





| DCUSA Change Declaration | | At what stage is this document in the process? |
|--|---|--|
| <h1>DCP 359</h1> <h2>Ofgem Targeted Charging Review (TCR) Implementation—Customers: Who Should Pay?</h2> <p><i>Raised on 14 January 2020 as an Urgent Change</i></p> | 01 – Change Proposal | |
| | 02 – Consultation | |
| | 03 – Change Report | |
| | 04 – Change Declaration | |
| <h3>Purpose of the Change Proposal:</h3> <p>The intent of DCP 359 is to implement certain areas of Ofgem’s TCR Decision¹; specifically relating to the identification of which ‘customers’ are eligible for a residual fixed charge. This CP seeks to address paragraphs 12-16 and paragraph 30, whilst having regard for paragraphs 34 and 36-39 of the TCR Direction².</p> | | |
|  | DCUSA Parties have voted on DCUSA Change Proposal (DCP) 359 with the outcome being a recommendation to the Authority on whether the Change Proposal (CP) should be accepted or rejected. The DCUSA Parties consolidated votes are provided as Attachment 1. | |
|  | For DCP 359, DCUSA Parties have voted and recommended to the Authority to determine that: <ul style="list-style-type: none">the proposed variation (solution) should be accepted; andthe implementation date should be accepted. | |
|  | Impacted Parties: Distribution Network Operators (DNOs), Independent Distribution Network Operators (IDNOs), Suppliers and CVA Registrants | |
|  | Impacted Clauses: Inclusions of defined terms and paragraphs within a new Schedule (introduced by DCP 358 & DCP 360) | |

¹ [TCR Decision Document](#)

² [TCR Direction](#)

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Any questions?

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Timeline

The timetable for the progression of the CP is as follows:

Change Proposal timetable

| Activity | Date |
|--|-----------------------------|
| Initial Assessment Report Approved by Panel | 15 January 2020 |
| Consultation issued to Parties | 25 March 2020 |
| Change Report approved by Panel | 20 May 2020 |
| Change Report issued for Voting | 21 May 2020 |
| Party Voting Closes | 12 June 2020 |
| Change Declaration Issued to Parties and the Authority | 16 June 2020 |
| Authority Decision | 21 July 2020 |
| Implementation | 01 August 2020 ³ |

³ Subject to Authority approval of DCP 358 and DCP 360 at the same time,

1 Executive Summary

What?

- 1.1 On 21 November 2019, the Authority published its Targeted Charging Review (TCR) Significant Code Review (SCR) Decision (the 'TCR Decision'). The Authority Directed that Distribution Network Operators (DNOs) raise one or more modifications to the Distribution Connection and Use of System Agreement (the 'DCUSA') to implement the TCR Decision on 01 April 2022 (the 'TCR Direction').
- 1.2 On 20 December 2019, DNOs and National Grid Electricity System Operation (NGESO) published a joint plan (the 'detailed plan') to deliver the requirements of the TCR Directions⁴⁵. The detailed plan sets out the proposed delivery approach (section 4.5) which included a package of four DCUSA CPs; of which this CP is one.
- 1.3 DCP 359 seeks to address paragraphs 12-16, and the underlined section of paragraph 30 of the TCR Direction, which for completeness are set out below:

12. *The Proposal(s) must set out:*

Final Demand

13. *that applicable residual charges **must be applied to final demand consumers only.***
14. *the definition of 'final demand' is as follows "Final Demand means electricity which is consumes other than for the purposes of generation or export onto the electricity network". **Therefore, generation only and storage only sites will not pay residual charges.***

Single site

15. *that the residual fixed charge is to be levied on a single site basis.*
16. *the definition of 'site', having regard to paragraph 3.57(10) of the TCR Decision.*

Further arrangements

30. *appropriate arrangements to develop the following:*
 - a. *the frequency and relevant units of the fixed charge, considering a proposal of a pence/site/day structure;*
 - b. ***the mechanism to identify which sites should be classified as final demand for the purposes of determining residual charges.** In doing so, the DNOs must have regard to paragraph 3.58(2) of the TCR Decision;*
 - c. *any consequential changes that may be required in relation to residual charges for Independent Distribution Network Operators (IDNOs), consumers connected to private wire and complex sites, noting that the Authority expects that the IDNO charging regime (which operates via a Relative Price Control) to continue to function as it does today; and*

4 <http://www.chargingfutures.com/media/1390/tcr-joint-eso-dno-pid-v10.pdf>

5 The Authority also directed that NGESO raise modifications to the Connection and Use of System Agreement (the 'CUSC') to implement the TCR Decision.

- d. *the systems and processes to implement the Proposal(s). In doing so, the DNOs must have regard to paragraph 3.58(4) of the TCR Decision.*

Why?

- 1.4 This CP has been raised to enable DNOs to satisfy specific requirements set out in the TCR Direction. Failure to develop this proposal together with the three related DCUSA CPs that form the package of DCUSA CPs⁶ in sufficient time to implement these changes effective as of 01 April 2022 will result in failure to implement the TCR Decision.
- 1.5 This CP should also support NGESO in satisfying the requirements set out in its TCR Direction. The residual charging arrangements for transmission are to be implemented into the Connection and Use of System Code (CUSC) on 01 April 2021⁷, which is a year ahead of those which are required for the DCUSA. However, consideration must be given to the need to facilitate the timely progression of each code's respective code modifications proposals as explicitly stated in paragraph 34 of the TCR Direction:

“34. In preparing the Proposal(s), the DNOs must:

- a. *work and cooperate with NGESO (who are subject to a similar direction to bring forward a proposal to modify the Connection and Use of System Code (CUSC) to give effect to the TCR Decision (the CUSC Direction)) to ensure that a consistent approach is taken to issues or matters common to both Directions and to facilitate the timely progression of their respective code modifications proposals. Issues or matters common to both Direction include but are not limited to i) final demand; ii) single site; and iii) the review of charging bands. Such co-operation might include (but would not be limited to) participation in the working groups for the modification proposals being developed under the respective Directions;*
- b. *include such modification to Section 1A (Definitions and Interpretation) of DCUSA and any associated provisions as required as a result of the Proposal(s); and*
- c. *have regard to (and to the fullest extent practicable comply with) the SCR Decision Principles as defined in paragraph 3.53 of the TCR Decision.”*

⁶ DCP 358 'Ofgem Targeted Charging Review Implementation: Determination of Banding Boundaries' seeks to implement certain areas of Ofgem's TCR Decision; specifically relating to the determination of charging bands for nondomestic distribution connected customers. DCP 360 'Ofgem Targeted Charging Review Implementation: Allocation to Band and Interventions' seeks to implement certain areas of Ofgem's TCR Decision; specifically relating to the allocation and reallocation of 'customers' to residual charging bands, DCP 361 'Ofgem Targeted Charging Review Implementation: Calculation of Charges' seeks to implement certain areas of Ofgem's TCR Decision; specifically relating to the calculation of charges.

⁷ This date has subsequently changed during the development of this CP to the 01 April 2022.

How?

- 1.6 In line with the TCR direction, this CP introduces new defined terms for:
- Final Demand; and
 - Single Site;
- and an additional defined term to tie the two together, namely 'Final Demand Site' to aid in the development of the legal text.
- 1.7 In addition, all sites with metered import consumption shall be considered a 'Final Demand Site' unless they are classed as a 'Non-Final Demand Site' i.e. stand-alone storage and generator sites. Therefore, in addition to the new defined terms above, this CP also introduces the following defined terms:
- Non-Final Demand Site;
 - Electricity Generation; and
 - Electricity Storage
- 1.8 A generator or storage facility are required to provide a valid certificate stating that their facility meets the criteria of a Non-Final Demand Site.
- 1.9 There will be a transition period to enable Single Sites to provide valid certification to either:
- confirm that they are a Non-Final Demand Site (where they have already been classed as such); or
 - provide the necessary evidence that they should be classed as a Non-Final Demand Site (where they have been classed as a Final Demand Site);

Note: complex sites and private wires have been descoped from this CP because the solution is likely to impact the forward-looking charge as well as the residual charge. The Working Group agreed that an existing change proposal (DCP328⁸) is best placed to deal with this once this CP has been completed.

2 Governance

Justification for Part 1 Matter

- 2.1 DCP 359 is a Part 1 Matter in accordance with Clause 9.4.1 of the DCUSA, as it is likely to have a significant impact on the interests of electricity consumers.
- 2.2 The DCUSA Panel also agreed that this is an Urgent Change. The definitions that this CP seeks to introduce are to be used in the processes facilitated by DCP 358 and DCP 360 that specify how the initial charging bands are to be set and the allocation of customers to those bands, is required by the Autumn 2020.
- 2.3 This CP cannot be withdrawn without the Authority's consent to do so. In accordance with Clause 11.9A, the Authority may also, by direction, specify and/or amend the relevant timetable to apply to each stage of the Assessment Process.

⁸ [Use of System charging for private networks with competition in supply](#)

3 Why Change?

Background

- 3.1 As noted in paragraph 1.3 above, this CP seeks to address paragraphs 12-16, and paragraph 30 of the TCR Direction, whilst having regard for paragraph 34 (set out under paragraph 1.5 above) and paragraph 36-39, of the TCR Direction. For completeness, paragraphs 36-39 of the TCR Direction are set out below:

“Miscellaneous Terms

- 36) *For the avoidance of doubt, the Proposal(s) put forward by the DNOs pursuant to this Direction are intended to facilitate and not preclude (a) any further consideration of the relevant issues; and/or (b) development of the Proposals under the DCUSA Modification Process so that it addresses the issued identified above in a way that better achieves the purposes and objectives of the Proposal(s) a set out in this Direction.*
- 37) *In addition to the Proposal(s), the DNOs must raise any such consequential proposals for modification to the DCUSA or other industry codes (to the extent the DNOs are able to raise modification to such codes), as are required for the purpose of giving effect to the proposals specified above.*
- 38) *Modification proposals developed pursuant to this Direction must serve the TCR SCR objectives and relate to the specific issues the TCR SCR seeks to address.*
- 39) *In order to keep the Authority appraised of progress under this Direction (in particular, but not limited to progress against the detailed plan referred to in (paragraph 35 above), the Authority directs the DNOs to advice it (in a timely manner) of potential issues arising which could prevent the Proposal(s) being effective as of 01 April 2022 along with information as to its proposed steps to address any such issues.”*

- 3.2 This CP, when combined with amended legal text associated with the other DCUSA CPs that were raised to implement the TCR Decision, will seek to ensure that only customers who are liable to pay the residual fixed charge element of Use of System Charges, end up paying it. By implication, that means this CP is also likely to define which customers aren't liable to pay the residual fixed charge element of Use of System Charges.
- 3.3 In isolation, this CP seeks only to define the necessary terms and processes which will be used to identify those customers, and which will be referred to in the amended legal text associated with the other CPs.

4 Working Group Assessment

DCP 359 Assessment

- 4.1 The DCUSA Panel established a Joint Working Group to assess/develop the DCUSA CPs that were raised to implement the TCR Decision. In establishing this Joint Working Group, the Panel agreed that it shall be for that Working Group to consider and decide whether there is a need to set up subsequent Working Groups whose duties will be to assess one or more of the CPs, whether in isolation or grouped, where it consider it beneficial to do so. During the initial Joint Working Group meeting, the following was agreed:
- DCP 358 and DCP 360 will be jointly progresses via a subset of any interested members;
 - DCP 361 will be progress on its own via a subset of any interested members; and
 - DCP 359 will be progressed with its sister CUSC Modification Proposal 'CMP 334', as both are concerned with the definitions for a 'Single Site' and for 'Final Demand' and this will be a cross-code Working Group with the CUSC.
- 4.2 Due to the time lag between DCP 359 being raised and CMP 334 being raised, the first three meetings were held as DCUSA only meetings and focussed on DCP 359 however invitations were extended to the CUSC administration team and party members. In addition, there were two joint DCUSA/CUSC Working Group meetings held prior to the consultation, with the intent being to achieve the required alignment between the two. This Working Group consists of representatives from DNOs, Suppliers, IDNOs, Generators and NGESO as well as observers from a number of consultancies and Ofgem. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA Website – www.dcusa.co.uk
- 4.3 The Working Group developed a consultation document to gather information and feedback from market participants on this CP.
- 4.4 Following initial meetings of the Working Group, it was agreed that the following items needed to be addressed in the consultation:
- Definition of Final Demand;
 - Definition of Single Site;
 - Definition of Final Demand Site and the eligibility criteria;
 - Consideration of consequential changes to the arrangements for LDNOs; and
 - Consideration of consequential changes to consumers connected to private wire or complex sites.
- 4.5 For DCP 359 the development of the solution needed to be expedited. DNOs are required to provide notification of changes to Use of System Charges 15 months' ahead of when they will come into effect. To facilitate this process, a further three-month period is built in prior to the 15-months to allow DNOs to set, test and carry out internal assurance activities on those charges, which effectively means that the Change Report would normally need to be presented to the Panel during their meeting in July.

- 4.6 The Working Group are aware that one of the CUSC modifications associated with the banding and tariffs with an implementation date of the 01 April 2021 has since been withdrawn but due to the process in determining the charging bands and their use in the production of the Use of System charges for April 2022, the May Panel is more appropriate.
- 4.7 The table below maps which DCUSA CPs and CUSC Modifications have been raised to fulfil the various aspects of both the 'DCUSA Direction' and the 'CUSC Direction', as well as a BSC Modification which has been raised to enable the ESO to be provided with data for the purposes of billing the residual fixed charge.

| | | | | |
|--------------|---|--|--|--|
| DCUSA | DCP358 Seeks to implement the determination of charging bands for non-domestic distribution connected customers. | DCP359 Seeks to implement the identification of which 'customers' are eligible for a residual fixed charge | DCP360 Seeks to implement the allocation and reallocation of 'customers' to residual charging bands. | DCP 361 Seeks to implement elements required for the calculation of charges. |
| CUSC | CMP332⁹ Creation of a methodology to determine (i) the charging bands and (ii) the tariffs for each band. | CMP334 This will identify who will be liable to pay the TDR by defining 'Final Demand' and 'Site'. | CMP335/CMP336 Update all of the 'post tariff setting' processes (e.g. band allocation, securitisation etc) to reflect the TDR methodology. | |
| BSC | P402 This modification aims to establish the processes and data flows to enable Elexon to collect aggregate data from DNOs and subsequently provide the required data to the National Electricity Transmission System Operator (NETSO). | | | |

Definition Final Demand

- 4.8 The Working Group discussed Ofgem's proposed definition of 'Final Demand'

"electricity which is consumed other than for the purposes of generation or export onto the electricity network"

alongside various text throughout the TCR Decision and the associated Impact Assessment, which led to differing interpretations of how the definition of 'Final Demand' should be applied. Specifically, questions were raised around the word 'proportionate' with respect to 'Final Demand', and as such the Working Group sought clarification from Ofgem on this matter.

⁹ Following approval by the Authority, CMP332 was withdrawn from the CUSC Modification Process. It is expected that a new CUSC modification will be raised that will change the implementation date from 01 April 2021 to 01 April 2022.

Working Group request for clarity on the interpretation of ‘proportionate’ with respect to Final Demand

4.9 The interpretation of ‘proportionate’ resulted in differing views in terms of it being either:

- (i) Proportion of Final Demand out of ‘total’ demand; or
- (ii) Reference to a ‘practical’ assessment (which may, not must, include a consideration of relativity of Final Demand out of ‘total demand’).

4.10 Paragraph 3.57(1) of the TCR Decision states:

“Final Demand: This must be defined as electricity which is consumed other than for the purposes of generation or export onto the electricity network. Generation only and storage only sites will therefore be exempt from residual charges. An appropriate process must be established to assess and identify or, where a practical and proportionate approach cannot be identified, to robustly estimate final demand for the purposes of residual charging.”

4.11 Specifically regarding the reference to a “proportionate approach” in the third sentence, the Working Group queried whether it is Ofgem’s intent that code modification Working Groups develop a suitable process for identifying Final Demand that *must* take into account the proportion of non-Final Demand electricity consumed at the site, and that the ‘proportion’ calculated be directly used to determine a level of ‘discount’ applied; thus, does total demand at the site less non-Final Demand equal Final Demand (which pays the residual fixed charge)?

4.12 In other words, (i) does ‘proportionate’ Final Demand take account (net) of non-Final Demand electricity consumed at the site, measured or estimated (both being a forecast for charging purposes), or (ii) is the relative demand used as a basis to determine whether a residual fixed charge should be applied at all?

4.13 For example, a ‘site’ has consumption of 10,000kWh/annum, of which 1,000kWh is for the purpose of generation (or export onto the network) and so deemed to not be Final Demand.

4.14 In the case of (i) is the banded fixed residual demand charge that the site pays applied at 90%, or is the full 100% of the residual demand charge applied (subject to a potential threshold)?

4.15 In the case of (ii) is the banded residual demand charge that the site pays always 100% as there is ‘some’ Final Demand (which may be an amount above a threshold), or zero where (e.g.) Final Demand was below a certain threshold? So, a threshold would be used to determine if a site is a ‘Final Demand Site’ and therefore received 100% of the charge, and if not, then presumably it’s a generation or storage site and therefore pays a zero residual demand charge.

4.16 Depending on the answer the site may be ‘banded’ based on the 9,000kWh or 10,000kWh (or associated Final Demand agreed capacity), therefore may receive a lower charge.

Ofgem Response

4.17 “In the TCR we have not taken a view regarding your specific question on proportionality.

4.18 Paragraph 3.58, in the section entitled ‘Aspects for network licensees to consider and develop’ may provide some more helpful context:

Network licensees, or the DNOs or ESO only where specified, must consider and seek to identify the most appropriate arrangements in relation to the following aspects and develop modification proposals consistent with the SCR Decision Principles set out above in relation to:...

(2) A mechanism for identifying which sites should be classified as final demand (as opposed to generation or intermediate demand) for the purpose of determining their applicable contribution to residual charges. An appropriate process must be established to assess and identify or, where a practical and proportionate approach cannot be identified, to robustly estimate sites with final demand for the purposes of residual charging. **Industry should consider and build on thinking undertaken through development of the proposed solution being considered under CMP280 and CMP281 and DCP341 and DCP342, as well as considerations under the approach developed by the Low Carbon Contracts Company (LCCC) when estimating charges for a CfD generator and work undertaken by Elexon and the LCCC on how to charge Final Consumption, as they consider relevant.** Where necessary, network licensees should also consider possible methodologies for robustly estimating sites with final demand, including potential numerical approaches such as considering the relative proportions of import to export at a site.

In this context, 'practical and proportionate' suggests there should be a balance between being able to identify final demand, in a way that balances the benefits of accuracy, against the costs and activities required for implementation.

As with all modification proposals and alternatives, we expect that solutions will be justified by the workgroup."

Further Working Group Discussions

- 4.19 A member of the Working Group commented that the proposed approach for Final Demand shown in the Decision document ('electricity which is consumed other than for the purposes of generation or export onto the electricity network') had been, in their view, helpfully clarified in the Ofgem Impact Assessment (page 7):

"By final demand in the context of the TCR, we mean electricity which is consumed other than for the purposes of generation or export onto the electricity network. This will exclude electricity imported from the grid that is necessary for the operation of generation or, in the context of storage, which is imported for the purposes of re-exporting, including any which may be lost through waste in doing so."

- 4.20 The member asked that the Working Group consider an example where a site that is both importing and exporting, for example, a factory that has generation attached behind the meter, and questioned whether the import should be separated between the amount of electricity imported that is used for the purpose of generation and the amount of electricity imported that is used for non-generation purposes (i.e. 'Final Demand') at the factory for the purpose of assigning the site to a particular band.

- 4.21 This was discussed at some length by the Working Group, with a majority of members commenting that based on their understanding of Ofgem's definition, it meant that in the above example, the whole site should be considered as a Final Demand Site, in line with paragraph 3.56(1) of the TCR Decision which sets out the 'Design Parameters' and states: "*Residual charges are to be applied to demand customers only **and to all sites with final demand***" (emphasis added). It was noted that this understanding is backed up by the numbers produced in the Ofgem commissioned analysis from Frontier Economics, which is incorporated into the Ofgem Impact Assessment¹⁰, which treated such a site as if it was a Final Demand Site. In addition, if the site had import metering only at the boundary it would be impossible for the DNO to separate and determine how much of the import is being used for the generation. It was therefore argued that in this particular case the whole site would be considered as a Final Demand site.
- 4.22 The Working Group discussed that if that site was to install (or have) separate metering at the generator, then the customer could provide the necessary information (about its generation) to the relevant network operator to allow them to take this into consideration when they are allocating the site to a band. In the absence of separate import metering, the site would potentially retain the benefit of being able to reduce its exposure to the level of residual charge by virtue of having generation installed on the same site and potentially be allocated to a lower charging band as a result – the offset import consumption would also manifest as a benefit of a lower proportion of residual revenue being allocated (and therefore recovered) from that band as well. The site would also potentially benefit from lower 'forward-looking' Use of System charges too, by virtue of suppressed demand.
- 4.23 Alternatively, as the definition of a 'Single Site' could well be based on the connection agreement, then such a site could seek to amend/modify their connection agreement in line with rules for doing so within the connection agreement, such that it could be considered as two sites; a demand customer and a generator. As a result, the import associated with the export would then be eligible for exemption from a residual fixed charge.
- 4.24 Any sites that were thinking about such action would ultimately need to carry out an assessment as to whether the costs involved in doing so would outweigh all other relevant factors at play, e.g. that the generation could offset their forward-looking charge, or reduce their exposure to wholesale costs, or potentially be used to provide a service to a DNO or NGESO and being paid in return for the service provided.
- 4.25 The Working Group therefore agreed that, in the example in paragraph 4.22, whether the site will receive a residual fixed charge or not can be determined by a number of factors, and ultimately it will depend on the definition of a Final Demand Site. For simplicity, let us assume the site is half hourly metered.

¹⁰ [Ofgem Impact Assessment](#)

- 4.26 Firstly, the site could become two Single Sites, such that the import and export is separated (and therefore metered separately), and as such the import for the purpose of the generator will be excluded from the other import. The site, with import only for the purpose of the generator, will be exempt from a residual fixed charge, i.e. that site will not be a Final Demand Site, but the import only site will be. The import only site will be allocated to a charging band, and the residual to be recovered from that band, will be based on its total metered import consumption or its Maximum Import Capacity (MIC) as applicable – excluding any import associated with the purposes of the export site.
- 4.27 Secondly, if the site remained a Single Site, and if a Final Demand Site is defined by a Single Site with any associated Final Demand (i.e. a binary all or nothing approach), then as that site has import which is not just for the purposes of the generator, then that site will receive a residual fixed charge. The site will be allocated to a charging band, and the residual to be recovered from that band, will be based on its total metered import consumption (including import for the purposes of the generator, and net of any generation used to offset the demand) or its MIC as applicable.
- 4.28 Alternatively, if the site remained as a Single Site, but a Final Demand Site is defined by a relative threshold of proportionate Final Demand compared to ‘total demand’ (e.g. total gross import consumption), then (e.g.) if the Final Demand is greater than a defined percentage of total demand, then that site will receive a residual fixed charge. The site will be allocated to a charging band based on its total metered import consumption (including import for the purposes of the generator, and net of any generation used to offset the demand) or its MIC as applicable. If Final Demand is less than the defined percentage of total demand, then that site will not be a Final Demand Site.

Conclusion

- 4.29 Whilst the Working Group understood the definition of ‘Final Demand’ as proposed by the Authority in the TCR Decision, some members considered that it could be improved. It was noted that the second sentence of paragraph 3.57(1) of the TCR Decision states that “Generation only and storage only sites will therefore be exempt from residual charges”. Although hesitant to amend the definition of ‘Final Demand’ as proposed by the Authority, the Working Group considered whether including the additional wording addresses the issues identified in paragraphs 13 and 14 of the TCR Direction, and if it does so in a way that better achieves the purposes and objectives of the Proposal(s) as set out in the Direction.
- 4.30 Further to the above, and to potentially **build on thinking undertaken through development of the proposed solution under DCP341 and DCP 342¹¹**, the Working Group considered whether or not to re-word the original second sentence to incorporate it into the definition proposed by the Authority such that it aligns more closely with the defined term ‘Eligible Electricity Storage Facility’ albeit, extending the definition to include generation as well. However, it was agreed that there is scope to clarify the definition of ‘Final Demand’ in context of it relating to a ‘Single Site’, by the inclusion of the definition of ‘Final Demand Site’ and thus there was no need to amend the definition of ‘Final Demand’ itself.

¹¹ DCUSA Change Proposal (DCP) 341 ‘Removal of residual charging for storage facilities in the CDCM’ and DCP 342 ‘Removal of residual charging for storage facilities in the EDCM’

- 4.31 The product of the Working Group's deliberations on a definition of 'Final Demand' is that the Authority's proposed definition of 'Final Demand' should be retained as the solution proposed by the DCP 359 Working Group, which is set out in the table below:

| | |
|---------------------|---|
| Final Demand | means electricity which is consumed other than for the purposes of generation or export onto the electricity network. |
|---------------------|---|

Definition of Single Site

- 4.32 In considering how best to define Single Site, the Working Group noted that currently, the existing default used by DNOs is that an MPAN is considered a 'Single Site', unless already treated as a 'related/secondary MPAN'. It was further noted that DNOs already ensure a 'site' is not charged multiple fixed/capacity charges, where a 'lead' MPAN is identified and which is charged the sum of consumption/capacity across all MPANs, but a single fixed charge is levied.

- 4.33 For context, paragraph 137 of Schedule 16 states:

"Generally, the p/MPAN/day charge related to one MPAN. However, where a site is a group of MPANs as identified in the connection agreement, billing systems should be able to group the MPANs where appropriate for charging purposes."

- 4.34 Further context can be found in Note 7 under Tables 4 and 5 of paragraph 141 of Schedule 16:

"Note 7: Fixed charges are generally levied on a pence per MPAN basis. However, there are some instances in the half-hourly market where more than one MPAN exists on a customer's connection and only one fixed charge is appropriate. Where a group of MPANs is classed as a site as identified in the connection agreement, billing systems should be able to group the MPANs, where appropriate, for charging purposes."

- 4.35 In order to properly define a 'Single Site', the Working Group sought to understand how each DNO implements the current arrangements where a location has multiple MPANs associated with it but should be charged only a single fixed charge. Further to this the Working Group sought to understand the order of magnitude to which such a process is applicable.

- 4.36 Finally, the Working Group agreed that it would be beneficial to understand any potential implications of tying a definition of a 'Single Site' by reference to a connection agreement, and asked DNOs to confirm whether there have been instances where an entity has requested and/or actually modified their connection agreement either by seeking to split or amalgamate a specific location in order to amend the way in which their charges are calculated. And, if such instances are known, the Working Group is interested in the number of occurrences split out between those charged under the CDCM and those charged under the EDCM.

- 4.37 An RFI was issued to the DNO members of the Working Group, in which the above background was provided, and the following series of questions were asked:

- Please can you explain the process/systems in place for charges produced by the CDCM as well as the EDCM for locations that have multiple MPANs and provide the number of instances of such locations, separately identifying those charges under the CDCM and those charges under the EDCM?

- Please can you explain whether you know of any customers who have actually modified their connection agreement either by seeking to split or amalgamate a specific location in order to amend the way in which their charges are calculated? And, if such instances are known, the number of occurrences split out between those charges under the CDCM and those charges under the EDCM?

4.38 The results of the RFI can be found in Attachment 3. Following a review of the responses, the Working Group concluded that as the legal text in Schedule 16 already covers the scenario where a site is a group of MPANs as identified in the connection agreement, that they were comfortable that the DNOs are able to group the MPANs where appropriate for charging purposes. There was a majority view from the Working Group to keep the definition of a 'Single Site' as simple as possible and relate it to a Connection Agreement (whether that be in the form of the National Terms of Connection or a Bespoke Connection Agreement).

4.39 Members of the Working Group derived the following definition, a 'Single Site' *means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection*. It was agreed that a further definition be added for the purposes of the consultation which retains the same wording of the preferred definition but with the inclusion of the Authority proposed definition¹² as a sub term, to cover off it premises is not defined within a Bespoke Connection Agreement. It was also agreed that a third definition be added for the purposes of the consultation which is the definition suggested by the Authority. All three definitions, along with a list of pros and cons for each is set out in the table on the page below:

¹² In the TCR Decision the Authority proposed a definition for consideration only.

| | | |
|---|--|---|
| Single Site (WG preferred option) | means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection | <p>Pros</p> <p>Simplest form of a defined term that is easy to understand and can be applied universally. Reflects the status quo where a distributor does not currently levy multiple fixed charges where MPANs are associated with a single connection agreement. <u>**(Exceptions being complex sites including private networks, where distributors are bound by the need to e.g. provide MPANs and connection offers and may agree a different charging arrangement on a bilateral basis with the customer.)</u></p> <p>Cons</p> <p>Relies on the word 'premises' being defined in a Bespoke Connection Agreement, which by its very nature, could be substantially different from one customer to the next. However, a Bespoke Connection Agreement will be very clear to which premises (i.e. address of the site) on which the agreement applies.</p> |
| Single Site (Alternative Option) | <p>means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection and where a premises is not defined in the Bespoke Connection Agreement, then the following will be considered a premises within that agreement:</p> <ul style="list-style-type: none"> One or a collection of buildings, structures or pieces of land in close geographical proximity, owned or occupied by one customer within a defined curtilage on one site, where each building, structure or piece of land serves the other in some necessary or reasonably useful way. | <p>Pros</p> <p>Retains the same simplicity as with the preferred option but removes the reliance on the word 'premises being defined in a Bespoke Connection Agreement.</p> <p>Cons</p> <p>Adds an unnecessary definition which will not determine what is in a Bespoke Connection Agreement, in any way, and therefore potentially introduces an unnecessary contradiction, if the premises on that agreement are not somehow captured by this definition.</p> |
| Single Site (as proposed by Ofgem in TCR decision document) | means one or a collection of buildings, structures or pieces of land in close geographical proximity, owned or occupied by one customer within a defined curtilage on one site, where each building, structure or piece of land serves the other in some necessary or reasonably useful way. | <p>Pros</p> <p>At face value, it appears to be a robust definition proposed by the Authority.</p> <p>Cons</p> <p>Reference to 'geographical proximity' relies on ambiguities which risk introducing artificial boundaries and therefore opportunities for gaming which undermines the basis of the TCR. There are examples where such a definition already causes issues such as determining (e.g.) an LV sub customer based on a Metering System which is "immediately adjacent" to the substation etc. Reference to 'owned or occupied' and 'one customer' relies on ambiguities which risk introducing opportunities for gaming by the way a company may choose to structure itself. The wording 'necessary or reasonably useful way' could be interpreted to mean any number of things and is considered to be ambiguous.</p> |

Definition of Final Demand Site

4.40 The Working Group noted the Proposer's view regarding the definition of a Final Demand Site; which brings together the definitions of Final Demand and Single Site to determine the combined criteria representing eligibility for a residual fixed charge, i.e. a Final Demand Site will be eligible and anything else will not be. The Proposer's view is to adopt a binary assessment, where if the Single Site has any Final Demand, it is a Final Demand Site, and therefore define Final Demand Site as:

"A Single Site that has any metered Final Demand"

4.41 As was noted in the detailed plan, an alternative approach would be to try and define a threshold whereby if Final Demand is equal to or greater than non-Final Demand by [XX]% (where 'XX' is what needs defining), then it would be considered to be a Final Demand Site. Such an approach would likely lead to a definition of Final Demand Site being:

"A Single Site where Final Demand is equivalent to at least [XX%] of all metered import consumption at that site"

4.42 The Proposer noted that a number of questions result from using such a process to define a Final Demand Site, such as:

- (a) how to determine what a sensible threshold is?
 - i. Some members of the Working Group were of the view that such an approach isn't practical or proportionate as some initial analysis had been undertaken during two previous Change Proposals, being DCP 319 and DCP 321¹³. It was noted that the discussions held by the DCP319/321 Working Group on this topic were lengthy and at least at that time, data wasn't readily available.
 - ii. Other Working Group members didn't disagree with the aforementioned view, but they did suggest that the option should be considered and analysed further. Prior to reaching a conclusion the Working Group agreed that it would be useful to understand the basis of the Frontier Economics assessment of eligibility for a residual fixed charge as used in the published impact assessment. It was noted that the Frontier Economics assessment used a four-stage process which was applied to EDCM customers only, as a basis to exclude some sites from receiving a residual fixed charge. The aforementioned process is set out below, where 'exempt' directly means no residual fixed charge would be levied i.e. the site would not be a Final Demand Site:

Four-stage process used by Frontier Economics

1. Identified by the DNO as an electricity storage facility, where:
 - a. **Yes** = exempt; or
 - b. **No** = check if...

¹³ [DCP 319 'Removal of residual charging for embedded generators in the CDCM'](#)
[DCP 321 'Removal of residual charging for embedded generators in the EDCM'](#)

2. Annual export $\geq 25x$ the annual import, where:
 - a. **Yes** = exempt; or
 - b. **No** = not exempt; or
 - c. **No data** = check if...
3. Annual export during super red $\geq 25x$ the annual import during super red, where:
 - a. **Yes** = exempt; or
 - b. **No** = not exempt; or
 - c. **No data** = check if...
4. MEC $\geq 50x$ MIC, where:
 - a. **Yes** = exempt; or
 - b. **No** = not exempt.

(b) would it vary according to type of generator?

- i. There appeared to be a general consensus that there is a large variance of the amount of import/demand that is needed for the sole purpose of operating a generator when comparing one type to the next. Specifically, a comparison was drawn between a wind farm and Energy from Waste plant, where the former would typically only need to import a small amount of electricity as compared to the latter, which would typically need a much larger amount of import for its operation.

4.43 The Proposer noted that regardless of the first part of the definition (i.e. the 'what'), the intent of the proposal is to maintain the requirement that there is no need for a generation licence, and that certification is required from a Supplier Party that the Single Site meets the relevant criteria (i.e. the 'how').

4.44 It was noted by the Working Group that this appears to be in line with paragraph 3.56(1) of the TCR Decision which sets out the 'Design Parameters' and states: "*Residual charges are to be applied to demand customers only and to all sites with final demand*" (emphasis added). Although it was noted that a slight amendment was made as compared to the Proposer's version which was to swap the word 'any' to 'associated' with respect to a site having 'Final Demand'.

4.45 As noted in paragraph 3.5 above, this CP, when combined with the legal text associated with the other CPs raised to implement the TCR Decision, will seek to ensure that only customers who are liable to pay the residual fixed charge element of Use of System charges, end up paying it. By implication, that means this CP is also likely to define which customers aren't liable to pay the residual fixed charge element of Use of System charges. The Working Group kept this in mind during their deliberations on the definition of 'Final Demand' and 'Single Site' as detailed in the paragraphs above and therefore decided to seek views from industry as to three options that they believe will implement the TCR Decision. Options A, B and C are detailed below:

Option A – Binary approach where the existence of any Final Demand at a Single Site means that site is a Final Demand Site.

| | |
|--|---|
| Final Demand | means electricity which is consumed other than for the purposes of generation or export onto the electricity network. |
| Single Site (WG preferred option) | means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection |
| Final Demand Site | means a Single Site that has associated metered Final Demand |

4.46 This approach aligns with paragraph 3.56(1) of the TCR Decision which sets out the ‘Design Parameters’ and states: “Residual charges are to be applied to demand customers only **and to all sites with final demand**”.

4.47 If there is any demand at site it will be classed as a Final Demand Site having considered the generation or export onto the network.

Option B – Binary approach as set out in Option A but including the requirement for and Single Site which is not a Final Demand Site to be certified by the site owner/electricity supplier:

4.48 This approach builds on Option A by ensuring that generators and storage facilities that are stand-alone facilities are exempt from residual charges. It aligns with the TCR decision document paragraph 3.57.1 “Generation only and storage only sites will therefore be exempt from residual charges”. It clarifies what is meant by ‘other than the purposes of generation or export onto the electricity network’ within the definition of Final Demand.

| Criteria | Meets the criteria | Outcome |
|---|--------------------|--|
| DNO/IDNO Party have been provided with certification that a Single Site is an Eligible Facility | Yes | Single Site is not a Final Demand Site |
| | No | Single Site is a Final Demand Site |

Option C – Non-binary, criteria based threshold approach, using definition of ‘Final Demand Site’, which is with reference to the other newly defined terms ‘Final Demand’ and ‘Single Site’, alongside setting out the four-stage process to be used by DNO/IDNO Parties to assess eligibility for exemption:

4.49 This option sets out an approach to assess whether a Single Site is or is not a Final Demand Site.

| | Criteria | Meets the criteria | Outcome |
|--------|--|--------------------|--|
| Step 1 | DNO/IDNO Party has been provided with certification that a Single Site is an Eligible Facility | Yes | Single Site is not a Final Demand Site |
| | | No | Single Site may be Final Demand Site, move to step 2 |
| Step 2 | Is the annual units exported $\geq 25 \times$ is the annual import consumption? | Yes | Single Site is not a Final Demand Site |
| | | No | Single Site is a Final Demand Site |
| | | No data | Move to step 3 |
| Step 3 | is the annual units exported during super red band $\geq 25 \times$ the annual import consumption during super red band? | Yes | Single Site is not a Final Demand Site |
| | | No | Single Site is a Final Demand Site |
| | | No data | Move to step 4 |
| Step 4 | is the Maximum Import Capacity $\geq 50 \times$ the Maximum Import Capacity? | Yes | Single Site is not a Final Demand Site |
| | | No | Single Site is a Final Demand Site |

4.50 When considering further TCR decision document paragraph 3.57.1 associated with the sentence 'An appropriate process must be established to assess and identify or, where a practical and proportionate approach cannot be identified to robustly estimate final demand for the purposes of residual charging' it was suggested that the binary approach adopted by Option A and further refined by Option B may not meet this particular requirement. In addition, there were concerns over sites that have very large generation capacity with a very small demand (not used for the sole purpose of generation) being subject to residual charges for the whole site. Whilst the Working Group rejected any percentage-based approach to calculating Final Demand due to the lack of data and being very subjective consideration was given to the step approach which may assist in such situations.

4.51 Some Working Group members were however, concerned that the data entered into this Option C for EDCM customers resulted in only an 80% match (Attachment 5). The Working Group has requested the DNOs to undertake further analysis during the consultation period to see what amendments are required to move closer to 100%.

Eligible Facility

- 4.52 For option B and C, the Working Group decided to **build on the thinking undertaken through development of the proposed solution for DCP 341 and DCP 342**, and amended the original structure of defined term 'Eligible Electricity Storage Facility' to a simpler albeit more inclusive defined term of an 'Eligible Facility' which includes both storage and generation within the definition of an 'Eligible Facility' the Working Group agreed to use the term 'Electricity Storage' as defined by DCP 341/342 but noted that there was no defined term for 'Electricity Generation' and as such propose to define it as 'the process of generating electricity by a Generator'.
- 4.53 As was the case for the defined term 'Eligible Electricity Storage Facility' developed for **DCP 341 and DCP 342**, and in defining the term 'Eligible Facility', the Working Group agreed to maintain the parameters for confirming that a site is an 'Eligible Facility'. Those parameters being:
- (a) for an 'Eligible Facility' which has MPANs registered in an MPAS Registration System, certification from a Supplier Party that the facility meets the other criteria in the definition is provided to the DNO/IDNO Party; or
 - (b) for an 'Eligible Facility' which has MPANs registered in CMRS, certification from the customer that the facility meets the other criteria in the definition is provided to the DNO/IDNO Party.
- 4.54 The Working Group agreed that the most appropriate solution would **be to align the process developed for DCP 341 and DCP 342**, where the legal text does not clarify how a Supplier or customer would provide such assurance, but that the requirements will be set out in the DNO's LC14 'Use of System Charging Statement'. The Working Group concluded that this approach is appropriate given the fact that the LC14 'Use of System Charging Statements' set out the basis on which charges are applied for use of the DNO's system and must be in a form approved by the Authority. It is noted that the Authority approved whether the statement accurately reflects how the distributor charges for the use of its system and does not constitute approval of the actual charges.
- 4.55 It was proposed that both definitions are added to Section 7 of the new Schedule [XX] which is being introduced by DCP 358. It is noted that the three defined terms are contained in the table below and align (as far as practicable) with that being proposed by the withdrawn CMP332.

| | |
|-------------------------------|--|
| Electricity Storage | is the conversion of electrical energy into a form of energy, which can be stored, the storing of that energy, and the subsequent reconversion of that energy back into electrical energy. |
| Electricity Generation | the process of generation electricity by a Generator. |
| Eligible Facility | means a facility at which Electricity Storage or Electricity Generation occurs and that: <ul style="list-style-type: none"> (a) has an export MPAN and an import MPAN with associated metering equipment which only measures export from Electricity Storage or Electricity Generation and import for or directly relating to Electricity Storage or Electricity Generation (and not export from another source or import for another activity); (b) all metering equipment referred to in point (a) above is CT metering; and |

| | |
|--|---|
| | <p>(c) if registered in an MPAS Registration System, is subject to certification from a Supplier Party that the facility meets the above criteria, which certificate has been provided to the DNO/IDNO Party; or</p> <p>(d) if registered in CMRS, is subject to certification from the customer that the facility meets the above criteria, which certificate has been provided to the DNO/IDNO Party.</p> |
|--|---|

Consideration of consequential changes to the arrangements for LDNOs

4.56 The Working Group is of the belief that there are no changes needed to the current arrangements for Licenced Distribution Network Operators (LDNOs), and a Final Demand Site applies equally to a site connected to the DNO Party network as it does to any network embedded within it owned by a different distributor. Customers/sites connected to LDNOs pay residual charges under the current arrangements, and therefore eligibility will apply consistently to DNOs and LDNOs under the proposed arrangements.

Consideration of consequential changes to consumers connected to private wire and complex sites

4.57 The 'standard' scenario where a residual charge is currently levied is: (i) a site connected directly to a distributor via a single connection; (ii) with Metering Systems dedicated to that site only; (iii) that site is registered with a single electricity Supplier; and (iv) where a fixed charge is levied, a single charge is applied to that site regardless of the number of MPANs identified on the Bespoke Connection Agreement between the owner of that site and the distributor.

4.58 There are 'non-standard' scenarios where, although there may be a single connection to the distributor's network, the connection may (e.g.) be for a network owned and operated by a licence exempt distributor, commonly referred to as a 'private network' arrangement, or (e.g.) there may be shared metering arrangements with another site in place (being an example of a 'complex site').

4.59 Such scenarios are generally created in direct response to the request of the customer, and where distributors are bound by certain requirements to (e.g.) provide MPANs and connection offers where requested.

4.60 A private network arrangement may reflect a scenario where that network serves multiple end users, but the owner of that network, the Private Network Operator (PNO), may appoint an electricity Supplier and pay a single electricity bill in respect of a single MPAN at the boundary between the distributor and the PNO. That bill may then be shared amongst the end users connected to the private network. However, the arrangement may reflect a scenario where competition in supply exists on the private network¹⁴, and where the end user can enter into contract with its chosen electricity Supplier.

¹⁴ [The Electricity and Gas \(Internal Markets\) Regulations 2011](#) introduced new obligations on PNOs and supply undertakings, including a duty to facilitate third party access to their electricity and gas networks. Customers connected to a private network are entitled to request competition in supply. PNOs are obliged to deliver this if requested, although there are some exceptions which are detailed in those regulations.

- 4.61 In order to facilitate competition in supply, distributors are required to provide additional MPANs to be used for end users who have requested competition in supply in order to differentiate units which relate to that end user from the remainder of end users connected to the private network. This creates complications for Use of System charge, which DCP 328¹⁵ is seeking to address.
- 4.62 In relation to a private network, the distributor only has a relationship with the PNO (as the party which has a connection to the distributor's network), with that relationship likely to be underpinned by a Bespoke Connection Agreement, detailing the maximum import (and if applicable maximum export) capacities of the private network.
- 4.63 Appropriate treatment of private network and complex site Use of System charging arrangements is arguably not provided for under the current arrangements (hence in part why DCP328 was raised), but the scope of the TCR Direction does not provide the vires to resolve these issues in full: in the absence of being able to develop a suitable forward-looking charge arrangement. Further, the Working Group were concerned that, even with sufficient scope to do so, development of these arrangements would likely result in failure to deliver the TCR Directions and specifically in the required timelines.
- 4.64 Without catering for such arrangements in the charging methodologies, there is a risk that distributors adopt different approaches, which may undermine the intended commonality of the charging methodologies. The extent to which different approaches have been adopted is as yet unknown, e.g. where competition in supply exists on a private network, the common sense approach may be to levy a fixed charge per MPAN rather than only at the boundary, but a single fixed charge for the boundary MPAN may be applied instead.
- 4.65 However, the Working Group agreed that, whilst this CP cannot resolve these issues in isolation, it should not seek to create any additional barriers. Whilst distributors may adopt different approaches, the arrangements are at the request of, and agreed with, the customer, and a suitable arrangement has been put in place to accommodate that customer (and potentially end users connected to it). The working Group proposed to allow these arrangements to continue in the absence of appropriate changes to the charging methodologies, which as noted, DCP328 seeks to resolve in part.
- 4.66 In summary, the Working Group proposed that, where a 'forward-looking' fixed charge is currently levied by the distributor, a residual fixed charge will also be levied, providing the site is a Final Demand Site.

¹⁵ DCP 328 'Use of system charging for private networks with competition in supply' is currently on 'hold' pending implementation of the TCR CPs, owing to the interaction with residual charges.

5 Summary of Consultation and Responses

Summary of responses to the DCP 359 Consultation

- 5.1 The DCP 359 Working Group issued a consultation on 20 March 2020 which sought views from industry on the proposed solution and legal text for DCP 359, and in some cases a number of options to select from were presented.
- 5.2 To support the consultation, a question and answer session was facilitated during the consultation period window to aid respondents in understanding the change being proposed.
- 5.3 There were twenty-five respondents to the consultation comprising of DNOs, IDNOs, Suppliers, Generators, NGESO and other interested parties. Set out below are the questions that the Working Group sought views on, and a summary of the responses received. A copy of the consultation document alongside the Party responses and Working Group conclusions can be found as Attachment 6.

Q1: Do you understand the intent of the CP?

- 5.4 The Working Group noted that all respondents to the consultation confirmed that they understood the intent of the CP.

Q2: Are you supportive of the principles that support this CP, which is to address the eligibility criteria for receiving a residual fixed charge?

- 5.5 The Working Group noted that all respondents to the consultation confirmed that they were supportive of the principles of this CP, although, one respondent expressed a concern that the legal text needed further clarification, which would be picked up by the legal text review. A further respondent also focussed on residual charges, stating that they should only be paid by final demand and not embedded generation or storage.

Q3: Do you agree with the Working Group proposed definition of Final Demand which is the same as the definition proposed by the Authority? Please provide the rationale behind your response.

- 5.6 The Working Group noted that all respondents to the consultation agreed with the Working Group's proposed definition of Final Demand, which was the same as the definition proposed by the Authority. It was noted by respondents that the definition is simple, clear, and universally applicable in both DCUSA and CUSC.

Q4: Which definition do you believe is best suited for the purposes being able to apply a residual fixed charge on a Single Site basis? Please provide the rationale behind your response.

- 5.7 The Working Group noted that the majority of respondents supported the definition of Single Site that had been proposed by the Working Group. However, there was support for the alternative option and the Ofgem decision.

- 5.8 There was also a concern raised regarding multiple supplies which do not have a MIC (e.g. Non-Half-Hourly customers) and do not have a Connection Agreement as a rule and could not be considered a Single Site where one customer occupies several independently metered units adjacent to each other within a larger facility.

Alternative Option

- 5.9 One respondent believes that the alternative option offers additional clarity on what can constitute a Single Site which offers a degree of consistency for consumers when setting Connection Agreements with DNOs.

Ofgem Decision option

- 5.10 Respondents thought that the Ofgem definition required a Single Site to be defined in relation to physical assets and the reference to a Connection Agreement is completely different, particularly in the case of private wire and complex sites.
- 5.11 There were concerns over private wire and complex sites and whether the Ofgem definition would actually mean that an embedded customer within a complex site is considered to be a Single Site.
- 5.12 A final respondent suggested that the Ofgem decision is the most appropriate definition but does not allow for the majority of sites to be simply and easily allocated to bands. Whilst they would support its adoption if necessary, they believe either of the first two options could be acceptable providing sufficient safeguards are put in place to allow for multiple supplies to a single site, as defined in the decision document, to be subject to a single fixed charge.

Q5: Do you believe the Working Group proposed definition of Final Demand Site is best suited for the purposes being able to more accurately identify a site which is eligible to receive a residual fixed charge? Please provide the rationale behind your response.

- 5.13 The responses mixed the definitions with the exceptions catered for in question 6. Overall, there were no specific comments against the definition term but against the elements that make it up, i.e. Single Sites.
- 5.14 In addition, there are numerous comments that are to be considered in response to question 6 which covers the exemptions and an alternative exemption approach.
- 5.15 Finally, there was also a respondent that suggested a transition period for certifications.

Q6: Do you have a preference with respect to the various approaches set out in options A, B or C or an alternative approach? Please provide the rationale behind your response.

- 5.16 There were varying responses with some respondents preferring Option A, some Option B, some Option C (or similar), some did not have a preference between Options A or B and one respondent did not have a preference.

- 5.17 There was one respondent who provided an alternative suggestion to Option C suggested that the Working Group should consider keeping the first step and then replace the rest with 'Import MPANs on a Single Site record less than [x]% of total units recorded by Export MPANs in the charging year preceding the publication of the Use of System Charging Statement'. A similar approach was also suggested with a 20% threshold and a final respondent also requested that consideration is given to all the different types of Eligible Facilities.
- 5.18 Another respondent also offered their support for Option B with some amendments. They support a binary approach, which they believe better achieves the TCR Decision principles but there should be a requirement for a site to be 'certified' that is not a Final Demand Site.

Q7: Do you agree that the proposed definitions for 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility' are appropriate and necessary, if option B or C is taken forward? Please provide the rationale behind your response.

- 5.19 All respondents agreed with the definition for 'Electricity Storage', all respondents bar one agreed with the definition for 'Electricity Generation' and all respondents bar three agreed with the definition for 'Eligible Facility'.
- 5.20 Concerns raised included the following:

"Electricity Generation

The definition needs to expand to ensure that it will cover electricity generation from non-motive sources such as Solar PV and fuel cells.

Any device that consumes electricity but has the sole purpose of maintaining or improving the network voltage should be treated in the same way as a generator or energy storage device.

Eligible Facility

For any project with a customer connected to it by private wire additional settlement metering will be required before the generator or storage operator could certify that look like for Eligible Facilities connected to the distribution network;

Metering arrangements and commissioning and decommissioning; and

What the certification process looks like."

Q8: Do you agree that Final Demand Site applies to sites connected to networks owned by DNOs and LDNOs alike, and do you agree that any further LDNO considerations on residual charges are out of scope of DCP359? Please provide the rationale behind your response.

- 5.21 Those respondents that provided a response agreed that Final Demand Site applies to sites connected to networks owned by DNOs and LDNOs alike and agreed that any further LDNO considerations on residual charges are out of scope of DCP 359. Two respondents did not provide a comment, or the question was not applicable to them.

Q9: Do you agree with the proposed treatment of private networks and complex sites? Please provide the rationale behind your response.

- 5.22 The majority of respondents who were able to provide an answer agreed with the proposed treatment of private networks and complex sites set out by the Working Group, although, it was suggested that more clarity was required to specify exactly how Parties connected to a private network will be treated.
- 5.23 One respondent to the consultation noted that the proposal for private networks and complex sites was not clear, however, in how they have interpreted the Working Group's view, they are supportive.
- 5.24 A further respondent highlighted that they did not agree as there had been no proper consideration of the situation where more than one connection agreement relates to a single customer demand site and cannot see where it is catered for in the legal drafting.

Q10: Do you consider that DCP359 better facilitates the DCUSA Charging Objectives? If so, please detail which of the charging objectives are better facilitated and provide your supporting reasons. If not, please provide supporting reasons.

- 5.25 The majority of respondents agreed that the DCUSA Charging Objectives would be better facilitated by the implementation of DCP 359.
- 5.26 The majority of respondents also highlighted that they believed that DCUSA Charging Objectives 1 and/or 2 would be better facilitated and therefore, they agreed with the Proposer of the CP.
- 5.27 Those that disagreed cited a number of reasons as set out below:

DCUSA Charging Objective two is not met since the arrangement fails to deal adequately with the risk of double charging or the levying of a residual charge in the imports of some generators as discussed in previous questions.

The Ofgem TCR Decision was intended to prevent consumers from using demand management to avoid paying what was deemed to be their 'fair share' of TNUoS costs, but demand management has a much lower impact on Use of System costs, so the rationale is less strong.

The implementation of four bands per voltage for charging compared with £/kVA/day charges (assuming the MIC is removed or is very small as a result of the SCR changes) means that many sites may be less incentivised to make minor reductions in agreed capacity (either because they won't fall into a lower banding or because they will be locked into a band for several year). This is contrary to the desire to free up capacity on our networks).

Q11: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

- 5.28 The majority of respondents agreed that there were no wider industry developments that should be considered by the Working Group.

- 5.29 However, some respondents highlighted that the Working Group should be mindful of the ongoing work for DCP 328 'Use of System Charging for Private Networks with Competition in Supply' which is considering complex and private networks. One respondent did however note that due to DCP 359 progressing first, DCP 328 should take into consideration the conclusions of this CP.
- 5.30 There were also respondents who highlighted the need to ensure that changes resulting from DCP 359 are consistent with those introduced by the CUSC.
- 5.31 It was also noted by one respondent that the ongoing work with the Access and Forward-Looking Charging SCR should be considered as it will be impacting Use of System charging. It was felt that both streams of work should be implemented at the same time.

Q12: Are you supportive of the proposed implementation date being 5 Working Days following Authority approval, subject to Authority approval of DCP 358 and DCP 360 at the same time, or if DCP 359 is approved earlier than DCP 358 and DCP 360 then implementation will be 5 Working Days from the Authority approving DCP 358 and DCP 360?

- 5.32 The majority of the respondents agree that the implementation date for DCP 359 should be 5 Working Days following Authority approval, subject to Authority approval of DCP 358 and DCP 360 at the same time, or if DCP 359 is approved earlier than DCP 358 and DCP 360 then implementation will be 5 Working Days from the Authority approving DCP 358 and DCP 360.
- 5.33 However, those respondents that did not cited the need to: align with the new CMP332; provide a derogation to allow more time; Delay until 2023; approve all TCR CPs at the same time; or Implement DCPs 358, 359 and 360 at the same time.

Q13: Do you have any comments on the draft legal text for DCP 359?

- 5.34 The majority of respondents did not provide any comments or amendments on the draft legal text for DCP 359.
- 5.35 One respondent highlighted their preference for the legal text to be consistent with the equivalent CUSC modification (CMP334).
- 5.36 A further respondent highlighted their responses to Question 4 and Question 7 and suggested that the definition of Single Site is updated to state "*means the premises that **are** associated with a Bespoke Connection Agreement or the National Terms of Connection*" and they also believed that the terms 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility' are unnecessary for the purpose of defining a Final Demand Site.
- 5.37 Another respondent also suggested that the legal text needed to clarify that generators and storage facilities that are standalone facilities are exempt from residual charges.
- 5.38 A final respondent also noted that the legal text will need amending to include suggested made during the consultation phase and it was also suggested that the definition of a site should be based on the "Alternative Option" whereby they would suggest replacing the word "premises" with "Site".

Q14: Do you have any further comments on DCP 359?

- 5.39 The majority of respondents did not have any further comments on the CP.
- 5.40 However, one respondent reiterated their response to Question 12 regarding the timescales being too short and repeated that they believed that the LC14 2022/23 Charging Statement publication should be delayed or the implementation date being changed to 01 April 2023.
- 5.41 Another respondent suggested that both the CUSC and DCUSA Working Groups needed to address the following areas:
- How Parties connected to two networks would be charged (e.g. a DNO network and the transmission network);
 - Whether there needs to be any specific consideration for Electric Vehicles (EV) and if dedicated EV charging facilities would be considered as Final Demand or not; and
 - Whether there needs to be any special consideration for which only (and will only ever) provide Ancillary Services to ESO or DNOs.
- 5.42 A further respondent also suggested that the Working Group needed to explore a proportionate approach to certifying that a site is a non-Final Demand Site and have offered a suggestion within their response to Q5 of this consultation.
- 5.43 A final respondent also suggested that consideration has to be made of how the TCR suite of changes can be communicated and explained to customers. As the CPs are complex, Suppliers may struggle to understand them, and the respondent believe that it will help customers if a single course of information could be created which provides the impact on contracts and tariffs being negotiated.

6 Working Group Conclusions & Final Solution

DCP 359 Working Group Conclusions

- 6.1 Following the review of the consultation responses, the Working Group agreed that the parties understood the intent and the principles of the CP.
- 6.2 The Working Group agreed that there would be no changes to the definition of Final Demand and Final Demand Site:
- | | |
|--------------------------|--|
| Final Demand | means electricity which is consumed other than for the purposes of generation or export onto the electricity network |
| Final Demand Site | means a Single Site that has associated metered Final Demand |
- 6.3 The Working Group also agreed to de-scope complex sites and private wires from this CP. In response to the queries raised, the Working Group stated that were a customer is receiving a residual charge they will continue to do so.
- 6.4 Further consideration was given to:

- the options for defining a ‘Single Site’;
- whether to include the use of exemption criteria; and
- if use of exemption criteria is approved,
 - the definition of Eligible Facility;
 - the certification process;
 - whether any guidance note should be produced; and
 - whether there is a need for a transition process;

6.5 The DCUSA objectives and the implementation date responses are considered in Section 5 and Section 7 respectively.

Options for Defining a Single Site

- 6.6 The Working Group noted the significant majority (twenty out of twenty five) supported the Working Group’s preferred definition and subsequently discussed the concerns raised by respondents. In the main, these concerns related to complex sites and private wires, to which it was noted that these areas are being descoped from the development of this CP. The other concerns related to connection agreements only being for customers with an agreed capacity and thus they had a preference for the alternative which added clarity.
- 6.7 In reviewing the National Terms of Connection (Schedule 2B of the DCUSA) it was highlighted that both whole current and current transformer (CT) metered connections are catered for by different sections. Those with whole current metering are catered for by Section 2 and those with CT metering and as such having a Maximum Import Capacity are catered for within Section 3. In addition, Section 1 explicitly states that a connection agreement must be in place to connection to the distribution network.
- 6.8 There was one minor amendment suggested which was to change ‘is’ to ‘are which the Working Group agreed with.
- 6.9 The Working Group had sympathy with one respondent who believed that the Ofgem definition would result in a reduction in residual charges where multiple connection agreements are in place for the same customer on the same site. The Working Group believed that this a bi-lateral issue for discussion with the customer and the relevant distributor.
- 6.10 The decision of the Working Group was that there would be no changes to the definition of Single Site:

| | |
|--------------------|--|
| Single Site | means the premises that are associated with a Bespoke Connection Agreement or the National Terms of Connection |
|--------------------|--|

Whether to Include the Use of Exemption Criteria

- 6.11 As part of the definition of Final Demand Site, the Working Group consulted on a number of Options:
- Option A - The stand-alone definition of Final Demand Site;
 - Option B - An exemption for Eligible Facilities;
 - Option C - An exemption based on the Frontier Economics criteria used for the impact assessment that is an annex to the TCR Decision; and
 - Any other suggestions.
- 6.12 A number of respondents provided a similar alternative that of Option B but after the first step replace with Import MPANs on a Single Site record less than [x]% of total units recorded by Export MPANs. However, nineteen of all respondents supported either option A or B
- 6.13 The Working Group reviewed the responses and after a debate agreed to support Option B because it provided extra clarity than that of Option A and a process to follow to be granted the exemption. The main concern over Option C and the alternative proposal was related to gaming or a continual request to review since circumstances had changed. The Working Group view was that it would be more appropriate for this to be catered for by the exceptional circumstances and disputes process (being proposed within DCP 360) rather than a further administrative burden on the DNOs.

Definition of Eligible Facility

- 6.14 Because of the decision to progress with Option B, the Working Group reviewed the responses on the definitions of 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility'.
- 6.15 There were no concerns with the definition of Electricity Storage and the concerns raised over the Electricity Generation definition highlighted in paragraph 5.20 of this Change Declaration were discounted. In the first instance, the Working Group believe that the definition is broad enough to cater for Solar PV and fuel cells, and in the second instance the suggestion to include any device that consumes electricity but has the sole purpose of maintaining or improving the network voltage (Ancillary Services) should be treated in the same way as a generator or energy storage device was discounted as out of scope of this CP.
- 6.16 Respondents highlighted the following related to Eligible Facility:
- For any project with a customer connected to it by private wire additional settlement metering will be required before the generator or storage operator could certify that look like for Eligible Facilities connected to the distribution network.
 - Metering arrangements and commissioning and decommissioning
- 6.17 The first has been deemed out of scope. On the second the Working Group agreed to the removal of the reference to CT metering. There will be sites that are Final Demand Sites and are not CT metered, so the exemption criteria need to ensure such sites are capable of being an Eligible Facility.

- 6.18 The Working Group also agreed that commissioning and decommissioning should be included within the definition and this was supported by the CUSC team who had a similar request.
- 6.19 The final definitions to be introduced by this CP, subject to legal review, are:

| | |
|-------------------------------|---|
| Electricity Storage | is the conversion of electrical energy into a form of energy, which can be stored, the storing of that energy, and the subsequent reconversion of that energy back into electrical energy. |
| Electricity Generation | is the process of generating electricity by a Generator. |
| Eligible Facility | <p>means for the purposes of commissioning, operating, maintaining or decommissioning a facility at which Electricity Storage or Electricity Generation occurs and that:</p> <p>(a) has an export MPAN and an import MPAN with associated metering equipment which only measures export from Electricity Storage or Electricity Generation and import for or directly relating to Electricity Storage or Electricity Generation (and not export from another source or import for another activity); and</p> <p>(i) if registered in an MPAS Registration System, is subject to certification from a Supplier Party that the facility meets the above criteria, which certificate has been provided to the DNO/IDNO Party; or</p> <p>(ii) if registered in CMRS, is subject to certification from the customer that the facility meets the above criteria, which certificate has been provided to the DNO/IDNO Party.</p> |

The certification process

- 6.20 A Working Group member commented on the reference to certification. It was felt that this could be anything that the customer sends to seek an exemption. It was agreed to add the word 'valid' before certification which then allows the DNO to verify and challenge as part of their acceptance process.
- 6.21 It was noted that due to the implementation of DCP341 and DCP432 associated with Eligible Electricity Storage Facilities the LC14 statement has been amended to cater for them. This document is subject to Authority approval of any changes. The Working Group's view is that this document would be subsequently amended to the broadened definition of Eligible Facility.

For the avoidance of doubt and aid understanding of the overall solution, DCP361 will remove the definition associated with Eligible Electricity Storage Facility and refer to Final Demand Sites

Provision of a guidance document

- 6.22 The Working Group recommended either a guidance note, or a check list be developed to assist in whether a Single Site meets the definition of an Eligible Facility or that of a Final Demand Site. Consideration should be given to whether this could form part of the LC14 statement or a stand-alone document.

Transition process

- 6.23 One respondent raised a concern over the lack of time for the certification process and suggested a transition process to cater for valid certificates to be received and verified. Working Group members agreed that such a transition process would be required and agreed that an additional section would be incorporated within the new schedule XX being introduced by DCP 358 and DCP 360.
- 6.24 In summary this process (detailed in paragraph 5 of the new schedule XX) will, in the first instance, cater for the DNOs/IDNOs making a decision as to whether a generator or storage facility is exempt for the purposes of the initial allocation to charging bands based on their knowledge of such sites. A defined transition period is to follow the initial allocation to charging bands, which will allow a time for a generator or storage facility to submit a valid certificate prior to the charges coming into effect. In addition, those that believe they should have been exempt but not considered by the DNO at the initial allocation to charging bands stage can challenge the decision and if the DNO agrees they will be exempt subject to providing the valid certificate.

Post Legal Review

- 6.25 Following review of the text submitted by the Working Group to the DCUSA Ltd. lawyers, and a subsequent meeting, during which one of the lawyer joined the call to assist in the discussion, it was agreed to amend some of the definitions being introduced by DCP 359. The Working Group note that the following amendments have been made:
- the defined term 'Eligible Facility' has been re-labelled to 'Non-Final Demand Site'; however, the definition itself has for the most part, retained the wording that had been in place prior to its re-labelling, i.e. any changes made were not considered to be material;
 - the definition of 'Final Demand Site' has changed to now mean a Single Site at which there is Final Demand, as determined in accordance with Paragraphs 1.10 and 5; and
 - the definition of 'Single Site' has been broadened to cater for one or more premises associated with a single connection agreement.
- 6.26 Regarding the amended wording for the defined term 'Final Demand Site', the reference to paragraph 1.10 relates to the criteria and paragraph 5 is the transition process where certification needs to be received otherwise, they revert to, or be classed as, a Final Demand Site.

- 6.27 The Working Group wish to highlight that as described throughout this document, there has been a significant amount of cross-code collaboration between members from the CMP334 Workgroup and the DCP 359 Working Group alongside the Code Administrators for both the CUSC and the DCUSA and in light of this fact, the end solution proposed under the CUSC can be located via the following link: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp334>

7 Relevant Objectives

Assessment against the DCUSA Objectives

- 7.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The objectives impacted by this CP are the Charging Objectives. The full list of objectives is documented in the DCUSA.

The Proposer's view

- 7.2 The rationale provided by the Proposer as to which of the DCUSA Objectives are better facilitated by DCP 359 is set out in the CP form (Attachment 4) and detailed below.
- DCUSA Charging Objective One is better facilitated by ensuring DNOs are compliant with licence requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction.
 - DCUSA Charging Objective Two is better facilitated by removing the existing distortion whereby storage only sites are eligible for Use of System charges excluding the residual element, whereas other generators are not.

Views of respondents to the consultation

- 7.3 The Working Group sought Party views on which of the DCUSA Charging Objectives they thought would be better facilitated by the implementation of DCP 359. A summary of the Party views can be found in paragraphs 5.25 to 5.27 above and in the collated consultation responses document found as Attachment 6.

| DCUSA Charging Objectives | Identified impact |
|---|-------------------|
| <input checked="" type="checkbox"/> 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 | Positive |
| <input checked="" type="checkbox"/> 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) | Positive |
| <input type="checkbox"/> 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 | None |
| <input type="checkbox"/> 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 | None |
| <input type="checkbox"/> 5 That compliance by each DNO Party with the Charging Methodologies, facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators | None |
| <input type="checkbox"/> 6 That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration | None |

Working Group views

- 7.4 The Working Group unanimously agrees with the Proposer and many of the respondents to the consultation that DCUSA Charging Objectives One and Two will be better facilitated by the implementation of the DCP 359 solution. It was noted that the Working Group's rationale for this was in line with that of the Proposer, which is set out in the bullet points below paragraph 7.2.
- 7.5 The Working Group unanimously agreed that the implementation of DCP 359 would not have an impact on DCUSA Charging Objectives, Three, Four, Five and Six.
- 7.6 When looking at the DCUSA Charging Objectives in the round, Working Group members who put forward a view with respect to the DCUSA Charging Objectives, unanimously agreed that on balance, DCP 359 will better facilitate the DCUSA Charging Objectives.

8 Impacts & Other Considerations

Significant Code Review Impacts

- 8.1 It is not believed that this CP will impact on any existing SCR, and this CP needs to be raised as a result of the TCR Decision which therefore means the SCR phase of the TCR shall be treated as having ended.

Electricity Network Access and Forward-Looking Charging Review SCR Interaction

- 8.2 Following Ofgem's consultation issued on 23 July 2018, it was noted that on 18 December 2018 Ofgem published its decision to launch an SCR entitled 'Electricity Network Access and Forward-Looking Charging Review' (the 'Access SCR'). During 2019, Ofgem published two working papers that consisted of a suite of discussion notes and which set out Ofgem's current thinking with respect to issues that the SCR is seeking to resolve.

- 8.3 The scope of the Access SCR explicitly excludes residual charging, which was the subject of the TCR. It is noted that the Access SCR may have a material impact on the level of residual charging, and so does interact with this CP, however, the Working Group is unable to test any such interaction as there is still a long-list of options being considered by Ofgem.

Settlement Reform SCR / Retail Code Consolidation SCR / Switching Programme SCR

- 8.4 The Working Group does not consider that the solutions they have developed have any impact on nor are they impacted by the 'Settlement Reform SCR', the 'Retail Code Consolidation SCR' or the 'Switching Programme SCR'.

Impacts on other Industry Codes

Consideration of any interaction between DCP 359 and industry code arrangements

- 8.5 As noted, NGESO has also been directed to raise modifications to the CUSC to implement the TCR Decision. A key requirement of the TCR Directions is to ensure consistency between the DCUSA and the CUSC in certain areas, and this CP falls into this category. Therefore, changes as a result of this CP need to be consistent across both codes.

Environmental Impacts

- 8.6 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 359 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

Engagement with the Authority

- 8.7 Ofgem has been fully engaged throughout the development of the CP as an observer of the Working Group and regular attendee of the TCR Implementation Steering Group.

9 Implementation

- 9.1 Clause 11.9A(2) of the DCUSA sets out that in respect of all Authority Change Proposals, which DCP 359 is considered to be, the Authority may, by direction, specify and/or amend the date from which the variation envisaged by the Change Proposal is to take effect.
- 9.2 Within the TCR Direction, the Authority, in accordance with paragraph 22.9E(a) of SLC C22 directed the DNOs to raise one or more code modification proposals in the terms and for the reasons set out in the Annex of the Direction in sufficient time to enable the modifications to be effective as of 01 April 2022.
- 9.3 As noted previously, this means that the definitions that this CP seeks to introduce, which are to be used as a basis for the processes that will be put in place by DCP 358 and DCP 360 that will specify how the initial charging bands are to be set and the allocation of customers to those bands need to be implemented prior to the timetable that will specified within the solution for DCP 358. Given this, the Working Group agreed that subject to Authority approval of DCP 358 and DCP 360 at the same time, or if DCP 359 is approved earlier than DCP 358 and DCP 360 then implementation will be 5 Working Days from the Authority approving DCP 358 and DCP 360.
- 9.4 This approach was supported by the majority of the respondents. However, the Working Group agreed to move away from a 5 Working Day after Authority approval to a specific date due to the explicit procedural dates within the draft legal text for DCP 358 and DCP360. This was subsequently agreed within the two other CPs so that all three will align.
- 9.5 The implementation date of this CP is the 01 August 2020.

10 Legal Text

- 10.1 The legal text for DCP 359 has been developed and refined by the DCP 359 Working Group and has been reviewed by the DCUSA legal advisors and which the Proposer has confirmed as satisfying the intent of the Change Proposal. The DCP 359 legal text is provided as Attachment 2 to this Change Declaration.
- 10.2 The DCP 359 legal text in isolation, seeks only to:
- Introduces a number of new defined terms under paragraph 8.2 of the new Schedule XX which will be used to identify those customers (Final Demand Sites) who should pay a residual fixed charge;
 - Inserts paragraph 1.10 into the new Schedule XX, which details the criteria which would need to be met in order for an exemption from paying a residual fixed charge to have effect and would result in being classified as a Non-Final Demand Site; and

- Inserts paragraph 5 titled 'Transitional Period As A Result Of A Re-Classification Of A Single Site' into the new Schedule XX, which details the transition process to allow sites, that have been classed as a Non-Final Demand Sites, to provide certification that it should remain in the classification or for a site that has been classed as a Final Demand Site, but where the customer believes it should be classed as a Non-Final Demand Site, such that it has time to provide certification that it should be re-classified as a Non-Final Demand Site.

10.3 The legal text for DCP 359 should be read in conjunction with and be applied alongside that which is provided for by DCP 358 'Ofgem Targeted Charging Review Implementation: Determination of Banding Boundaries' and DCP 360 'Ofgem Targeted Charging Review Implementation: Allocation to Band and Interventions'. For ease of reference, the Working Group provide Attachment 7, which is a combined version of the legal text for all three CPs that has been colour coded to highlight which parts of the text are related to each CP.

11 Code Specific Matters

Reference Documents

11.1 The below links are to the TCR Decision re-published in December 2019, the TCR DCUSA Direction published in November 2019 and the 'Detailed Plan' also known as the Joint ESO/DNO PID published in December 2019:

- The TCR Decision:
https://www.ofgem.gov.uk/system/files/docs/2019/12/full_decision_doc_updated.pdf
- The TCR Direction:
https://www.ofgem.gov.uk/system/files/docs/2019/11/dcusa_direction_1.pdf
- The detailed plan: <http://www.chargingfutures.com/media/1390/tcr-joint-eso-dno-pid-v10.pdf>

11.2 The below links are to the three other DCUSA CPs that have been raised to implement the TCR Decision:

- [DCP 358 – 'Ofgem Targeted Charging Review Implementation: Determination of Banding Boundaries'](#)
- [DCP 360 – 'Ofgem Targeted Charging Review Implementation: Allocation to Bands and Interventions'](#)
- [DCP 361 – 'Ofgem Targeted Charging Review Implementation: Calculation of Charges'](#)

12 Voting

12.1 The DCP 359 Change Report was issued to DCUSA Parties for voting on 21 May 2020.

Part 1 Matter: Authority Decision Required

DCP 359: Proposed Variation (Solution)

12.2 For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was more than 50%.

12.3 DCUSA Parties' have voted and recommend to the Authority to determine that the proposed variation (solution) is accepted for DCP 359.

DCP 359: Implementation Date

12.4 For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 50%.

12.5 DCUSA Parties' have voted and recommend to the Authority to determine that the implementation date is accepted for DCP 359.

The table below sets out the outcome of the votes that were received in respect of the DCP 359 Change Report that was issued on 21 May 2020 for a period of 15 working days.

| DCP 359 | WEIGHTED VOTING | | | | |
|---------------------|-----------------|--------|----------|------------------------------|----------------------------|
| | DNO | IDNO | SUPPLIER | CVA REGISTRANT ¹⁶ | GAS SUPPLIER ¹⁷ |
| CHANGE SOLUTION | ACCEPT | ACCEPT | ACCEPT | N/A | N/A |
| IMPLEMENTATION DATE | ACCEPT | ACCEPT | REJECT | N/A | N/A |

13 Recommendations

DCUSA Parties Recommendation

13.1 DCUSA Parties have voted on DCP 359 and in accordance with Clause 13.5 of the DCUSA, recommend to the Authority to determine that the Change Proposal be accepted and thus that the proposed variation to the DCUSA should be made.

¹⁶ No votes were cast in this Party Category

¹⁷ This Party Category was not eligible to vote on this CP

14 Attachments

- Attachment 1 – DCP 359 Collated Party Votes
- Attachment 2 – DCP 359 Legal Text
- Attachment 3 – DCP 359 Single Site RFI Responses
- Attachment 4 – DCP 359 Change Proposal
- Attachment 5 – TCR EDCM Eligibility Assessment
- Attachment 6 – DCP 359 Consultation and Collated Responses
- Attachment 7 – Colour Coded Combined Legal Text – DCP 358-359-360