

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
Scottish and Southern Electricity Networks	Non-confidential	SSEN understands and supports the intent of DCP348, which is to provide more clarity to customers on the charges they may incur for a flexible connection, as well as to implement a consistent methodology across the DNOs.	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.			

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Company	Confidential/ Anonymous	Q2: Are you supportive of the principles of DCP 348?	Working Group Comments
BUUK	Non-confidential	Yes	Noted
Electricity North West	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	Yes	Noted
Scottish and Southern Electricity Networks	Non-confidential	SSEN is supportive of the principles of DCP348 to ensure consistency of approach; transparency of charging; and recognition of any wider benefits of flexible connections.	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.			

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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? • Who owns the 'Local System management unit' and 'End user control unit for the customer'? And, who defined what specification is used for each? 	<p>Noted</p> <p>Point 1 – each of the connection components are not defined within the DCUSA. The Working Group amended this in the table to "Typical connection components" and agreed that by including a footnote next to "Typical connection components" in the table to explain that each connection component will be explained within the connection offer, including who will fund any component that is not described in the illustrative table, would provide clarity within the legal text.</p> <p>Point 2 – Neither of the units (apart from Extension Assets) are defined and so the Working Group agreed to ensure that they are lower case within the legal text. The inclusion of the footnote (point 1) will provide clarity on the specification for each connection component and the DNO are the</p>

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			owners of the assets and so the ownership and the control are with them.
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?	Noted The Working Group agreed that they would remove "to enable Flexible Connections" from the additional bullet point included in paragraph 1.7 of Section 1 of Schedule 22. This would then alleviate the concern that communications equipment would not be charged for when the connection was not flexible.
Scottish and Southern Electricity Networks	Non-confidential	In terms of who should pay for the different elements associated with the provision of a flexible connection, SSEN agrees with the proposals set out in the table in the consultation and the associated legal text. SSEN's view is that this ensure a fair allocation of charges, with the customer paying for any elements that are solely for their use, and the wider customer base paying for any elements that have a benefit to the wider network.	Noted

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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.	Noted
Western Power Distribution	Non-confidential	<p>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.</p> <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>	Noted
Working Group Conclusions: The Working Group concluded that the majority of respondents were happy with the table and who should pay for the elements included in the table. However, there were some components that the Working Group needed to discuss further.			

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
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BUUK	Non-confidential	We believe that either Option A or B is acceptable.	Noted
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.	Noted Supportive of Option A – splitting the costs equally.
Northern Powergrid	Non-confidential	<p>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 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</p>	Noted Supportive of Option A – splitting the costs equally.

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		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.	
Scottish and Southern Electricity Networks	Non-confidential	SSEN considers Option A to be the most appropriate way of apportioning the costs associated with a dedicated scheme. This is reasonable, because the nature of a flexible connection means that the customer is not making use of a defined available capacity at all times. This also ensures a simple approach both for DNOs and customers that can be easily demonstrated and applied consistently.	Noted Supportive of Option A – splitting the costs equally.
UK Power Networks	Non-confidential	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.	Noted Supportive of Option A – splitting the costs equally.
Western Power Distribution	Non-confidential	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? 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.	Noted Supportive of Option B – splitting the costs using capacity factors.

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		<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: The Working Group reviewed the legal text associated with second comer connection offers and agreed that the first connectee would have the right to recover some of its costs irrespective of the options being considered. The majority of the Working Group agreed that they should progress with Option A – sharing equally between participants.			

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
Electricity North West	Non-confidential	No, the options present appear to be effective and simplistic in operation.	Noted
Northern Powergrid	Non-confidential	No	Noted

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Scottish and Southern Electricity Networks	Non-confidential	SSEN does not believe that the Working Group should consider a different solution and supports Option A, as outlined in the response to Q4.	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
Scottish and Southern Electricity Networks	Non-confidential	It is for suppliers to comment on this rather than DNOs. However, SSEN's view is that this does not directly impact on suppliers. The change only directly affects customers who apply for a flexible connection. There will also be charges included in distribution use of system charges that were not previously included, but this is not expected to have a noticeable impact on the level of these 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. Suppliers were provided the opportunity to provide a response to the consultation and they did not.			

Company	Confidential/ Anonymous	Q7: Do you have any comments on the proposed legal text for DCP 348? Please provide your rationale.	Working Group Comments
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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>	<p>Noted</p> <p>The Working Group updated the legal text to include the suggestion of including "as per table 1.32b".</p>
Electricity North West	Non-confidential	<p>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)?</p>	<p>Noted</p> <p>The Working Group discussed this at length and agreed that the Electricity Connection Charges Regulation arrangements contained in paragraphs 1.35 to 1.38 of Schedule 22 of DCUSA would cover this scenario.</p>
Northern Powergrid	Non-confidential	<p>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?</p>	<p>Noted</p> <p>Statement of fact rather than a strong challenge – covered by the inclusion of BUUK response.</p>
Scottish and Southern	Non-confidential	<p>SSEN considers that the proposed legal text reflects the proposed charging arrangements as set out in the consultation.</p>	<p>Noted</p>

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Electricity Networks			
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.	Noted Statement of fact rather than a strong challenge – covered by the inclusion of BUUK response.
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 argued 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 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).</p>	<p>Noted</p> <p>Point 1 – rectified by the inclusion of BUUK's suggestion.</p> <p>Point 2 – Working Group have removed the term "Flexible Connection" from the additional bullet point included in Paragraph 1.7 of Section 1 of Schedule 22.</p> <p>Point 3 – The Working Group have amended the legal text definitions of the Type 1 and Type 2 schemes to include demand as well as generation.</p>

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Working Group Conclusions: The Working Group reviewed and discussed all responses at length and agreed that they would take forward some suggestions made by some respondents. Rationale for all points can be found in the Working Group comments column above.

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	<p>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.</p> <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</p>	Noted Supportive of DCUSA Charging Objectives 1, 2 and 3.

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		of flexible connections are structured to reflect both specific and wider benefits to participants.	
Scottish and Southern Electricity Networks	Non-confidential	DCUSA Charging Objective Four is better facilitated as the proposed change will ensure that the DNO charging statements reflect developments in the way that connections are provided, particularly in relation to the implementation of flexible solutions as opposed to traditional reinforcement. The provision of flexible connections is now 'business as usual' for DNOs and it is therefore appropriate that the common connection charging methodology is updated to provide clarity for customers on the relevant charging arrangements.	Noted Supportive of DCUSA Charging Objective 4.
UK Power Networks	Non-confidential	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.	Noted Supportive of DCUSA Charging Objectives 2, 3 and 4
Western Power Distribution	Non-confidential	DCUSA Objectives 1, 2, 3 & 4 are better facilitated by this change proposal. 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.	Noted Supportive of DCUSA Charging Objectives 1, 2, 3 and 4.

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		<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, 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>	
<p>Working Group Conclusions: The Working Group noted all responses to Q8 and summarised that four of the respondents believe DCUSA Charging Objective 1 would be better facilitated, five respondents believe DCUSA Charging Objective 2 would be better facilitated, five respondents believe DCUSA Charging Objective 3 would be better facilitated and five respondents believe DCUSA Charging Objective 4 would be better facilitated by the implementation of DCP 348. The Working Group conclusions in this area can be found in the DCP 348 Change Report.</p>			

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

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Northern Powergrid	Non-confidential	No	Noted
Scottish and Southern Electricity Networks	Non-confidential	The ongoing Significant Code Review, specifically the access and connection boundary work, will likely result in changes to the connection charging methodology. SSEN's view is that this change proposal is in line with the direction of travel of the wider industry work, and that it is appropriate to make this change now to provide clarity customers who wish to apply for a flexible connection.	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
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 undertaken 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?	Noted The rationale for the longer-term impacts will be included in the Change Report.
Working Group Conclusions: The Working Group concluded that there were no immediate wider industry developments that would be impacted by or impact upon DCP 348. However, the longer-term impacts provided in WPDs response will be included in the Change Report for the change.			

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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.	Noted
Northern Powergrid	Non-confidential	<p>Given the forecasted decision date from Ofgem is February 2020 this should allow time for any necessary briefings and relevant documents to be updated.</p> <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>	Noted

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Scottish and Southern Electricity Networks	Non-confidential	SSEN agrees with the proposed implementation date. No system changes are required to implement the change, so the change can be implemented quickly.	Noted
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>	Noted
Working Group Conclusions: The Working Group concluded that the implementation date will be updated to 01 April 2020. This will allow for DNOs to be able to communicate with their customers and will provide a transition period between the existing and new funding mechanisms.			