should these differ. We will be making ANM offers to customers on our network in the near future, which will include core ANM costs. How will we treat connection offers that have included the cost of ANM core systems but haven't been delivered yet? Will we review the charge, or will we simply say from date X new connectees will fall under the proposed new arrangements?</p> <p>If the customer asks us for a modification to their offer after the date X, would we then remove the core ANM costs from the quote?</p>	
UK Power Networks	Non-confidential	We agree with the proposed implementation date for this change, which feels appropriate for this change.	Noted
Western Power Distribution	Non-confidential	<p>Has sufficient consideration been given to the impact that the change in funding mechanism will have, i.e. to DNOs funding the majority of costs of Wide Area Schemes?</p> <p>Will there be a transition period between existing and proposed funding mechanisms, i.e. specifically for schemes currently in development, and in relation to connections where customers may now want refunds.</p>	
Working Group Conclusions:			