

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.

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Include a new heading and new paragraphs 1.32A and 1.32B before the heading to paragraph 1.33 in Section 1 of Schedule 22 as follows:

Additional Cost Allocation for Flexible Connections

1.32A To facilitate a Flexible Connection, we may need to install and maintain specific system management equipment, either or both at your Premises and further upstream in other parts 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 paragraph 1.32B). The proportion of the costs which you must fund depends on 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; and
- 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 type of Flexible Connection. The methodology covers Type 1A, Type 1B and Type 2 (as each is described in paragraph 1.32A).

<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>
<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>

¹ We will describe the main connection components within the relevant connection offer, which will also include the funding arrangements for each such connection component (if different to that stated in this illustrative table).

<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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Add the following new definitions to Section 2 (Glossary of Terms) of Schedule 22:

<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 are made on the basis that there is no limit 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>

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