

DCP392 Legal Text

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**Schedule 23 - Transmission Related Distribution Reinforcement Charging  
Methodology**

**1 Introduction**

- 1.1 This Schedule applies where a new connection to the Transmission System, or a modification to an existing connection to the Transmission System, is identified under the CUSC as having an impact on a DNO/IDNO Party's Distribution System.
- 1.2 Where this Schedule applies, the DNO/IDNO Party must use the charging methodology described in this Schedule to calculate its charges for undertaking the works required in order to accommodate the impact of the new connection or modification or otherwise permitting the transmission connection/modification to proceed.
- 1.3 The contractual arrangements between the DNO/IDNO Party and the NETSO are documented under the CUSC.
- 1.4 Where the CUSC requires the Transmission User to procure works from the DNO/IDNO Party, then the arrangements for these works will be agreed bilaterally between the Transmission User and the DNO/IDNO Party (provided that the DNO/IDNO Party's charges must be calculated in accordance with this Schedule).
- 1.5 Each DNO/IDNO Party shall publish this Schedule on its website (with explanatory supporting information) as its charging methodology for works triggered by Transmission Users that have an impact on its Distribution System.
- 1.6 This Schedule forms part of the Distribution Connection and Use of System Agreement (the Agreement). The definitions and rules of interpretation applying to this Agreement (set out in Clause 1 of the Agreement) apply equally to this Schedule. Additional definitions which are specific to this Schedule are set out in paragraph 9.

## **2 TRDR Minimum Scheme**

2.1 The TRDR Minimum Scheme is the TRDR Scheme with the lowest overall capital cost (as estimated by the DNO/IDNO Party). The TRDR Minimum Scheme will be subject to:

2.1.1 accepted industry standards, including the requirements of the Distribution Code;

2.1.2 the status and configuration of the Systems Connection Point;

2.1.3 the standard sizes and types of equipment currently used in the Distribution System which shall be reasonable in all the circumstances;

2.1.4 maintaining the DNO/IDNO Party's ability to minimise regulatory penalties associated with the interruptions incentive scheme and the Electricity (Standards of Performance) Regulations 2015; and

2.1.5 the DNO/IDNO Party's statutory and licence obligations, including the requirement to develop, maintain and operate an efficient, co-ordinated and economical Distribution System.

2.2 The DNO/IDNO Party will make available its design policies and standards as relevant to the design of TRDR Schemes.

## **3 Cost Allocation**

3.1 The costs to be charged by the DNO/IDNO Party to the Transmission User can be split into three categories:

3.1.1 costs which are to be paid in full by the Transmission User (see paragraph 4);

3.1.2 costs to be paid in part by the Transmission User (see paragraph 5); and

3.1.3 costs to be paid by the Transmission User in respect of a previous TRDR Scheme which benefits the Transmission User (see paragraph 6).

3.2 The corollary of paragraph 3.1.3 is that a Transmission User which has paid for works may subsequently become entitled to a rebate (see paragraph 7).

**4 Costs to be paid in full by the Transmission User**

- 4.1 The costs of providing TRDR Extension Assets shall be charged in full to the Transmission User.
- 4.2 Where the Transmission User has requirements for additional security, or the characteristic of the Transmission User's load requires the DNO/IDNO Party to install assets in excess of the TRDR Minimum Scheme, then the additional costs shall be charged in full to the Transmission User.
- 4.3 The costs of the future operation and maintenance of any additional assets requested by the Transmission User (over and above those associated with the TRDR Minimum Scheme) shall be charged in full to the Transmission User. These will normally be levied as a one-off charge representing the net present value of the future operation and maintenance costs, and calculated as a percentage of the additional capital cost of the TRDR Scheme.
- 4.4 The cost of work required to reconfigure the Distribution System to meet the Transmission User's requirements where no New TRDR Network Capacity and no New TRDR Fault Level Capacity is made available shall be charged in full to the Transmission User.
- 4.5 For generation connections/modifications, any and all TRDR costs in excess of the high-cost project threshold of £200/kW shall be charged to the Transmission User in full.
- 4.6 For demand connections/modifications, any and all TRDR costs in excess of the high-cost project threshold of £1720/kVA shall be charged to the Transmission User in full.
- 4.7 Work required for TRDR Speculative Developments shall be charged in full to the Transmission User. Additional charges to reflect ongoing operation, repair and maintenance costs may also be levied. These will normally be levied as a one-off charge representing the net present value of the future operation and maintenance costs, and calculated as a percentage of the additional capital cost of the TRDR Scheme.

**5 Costs to be paid in part**

- 5.1 Transmission related distribution reinforcement (TRDR) is defined as assets installed as part of a TRDR Scheme that add capacity (network or fault level) to the existing shared-use Distribution System. The costs of TRDR shall be apportioned between the DNO/IDNO Party and the Transmission User.
- 5.2 The methods used to apportion the costs of TRDR are set out in paragraphs 5.7 to 5.11.
- 5.3 However, there are two exceptions to this rule (see paragraphs 5.4 and 5.5). Where an exception applies, the TRDR shall be treated as TRDR Extension Assets and the costs shall be charged in full to the Transmission User.
- 5.4 Exception 1: Where the TRDR is in excess of the TRDR Minimum Scheme and is at the Transmission User's request, then the TRDR shall be treated as TRDR Extension Assets and the costs shall be charged in full to the Transmission User.
- 5.5 Exception 2: Where the replacement of switchgear results in an increase in Fault Level capacity and:
- 5.5.1 that increase is solely as a result of the Fault Level rating of the standard switchgear equipment used by the DNO/IDNO Party being higher than that of the existing switchgear; and
- 5.5.2 that increase in Fault Level capacity is not needed to accommodate the Transmission User's connection/modification,
- then, unless the switchgear adds network capacity and the Security TRDR CAF applies, the switchgear replacement will be treated as TRDR Extension Assets and the costs of the switchgear replacement shall be charged in full to the Transmission User.
- 5.6 For clarity, where the costs of TRDR are borne in full by the Transmission User and any capacity created is used to accommodate new or modified connections on either the Transmission System or the Distribution System within the TRDR Prescribed Period, then a rebate may apply under paragraph 7.

5.7 Subject to the exceptions set out in paragraphs 5.4 and 5.5, the costs of TRDR will be apportioned using one of two TRDR Cost Apportionment Factors (TRDR CAFs), dependent upon which factor is driving the requirement for Reinforcement:

5.7.1 the Security TRDR CAF; or

5.7.2 the Fault Level TRDR CAF.

5.8 The "**Security TRDR CAF**" is applied where the costs are driven by either thermal capacity or voltage (or both), as assessed against the relevant standard. This rule determines the proportion of the TRDR costs that should be paid by the Transmission User as detailed below.

$$\text{Security TRDR CAF} = \frac{\text{TRDR Required Capacity}}{\text{New TRDR Network Capacity}} \times 100\% \quad (\text{max } 100\%)$$

5.9 The "**Fault Level TRDR CAF**" is applied where the costs are driven by Fault Level restrictions, as assessed against the relevant standard. This rule determines the proportion of the TRDR costs that should be paid by the Transmission User as detailed below.

$$\text{Fault Level TRDR CAF} = 3 \times \frac{\text{TRDR Fault Level Contribution}}{\text{New TRDR Fault Level Capacity}} \times 100\% \quad (\text{max } 100\%)$$

5.10 For clarity, where the Transmission User requires a modification to an existing transmission connection, both the Security TRDR CAF and the Fault Level TRDR CAF will be based on the increase in TRDR Required Capacity and increase in TRDR Fault Level Contribution from the connection respectively. Any related increases (in respect of the same Transmission User connection) within the previous three-year period will also be taken into account in determining the increase in the TRDR Required Capacity or increase in the TRDR Fault Level Contribution to be applied within the TRDR CAFs.

5.11 On some TRDR Schemes, there may be an interaction between the rules for the two TRDR CAFs. In such cases, the Security TRDR CAF will be applied to costs that are driven by the security requirement, and the Fault Level TRDR CAF will be applied to costs that are driven by Fault Level requirements.

**6 Recovery of costs for previous works**

6.1 Where, in order to facilitate a new connection to the Transmission System or a modification to an existing connection to the Transmission System:

6.1.1 the DNO/IDNO Party proposes to utilise existing Distribution System assets that were installed to facilitate a previous transmission connection or modification; and

6.1.2 one or more previous TRDR Contributors has paid for those assets (including where the DNO/IDNO Party has itself borne the cost of those assets in accordance with this Schedule),

then the subsequent Transmission User shall (subject to the other provisions of this paragraph 6) be charged an amount to cover a proportion of the cost of those assets.

6.2 The subsequent Transmission User shall only be charged such an amount if the subsequent Transmission User's connection/modification is made within the TRDR Prescribed Period.

6.3 In relation to each transmission connection/modification to which this Schedule applies, the DNO/IDNO Party shall take reasonable steps to ascertain whether there are any previous TRDR Contributors (and, if so, the name and address of each of those contributors).

6.4 If it appears to the DNO/IDNO Party that there are any such TRDR Contributors, then the DNO/IDNO Party shall as soon as reasonably practicable give notice in writing to the Transmission User obtaining the new connection or modification stating:

6.4.1 that upon the new connection or modification being made the Transmission User may be liable to pay a reimbursement payment; and

6.4.2 the amount, or an estimate of the amount, of that payment.

6.5 The amount charged to a Transmission User under this paragraph 6 shall be (subject to paragraph 6.6) the appropriate proportion of the charges borne by the TRDR Contributors which appears to the DNO/IDNO Party to be reasonable having regard

to all the circumstances, including in particular the maximum capacity required by the Transmission User obtaining the subsequent connection or modification.

6.6 The DNO/IDNO Party shall not demand a reimbursement payment under this paragraph 6 in any case where:

6.6.1 the total amount of the payment would, after deduction of administrative expenses under paragraph 7.3, leave a value of less than the Minimum TRDR Repayment;

6.6.2 the DNO/IDNO Party has not been able to contact the TRDR Contributor to which that payment would be due; and/or

6.6.3 TRDR Contributor to which that payment would be due has notified the DNO/IDNO Party in writing that the TRDR Contributor does not wish to receive the payment.

6.7 The subsequent Transmission User may request (and the DNO/IDNO Party shall provide) reasonable information concerning the calculation of a payment required to be made under this paragraph 6, including:

6.7.1 the date of the connection/modification to which the payment relates;

6.7.2 the total cost of the works to which the payment relates; and

6.7.3 the amount paid by each TRDR Contributor.

6.8 If the subsequent Transmission User makes a request for information in accordance with paragraph 6.7, then the subsequent Transmission User is not required to make a payment under this paragraph 6 until the DNO/IDNO Party has:

6.8.1 provided the relevant information; or

6.8.2 notified the Transmission User that the DNO/IDNO Party does not hold the relevant information.

## **7 Rebates**

- 7.1 For Distribution System assets where the Transmission User has paid in full for the works (as described in this Schedule), then the Transmission User may be entitled to a future rebate of charges should another Transmission User benefit from those assets.
- 7.2 For Distribution System assets where the Transmission User has paid in proportion to its TRDR Required Capacity, then the Transmission User is not entitled to a future rebate of charges should another Transmission User benefit from those assets.
- 7.3 Where a DNO/IDNO Party has received a reimbursement payment from a subsequent Transmission User under paragraph 6, the DNO/IDNO Party shall (subject to paragraph 7.2):
- 7.3.1 deduct its administrative expenses from the amount received; and
  - 7.3.2 subject to paragraph 7.5, pay the amount recovered minus any deduction under paragraph 7.3.1, to the TRDR Contributors as soon as reasonably practicable.
- 7.4 If there are two or more TRDR Contributors, the DNO/IDNO Party shall pay to each TRDR Contributor (or, if it is a TRDR Contributor, retain for itself) a proportion of the net amount which corresponds with the proportion of the charges under this Schedule that were borne, or that the DNO/IDNO Party estimates was borne, by that TRDR Contributor.
- 7.5 A DNO/IDNO Party is not required to make a payment to a TRDR Contributor if the amount of that payment, calculated in accordance with paragraphs 7.3 and 7.4, would be less than the Minimum TRDR Repayment.

## **8 Records**

- 8.1 Each DNO/IDNO Party shall maintain such records as are reasonably necessary in order to enable it to comply with its obligations under this Schedule.

## **9 Glossary of Terms**



9.1 Words beginning with a capital letter that are not otherwise defined in this Schedule have the meanings given to them in Clause 1 of the main body of the Distribution Connection and Use of System Agreement (the Agreement).

9.2 In this Schedule, unless the context otherwise requires, the expressions below shall have the meanings set out below.

<b>Distribution System</b>	has the meaning given to that term in the electricity distribution licences, and means (in respect of each DNO/IDNO Party) that Party's Distribution System.
<b>DNO/IDNO Party</b>	each electricity distribution licensee, as further defined in the Agreement.
<b>Fault Level</b>	the maximum prospective current or power that will flow into a short circuit at a point on the network, usually expressed in MVA or kA.
<b>Fault Level TRDR CAF</b>	has the meaning given in paragraph 5.9.
<b>Minimum TRDR Repayment</b>	the same minimum amount as applies under regulation 7(5)(a) of the Electricity (Connection Charges) Regulations 2017.
<b>NETSO</b>	the National Electricity Transmission System Operator.
<b>New TRDR Fault Level Capacity</b>	the Fault Level rating, following TRDR, of the equipment installed after taking account of any restrictions imposed by the local network Fault Level capacity. For the avoidance of doubt, this rule will be used for all equipment types and voltages.
<b>New TRDR Network Capacity</b>	the non-secure capacity, following TRDR, of the part or parts of the Distribution System which required TRDR.
<b>Security TRDR CAF</b>	has the meaning given in paragraph 5.8.

<b>Systems Connection Point</b>	the relevant connection point between the Distribution System and the Transmission System.
<b>Transmission System</b>	the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain.
<b>Transmission User</b>	the party to the CUSC which has requested a new connection to the Transmission System, or a modification to an existing connection to the Transmission System, which is identified under the CUSC as having an impact on a DNO/IDNO Party's Distribution System.
<b>TRDR Contributor</b>	<p>where a subsequent connection or modification is made to the Transmission System which makes use of assets installed to facilitate a previous transmission connection or modification, then each of the following persons is a “TRDR Contributor” in relation to the cost of those assets:</p> <ul style="list-style-type: none"> <li>(a) any previous Transmission User which paid charges pursuant to paragraph 4 of this Schedule in respect of a previous connection/modification and (at the time of the subsequent connection/modification being made) owns or occupies the premises to which the previous connection/modification related;</li> <li>(b) any previous Transmission User which paid charges pursuant to paragraph 6 of this Schedule in respect of previous a connection/modification and (at the time of the subsequent connection/modification being made) owns or occupies the premises to which the previous connection/modification related;</li> <li>(c) a person who has been assigned a right to receive a reimbursement payment (from a person to whom (a) or (b) above would have applied had they continued to own or</li> </ul>

	<p>occupy the relevant premises), and who (at the time of the subsequent connection/modification being made) owns or occupies the premises to which the previous connection/modification related; and/or</p> <p>(d) the DNO/IDNO Party itself, if the DNO/IDNO Party only charged part of the costs of the assets to a Transmission User under paragraph 5 (in respect of the costs which were not charged to the Transmission User).</p>
<b>TRDR Extension Assets</b>	the assets installed to facilitate a connection/modification to the Transmission System, but which exclude TRDR assets.
<b>TRDR Fault Level Contribution</b>	the incremental increase in Fault Level, following TRDR, at the appropriate point on the Distribution System.
<b>TRDR Minimum Scheme</b>	is described in paragraph 2.
<b>TRDR Prescribed Period</b>	for each given connection/modification, ten years after that connection/modification was made.
<b>TRDR</b>	is described in paragraph 5.1.
<b>TRDR Required Capacity</b>	if the Systems Connection Point requires an increase in capacity then it is the increase above the existing capacity of the Systems Connection Point.
<b>TRDR Scheme</b>	the network design resulting from the DNO/IDNO Party's assessment of the impact of the new connection to the Transmission System or the modification of an existing connection to the Transmission System.
<b>TRDR Speculative Developments</b>	<p>developments which have one or more of the following characteristics:</p> <p>(a) their detailed electrical load requirements are not known;</p>

	<ul style="list-style-type: none"><li>(b) the development is phased over a period of time and the timing of the phases is unclear;</li><li>(c) the capacity requested caters for future expansion rather than the immediate requirements of (an) end user(s);</li><li>(d) the capacity requested caters for future speculative phases of a development rather than the initial phase(s) of the development; or</li><li>(e) the infrastructure only is being provided, with no connections for end users requested.</li></ul>
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