

DCP 348 'DNO charging for installing capacity management and communications equipment to enable Flexibility in Connections'

Draft Legal Text

Amend Paragraph 1.7 of Section 1 of Schedule 22 as follows:

1.7 We may recover the reasonable costs incurred, both direct and indirect, in providing a connection and may, where allowed by our Licence, apply a margin on some of those costs. The factors taken into account by us to calculate the Connection Charge will include, but are not limited to:

- industry standards governing the Distribution System;
- the Required Capacity;
- available capacity of the existing Distribution System;
- whether any necessary extension or Reinforcement of the existing Distribution System is by underground cable or overhead lines;
- whether any diversionary work is required as a result of the development and the required disconnection of any assets;
- the length of cable or line required;
- type of ground requiring excavation, the type and extent of reinstatement necessary (including New Roads and Street Works Act requirements and any other relevant legislation), and the need for road, bridge crossings etc;
- any Electrical Plant and civil costs required, allowing for any civil works undertaken by you with our agreement;
- the cost of installing communication equipment;
- the costs of installing system management equipment;

- the requirement to work outside of normal working hours;
- the costs of undertaking the design;
- the costs of securing wayleaves/easements for plant, cables or lines including any consents;
- the costs of securing suitable substation sites including any necessary Land Rights;
- any overhead line surveys required;
- the costs of public enquiries and environmental impact studies;
- charges for any other costs associated with the work on Sites of Special Scientific Interest (SSSI), railway lines etc; and
- any variations in respect of the actual costs that were reasonably incurred as specified in the Connection Offer.

~~Amend the title of “Cost Allocation” located after paragraph 1.7 in Section 1 of Schedule 22 as follows:~~

~~Cost Allocation~~

Include a new title and new paragraphs 1.32a and 1.32b in Section 1 of Schedule 22 as follows:

Additional Cost Allocation (Flexible Connections)

1.32a To facilitate a Flexible Connection, we may need to install and maintain specific system management equipment both at your Premises and further upstream of the Distribution System. 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 (see illustrative table

in 1.32b). The level of charge is dictated according to whether your connection forms part of a Dedicated Scheme or a Wide Area Scheme, as described below;

Type 1 – Dedicated Scheme: A scheme managing constraint(s) where there are no Customers downstream of the constraint(s) who could connect new or additional demand or generation without being controlled by the Dedicated Scheme:

- Type ‘1A’ considers a scenario involving only one customer
- Type ‘1B’ considers a scenario involving multiple customers

Type 2 – Wide Area Scheme: A scheme managing constraint(s) where there are Customers downstream of the constraint(s) who could connect new or additional demand or generation without being controlled by the Wide Area Scheme.

1.32b The table below illustrates the scheme types and methodology for cost recovery associated with each. The methodology reflects scheme types that only benefit specific participants with no wider benefits (Type 1) and those that enable other diverse users to operate un-curtailed thus providing wider benefits (Type 2).

<u>Typical connection components¹</u>	<u>Type 1A - Single</u>	<u>Type 1B - Multiple</u>	<u>Type 2 - Wide Area</u>
<u>Extension Assets for customer</u>	<u>You fund</u>	<u>You fund</u>	<u>You fund</u>
<u>End user control unit for the customer</u>	<u>You fund</u>	<u>You fund</u>	<u>You fund</u>
<u>Local system management unit</u>	<u>You fund</u>	<u>Shared equally between participants</u>	<u>We fund</u>

¹ The main connection components will be described by the DNO within each of their connection offers which will also include the funding arrangements for said connection component (if different to that stated in the illustrative table of paragraph 1.32b of Schedule 22).

<u>Scheme management unit</u>	<u>You fund</u>	<u>Shared equally between participants</u>	<u>We fund</u>
<u>Central management unit</u>	<u>N/A</u>	<u>N/A</u>	<u>We fund</u>
<u>Scheme specific ongoing costs e.g. communications</u>	<u>We fund</u>	<u>We fund</u>	<u>We fund</u>

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Update Section 2 of Schedule 22 (Glossary of Terms) to include the following definitions:

<u>Flexible Connections</u>	<u>are connection arrangements whereby a customer's export or import of electricity is managed (often through real-time control) based upon contracted and agreed principles of available capacity. Flexible Connections typically allow quicker and cheaper connection to the Distribution System but have no defined cap on the extent to which a user's access can be interrupted.</u>
<u>Dedicated Scheme</u>	<u>is defined in paragraph 1.32a</u>
<u>Wide Area Scheme</u>	<u>is defined in paragraph 1.32a</u>