





| DCUSA Consultation | | At what stage is this document in the process? |
|---|--|--|
| <h1>DCP 392</h1> <h2>Charging of Third Party DNO Works to Transmission Connection Users.</h2> <p><i>Raised on the 12 July 2021 as a Standard Change</i></p> | | 01 – Change Proposal |
| | | 02 – Consultation |
| | | 03 – Change Report |
| | | 04 – Change Declaration |
| <p>Purpose of Change Proposal:</p> <p>To apply some of the principles of the Common Connection Charging Methodology (CCCM) to transmission connections that trigger works on a distribution system, and to apply the equivalent of the Electricity (Connection Charges) Regulations (ECCR) for reimbursement to the transmission-connected customer where Cost Apportionment Factor (CAF) rules do not currently apply. At present, a customer with an accepted transmission offer or a transmission connected site pays the full charge for any distribution works triggered by their connection. .</p> | | |
| <p>The Workgroup recommends that this CP should proceed to Consultation.</p> | | |
| <p>Parties are invited to consider the questions set in section 9 and submit comments using the form in Attachment 1 to dcusa@electralink.co.uk by COB on 21 April 2022.</p> | | |
| <p>DCP 392 has been designated as a Part 1 Matter and a Standard Change.</p> | | |
| <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the CP.</p> | | |
| <p>Impacted Parties: Generators (including storage and any other transmission users impacting the distribution system) and DNO Parties.</p> | | |
| <p>Impacted Clauses: A new Schedule</p> | | |

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| Timetable | | |
| The timetable for the progression of the CP is as follows: | | |
| Change Proposal timetable | | |
| | | |
| Activity | Date | |
| Initial Assessment Report Approved by Panel | 21 July 2021 | |
| Consultation issued to Parties | 21 March 2022 | |
| Change Report issued to Panel | 20 July 2022 | |
| Change Report issued for Voting | 22 July 2022 | |
| Party Voting Ends | 12 August 2022 | |
| Change Declaration Issued to Parties | 16 August 2022 | |
| Authority Decision | TBC | |
| Implementation | Next scheduled release or within one month of Authority Consent, whichever is sooner | |
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1 Summary

What?

- 1.1 It is the view of the proposer that the cost apportionment approach, similar to those contained in the CCCM, be applied in respect of DNO works which are triggered by a customer seeking a connection to the transmission system.
- 1.2 It is also proposed that the equivalent of the ECCR¹ be applied to provide reimbursement to transmission-connected customers in circumstances where the CAF rules do not apply and full charge for works is initially made to the transmission-connected customer.

Why?

- 1.3 A Customers seeking a connection or modifying an existing connection to the transmission system (typically generation or energy storage) may be obliged to undertake a Connection and Use of System Code (CUSC) Third Party Works assessment with an affected Third Party (typically a DNO/Distribution System Operator) as a condition of their contract with the National Electricity Transmission System Operator (NETSO).
- 1.4 Currently the cost apportionment approach within the CCCM does not apply in respect of Distribution Network Operator (DNO) works which may be required to facilitate the requirements of transmission connected customers. This means that the transmission customer who triggers the works is currently responsible for picking up 100% of the cost of works regardless of their incremental contribution.
- 1.5 If there are multiple customers seeking connections to the transmission system and those connections require common works on the distribution system, then the cost currently falls in full to the triggering party (i.e. the first customer seeking a transmission connection for whose connection the distribution system works are required). This can create a situation whereby the first transmission connection customer is creating benefit for other transmission customers without receiving rebate as a distribution customer in the same position would. In the view of the proposer, in this scenario, the first transmission customer is not being treated fairly which means that otherwise viable projects may not be developed, and it creates a false and inefficient incentive to connect at the distribution voltage nearby, where the works could be the same but charged differently

¹ [The Electricity \(Connection Charges\) Regulations 2017 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

How?

- 1.6 The proposed change will apply the principles of CCCM to the costs of the distribution system works for transmission users who trigger distribution works relating to a transmission connection. This will allow the full cost of Reinforcement works to be apportioned based on the proportion of thermal capacity or fault level headroom used by the new customer.
- 1.7 Additionally, this change proposes that the principles of the ECCR will apply for any further modifications or new connections to the transmission system that utilises the distribution assets installed for the initial request.

2 Governance

Justification for Part 1 Matter

- 2.1 The change proposal has been designated as a “Part 1” matter as it satisfies one or more of the following criteria:
 - a) it is likely to have a significant impact on the interests of electricity consumers;
 - b) it is likely to have a significant impact on competition in one or more of:
 - i. the generation of electricity;
 - ii. the distribution of electricity;
 - iii. the supply of electricity; and
 - iv. any commercial activities connected with the generation, distribution, or supply of electricity
 - c) it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties);
- 2.2 It is the proposers' opinion that the current mechanism, which charges 100% of DNO works to the impacting transmission connection user, is anticompetitive for transmission connection users in relation to upfront capital costs and this must be rectified to ensure the distribution charging methodology no longer discriminates against one class of Parties.

Current Next Steps

- 2.3 This Consultation Document is issued for a period of four weeks. The Working Group will review the responses after this period.

3 Why Change?

Background of DCP 392

- 3.1 There is a current modification to the CUSC, CMP328², which proposes to put in place an appropriate process to be utilised when any transmission connection triggers work on the distribution system.
- 3.2 CMP328 was raised by SSEN to challenge the utilisation of the Third-Party Works process proposed by NGESO in situations where a transmission connected project might trigger works on the distribution network. CMP328 proposes the implementation of a Distribution Impact Assessment process which would establish NETSO as the DNO's customer and require them to make an application on behalf of their customer. This application would trigger an assessment which will allow the DNO to assess the impact of connection; provide a quotation for works required and update any enduring requirements in the contractual arrangements held between NETSO and the DNO. The charging strategy for any works triggered (and several other wider issues) was agreed by the CUSC Working Group as not in scope for CMP328.
- 3.3 It is expected that a decision on CMP328 is likely to be made in the Summer of 2022.
- 3.4 The proposer is suggesting that the Cost apportionment approach³, as set out in the CCCM, needs to be adopted in respect of costs for the DNO works required to facilitate connections to the transmission system. Currently the CCCM, pursuant to s16 the Electricity Act 1989 and in accordance with the provisions of the distribution licence conditions 12 and 13, only applies to connections to the distribution system.
- 3.5 The approach suggested by the proposer would equalise the playing field in relation to upfront capital costs between distribution and transmission connected assets and remove disproportionate distribution connection charges currently levied on impacting transmission users. Two examples of such disproportionate costs are highlighted in the change proposal are shown below:

Live Project 1 – an example

- 49.9 MW 13 kV tertiary connected battery scheme at a southern GSP.
- DNO proposes to upgrade the CBs to 40 kA rating at a cost of £3.83M, fully funded by the triggering party.
- 1x distribution CB increases to 96.5% of its asymmetrical break limit (29.34 kA) so must be replaced. Customer contribution is 0.54 kA.
- A further 8x CBs are pushed out of their single and three phase fault ratings (27 kA). Single phase rating is breached first. Customer contribution is 0.21 kA. These 8 CBs are already operating at 99.8% of their rating before our connection.
- A further 1x CB is being replaced anyway under a capital scheme.
- DNO did not have capital funding to replace other stressed breakers that needed replacing anyway. Transmission customer will provide this funding for their benefit.

² [CMP328: Connections Triggering Distribution Impact Assessment | National Grid ESO](#)

³ The costs of the re-enforcement will be apportioned dependent upon two cost apportionment factors, one being the security of supply and the other the fault level (paragraph 1.16-1.28 of Schedule 22)

- Assuming all CBs are evenly priced, the 8x CBs should cost £3.40M. Fault level CAF = $3 \times (0.21/40) \times 100 = 1.6\%$
- Under CAF, customer contribution would be £54,471.
- For the first CB, fault level CAF = $3 \times (0.54/40) \times 100 = 4.1\%$.
- Under CAF, customer contribution would be £17,448.
- If project was distribution connected, customer could contribute £71,919 under the CAF mechanism, with the remainder being covered by the DNO and socialised across subsequent customers.
- Presently, the transmission customer is facing an effective £3.79M penalty for opting for a transmission connection. This is anti-competitive and could result in cancellation of the project on economic viability grounds.

Live Project 2

- 49.9 MW 13 kV tertiary connected solar and storage scheme at a south western GSP.
- DNO's third party works assessment highlighted widespread thermal constraints.
- Mitigation required 30.5km of 132 kV reinforcement.
- Cost £17.7M. If CAF was applied, cost would be approx. £10.4M taking into account the £200/kW high-cost reinforcement cap.
- This is an approx. £7.3M over-spend by the transmission user for the DNO's benefit.
- Active, enduring solutions technically possible but this is currently outside the contractual scope of the third party works process. Something CMP328 is considering.
- To date, no options have been pursued and the project is at real risk of cancellation.

3.6 The Working Group discussed the potential for other distortions for opting for a connection at either the transmission or distribution level but noted that this change proposal is seeking solely to address the difference of upfront capital costs and so other potential differences are not considered further within this change proposal.

3.7 In addition, any future connections or modifications made to either the transmission or distribution systems that benefit from the initial changes should follow the principles of the ECCR. The approach being suggested is wider than the scope of the ECCR which, being prescribed by s19 and Schedule 5B of the Electricity Act, only considers connections to the distribution system (not connections to the transmission system). The proposer is of the view that both types should be considered irrespective of whether the connection is to the distribution or transmission system.

3.8 It is understood that the Department for Business, Energy & Industrial Strategy (BEIS) has conducted a statutory Post Implementation Review of The Electricity (Connection Charges) Regulations 2017

which came into force on 6 April 2017. BEIS has published a survey⁴ to collect information from stakeholders to help the assessment of:

- the extent to which the Regulations' objectives are being achieved;
- whether those objectives remain appropriate; and
- if those objectives remain appropriate, the extent to which they could be achieved with less onerous regulatory provision.

The deadline for participating in the survey was 21 January 2022 and is now closed.

The Review will be published by 6 April 2022.

- 3.9 The Working Group are seeking views on whether you understand the intent of the change proposal and if not what areas of concern or lack of understanding do you have.

Q1: Do you understand the intent of DCP 392?

4 Working Group Assessment

DCP 392 Working Group Assessment

- 4.1. The DCUSA Panel established a Working Group to assess DCP 392. This Working Group consists of Suppliers, Generators, developers, DNOs, IDNOs, ESO and Ofgem representatives. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.

Legal status

- 4.2. The Working Group discussed the approach to amend the CCCM to cater for transmission connection. One member indicated that this cannot be catered for under the Licence or DCUSA since the CCCM is for connections to the distribution network. The concern was raised pre the working group being established by the Panel.
- 4.3. The Working Group member raised concerns around whether this change should be considered by DCUSA.
- 4.4. These concerns were that DCP 392 falls outside of the scope of the CCCM and DCUSA with the issues principally about:
- The relationship between the relevant ESO and the party seeking connection to the transmission system;
 - How the transmission company passes on costs that arise as a consequence of having to modify its connection arrangements to a third party (in this case a DNO); and

⁴ The survey document is available at https://beis.fra1.qualtrics.com/jfe/form/SV_9F7LETYTTrhmYipw

- Where, as a consequence, the transmission operator requires the third party to modify its distribution assets to facilitate the connection to the transmission system.

The Working Group member expressed the opinion that they did not understand the logic that DNOs, and consumers connected to DNOs should be liable to costs of modifying the existing DNO connection assets where such works arise as a consequence of facilitating the connection of a party to the transmission system. Further, they saw the circumstances falling outside the scope of sections 16 of to 23 of the Act and sections 12 to 15A of the electricity distribution licence.

- 4.5. This was discussed by the Working Group and a request for clarity from the legal advisors was obtained.

“My current understanding of the CUSC proposals is that NGESO will act as an interface between the T-connectee and the DNO/IDNO, that the T-connectee will be paying NGESO under the CUSC, and that any rebate will be paid by NGESO to T-connectee under the CUSC.

However, the CUSC modification will not be dealing with the charging methodology used by distributors to calculate charges for these reconfiguration works. The CUSC WG has taken the view that this is not within the CUSC vires. I agree with that.

The WG member⁵ still didn’t seem quite convinced that the charging methodology for distribution reconfiguration works was within the vires of DCUSA, but he was going to consider further.

I remain of the view that this Change can be dealt with in the DCUSA. The scope of the Change would now seem to be setting out rules on how distributors charge for reconfiguration/diversion works (and similar) - possibly only when required by NGESO under the CUSC (but potentially more widely). Although this is clearly not a distribution connection charging issue, I remain of the view that this can be dealt with in the DCUSA, and that the DCUSA is the most sensible home for distribution charging rules.”

- 4.6. Gowling WLG acknowledge that DCP 392 falls outside of the scope of the CCCM and they also acknowledge the challenges around the ECCR referred to in paragraph 3.7. However, Gowling WLG recognise the position of the party seeking to raise the change, who have been advised (by CUSC representatives) that such change falls outside the provisions of CUSC, and that given the absence of a clear place for such arrangements, their formal view is that such provisions could be covered by DCUSA.

- 4.7. The Working Group agreed that:

- the legal response supported the progression of the change proposal; and
- a separate schedule would be appropriate to make it clear that it is not part of the CCCM, although the elements of the CCCM could be used in drafting the schedule.

⁵ The WG member refers to the person who raised the issue and also replaces the name of the individual from the actual legal response

- 4.8. Prior to considering the solution, the Working Group undertook two requests for information to understand the current process.

RFI 1

- 4.9. The first one sought a view from both DNOs and NGESO regarding their current distribution/transmission arrangements. (See Attachment 4)

What are your current reimbursement arrangements where a distribution user pays for transmission reinforcement (as per DCUSA Schedule 22, Clause 1.43 to 1.44A)?

- 4.10. The majority of the responders stated that any transmission costs are charged to the distributor who then pass these on to the customer requesting the connection.
- 4.11. The NGESO response stated that they contract with industry parties for connections to the transmission system and connections to the distribution system which impact on the transmission system. They highlighted the CUSC process associated with pre and post connection.

How are diversions catered for in the Distribution Licence regarding the costs incurred?

- 4.12. Some of the responders stated that any costs incurred as a result of diversionary works are treated in accordance with Charge Restriction Condition 5 (CRC5). Another stated that full costs would be charged. The NGESO stated that they don't hold a distribution licence, so the question is not relevant.
- 4.13. The responses were in line with the current process and expectations of the Working Group although a more focussed question was still required.
- 4.14. The Working Group discussed the following statement within the change proposal:
- "It should be noted that some DNO areas are aligning Third Party Works cost apportionment with CCCM methodology already. This modification seeks to formalise the arrangement as described below and to ensure consistency amongst DNOs"

- 4.15. The Working Group decided that a further RFI was required to draw out whether the statement in paragraph 4.14 is already being applied by distributors.

RFI 2

- 4.16. The second RFI summary of the responses are shown below (See Attachment 5)

How do Distributors calculate charges for a transmission connected Customer that has an impact on the distribution system? An example would be a transmission connection to a tertiary winding that trigger works on the distribution system.

- 4.17. The responses were mixed, but those that did reference charges stated that these would be charged in full to the transmission connected customer.

What methodology do you use to determine what costs should be charged?

- 4.18. One responder stated that there is no specific methodology but would charge the costs in full as no mechanism for cost apportionment applies. Another quoted the obligations within CRC5C, and others stated the full costs would be applied.

Please provide justification for your charging arrangements, be that apportioning or charging in full.

- 4.19. The responders stated that there is no mechanism for cost apportionment and therefore they would charge in the costs in full.
- 4.20. The Working Group noted the response that cost apportionment is not currently applied to costs for works on the distribution system that are triggered by a transmission connection.

Recovery of costs process

- 4.21. The Working Group considered what regulatory framework was in place to enable distributors to be able to undertake investment for works triggered by transmission connections. The Working Group engaged with Ofgem and DNOs to understand whether there were existing mechanisms in place to allow distributors to recover costs incurred through the price control.
- 4.22. Despite this engagement the Working Group was unable to ascertain whether DNOs would be able to recover costs incurred for works triggered by transmission connections through use of DUoS rather than directly from the transmission customer as is the current practice and is seeking industry views as to whether this cost recovery is permissible.

Q2: Are you aware of any legal, regulatory or licence obligation which would allow, or disallow DNOs to fund works on the distribution system that are triggered by a transmission connecting customer through the DUoS charges?

Proposed Solution

- 4.23. In line with paragraph 4.7 the Working Group have developed a separate schedule to DCUSA to cater for a transmission related distribution reinforcement methodology.
- 4.24. The schedule covers
- the initial request,
 - where the full cost of the connection or Modification is made;
 - the approach to applying CAF based on the rules similar to those in the CCCM; and
 - how costs can be recovered and passed on to the initial payer based on the principles of the ECCR.

Costs to be paid in full

- 4.25. The schedule identifies areas where the transmission customer will be expected to pay in full. These include:
- Extension Assets;
 - additional security;
 - any requests over and above the minimum requirements;
 - future operation and maintenance of any additional assets above the minimum requirements;

- reconfiguration of the Distribution System to meet the transmission customer's requirements where no additional network or fault level capacity is made; and
- for generators only, Reinforcement costs in excess of the high-cost project threshold of £200/kW.

4.26. The Working Group would like your views on whether these are appropriate and if any need to be added or removing.

Q3: Do you agree that the instances outlined in paragraph 4.25 should be excluded from the proposed CAF? If not, please provide your rationale.

Cost Apportionment Factors

4.27. An extract from Schedule 22 covering the CAFs has been incorporated and amended accordingly to cater for these types of works on the distribution network and the definitions appropriate to them.

4.28. There are only two exceptions;

- where the Reinforcement is in excess of the works specified by the impact assessment and is at the transmission customer's request; and
- unless the switchgear adds network capacity and the Security CAF applies, where the replacement of switchgear results in an increase in fault level capacity solely as a result of the fault level rating of the standard switchgear equipment used by the DNO Party being higher than that of the existing switchgear and that increase in fault level capacity is not needed to accommodate the transmission customer's connection.

In both instances they will be treated as Extension Assets and charged in full as stated on paragraph 4.25 above.

4.29. The two areas where cost apportionment is to be considered follow the CCCM covering both security and fault level reinforcement. The proposal is to use the same formulas for each with the definitions amended to cater for the transmission impact on the distribution assets.

4.30. The legal text showing the definitions is a clean version since the schedule is new, but to aid the review by Parties the definitions are shown below in strikethrough to those in Schedule 22.

| | |
|--------------------------|---|
| Existing Capacity | <p>means the Maximum Capacity at the Systems Connection Point. For existing Customers their Existing Capacity will be either:</p> <p>(a) the Maximum Capacity used in the calculation of their use of system charges; or</p> <p>(a) for Customers who are not charged for use of system on the basis of their Maximum Capacity the lower of:</p> |
|--------------------------|---|

| | |
|---|---|
| | <p>No. of phases x nominal phase-neutral voltage (kV) x fuse rating (A); and</p> <p>The rating of the service equipment.</p> |
| Fault Level Contribution from Connection | <p>is the assessment of the Fault Level contribution from the equipment to be connected taking account of its impact at the appropriate point on the Distribution System. Where an existing Customer requests a change to a connection then the “Fault Level Contribution from Connection” is defined as the incremental increase in Fault Level at the appropriate point on the Distribution System taken from the impact assessment caused by the Customer.</p> |
| Maximum Capacity | <p>means in relation to any connection the maximum amount of electricity, as agreed with the DNO Party and expressed in kW or kVA, that can be imported from or exported onto our Distribution System</p> |
| New Fault Level Capacity | <p>is the Fault Level rating, following Reinforcement, 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.</p> |
| New Network Capacity | <p>is either the secure or non-secure capacity of the Relevant Section of Network (RSN) following Reinforcement. Whether secure or non-secure capacity is applicable depends upon the type of capacity that can be provided from the RSN. For example, if the capacity provided to the Customer by the RSN is secure, but the capacity requested by the Customer at the point of connection is non-secure, the secure capacity will be used. See Example 12.</p> <p>The capacity to be used will be based on our assessment of the thermal ratings, voltage change and upstream restrictions and compliance with our relevant design, planning and security of supply policies. The equipment ratings to be used are the appropriate operational rating at the time of the most onerous operational conditions taking account of seasonal ratings and demand.</p> |

| | |
|--|--|
| Relevant Section of Network (RSN) | <p>is that part or parts of the Distribution System which require(s) Reinforcement as stated in the impact assessment. Normally this will comprise:</p> <ul style="list-style-type: none"> the existing assets, at the voltage level that is being reinforced, that would have been used to supply you (so far as they have not been replaced) had sufficient capacity been available to connect you without Reinforcement; and/or the new assets, at the same voltage level, that are to be provided by way of Reinforcement. <p>Where it is unclear what assets would have supplied the Customer in the event that sufficient capacity had been available, the existing individual assets with the closest rating to the new assets will be used. See Example 13.</p> <p>There may be more than one RSN (e.g. at different voltage levels).</p> |
| Required Capacity | <p>is the Maximum Capacity agreed with the Customer. In the case of multiple connections (e.g. a housing development) it may be adjusted after consideration of the effects of diversity. Where the Systems Connection Point requires an existing Customer requests an increase in capacity then it is the increase above their Existing Capacity.</p> |

4.31. For the Security CAF the existing capacity is considered to be that at the Systems Connection Point i.e. the boundary between the distribution system and the transmission system, and the new network capacity is the relevant part of the network that required re-enforcement as identified in the impact assessment.

4.32. For the Fault Level CAF it is the incremental increase in Fault Level at the appropriate point on the Distribution System taken from the impact assessment, and no change to the current definition of the new fault level capacity.

Q4: Do you agree with the proposal to introduce cost apportionment for Distribution works triggered by Transmission connections? Please provide your rationale.

Q5: Do you agree with the proposed definitions? If not, please provide alternatives and your rationale for your suggestion/s.

Recovery of costs for previous works

4.33. The new schedule introduces a process whereby any applicants for future transmission connection or modifications that benefit from an earlier reinforcement of the distribution assets relating to a transmission impact assessment on the network may have to pay a contribution to the initial contributor.

4.34. The schedule uses the Electricity (Connection Charges) Regulations 2017⁶ as the basis of the process and amends accordingly its content to make it suitable for this purpose. It however retains the same time periods and de-minimus values to be consistent with the application across distribution customers.

4.35. It caters for:

- Who is eligible to receive a rebate;
- Notification to future transmission customers for the potential to be charged a reimbursement payment and what that charge may be;
- De-minimus values;
- Provision of information; and
- The period for which such a rebate may apply.

Q6: Do you agree with the application of the principle of the ECCRs to transmission connections triggering distribution works? Please provide your rationale for your response.

Q7: Does DCUSA provide the legal basis for DNOs to require subsequent transmission customers to pay for costs associated with previous works? Please provide your rationale for your response.

Q8: Will this process treat transmission customers and distribution customers on the same basis? Please provide your rationale for your response.

Other matters which are outside the scope of the CCCM

4.36. In the introduction to the Schedule consideration was given to paragraph 3 within Schedule, 22 which states:

The DNO Party will include within the document containing its Connection Charging Methodology other matters which are outside the scope of the CCCM

4.37. There is a view that the charging methodology for works triggered by transmission connected customers that have an impact on the distribution system should be classed as meeting the criteria

⁶ [The Electricity \(Connection Charges\) Regulations 2017](#)

of Schedule 22, paragraph 3 and as such there should be an obligation to place the methodology of this schedule within the DNO's own Connection Charging Methodology. The counter view is for the DNO to place this methodology as a separate document and place it on each DNO's website.

- 4.38. The Working Group are keen to seek your views on whether this new schedule should be classed as 'other matters' and as such have a paragraph within this schedule or place the document on their website.

Q9: Should this Schedule be classed as 'other matters which are outside of the scope of the CCCM' and be included within the DNO's Connection Charging Methodology, or should there be a separate standalone document that can be referred to on the DNO website? Please provide your rationale in support of your preferred approach.

IDNOs

- 4.39. The Schedule is drafted specific to DNO's like that of the CCCM. The IDNO's have their own charging methodologies which are subject to approval by Ofgem. In practice many IDNO connection charging methodologies mirror large parts of the CCCM.
- 4.40. Because of this paragraph 3 of the CCCM covered under paragraph 4.36 would not apply to IDNOs and neither would this schedule.
- 4.41. The Working Group would like to understand party views on whether IDNOs should have this schedule's obligations placed upon them, and if so, what drafting would need to be made including the visibility of this charging methodology.

Q10: Do you believe that IDNOs should be included within the new schedule? If not, please provide your rationale.

Q11: If this Schedule applied to IDNO's should an obligation be placed upon them regarding the visibility of this charging schedule? If so, suggested wording would be appreciated.

5 Legal Text

- 5.1 The DCP 392 legal text introduces a new schedule and can be found in Attachment 2 It covers:
- Where a request is received from a transmission customer for an impact assessment relating to a modification or a new connection to the GB Transmission System the DNO Party shall do so and where necessary apply charges in accordance with the methodology contained within the Schedule.
 - The DNO Party will include within the document containing its Connection Charging Methodology the charging methodology for works triggered by transmission customers that have an impact on the distribution system and shall be classed as other matters which are outside the scope of the CCCM as stated within Schedule 22, paragraph 3.

- A section on costs to be fully charged to the transmission customer e.g. providing Extension Assets.
- Reinforcement is defined as assets installed that add capacity (network or fault level) to the existing shared use Distribution System. The costs of Reinforcement shall be apportioned between the DNO Party and the transmission customer.
- The costs of Reinforcement will be apportioned using one of two Cost Apportionment Factors (CAF), dependent upon which factor is driving the requirement for Reinforcement – the ‘Security CAF’ and the ‘Fault Level CAF’. On some Schemes there may be interaction between the two rules. In such cases, the ‘Security’ CAF will be applied to costs that are driven by the security requirement. The ‘Fault Level CAF’ will be applied to costs that are driven by Fault Level requirements.
- Where, in order to facilitate a new connection or Modification to the GB Transmission System:
 - The DNO Party proposes to utilise existing Distribution System assets that were previously installed to facilitate a transmission connection to another transmission customer resulting in a Transmission Related Distribution Reinforcement (TRDR), and
 - Eligible Persons have paid the DNO Party in full a charge for those assets.

the subsequent transmission customer may be required to make payment towards them.
- For Distribution System assets where the transmission customer has paid in full for the works undertaken as a result of the TRDR, then the transmission customer may be entitled to a future rebate of charges should another transmission customer benefit from those assets.
- For Distribution System assets where the transmission customer has paid in proportion to the Required Capacity, then the transmission customer is not entitled to a future rebate of charges should another transmission customer connect to those assets.
- The DNO Party shall maintain such records as are necessary for complying with its obligations under this Schedule.

Q12: Do you have any comments on the proposed legal text?

6 Relevant Objectives

Assessment Against the DCUSA Objectives

6.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. The view of the proposer is shown in the table below.

| 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 The proposed change enables the DNO Parties to not distort competition in generation or in competition in distribution or transmission as set out as an obligation in distribution licence standard condition 4 – para 4.6(c). |
| <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 checked="" 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 | Positive |
| <input checked="" 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 | Positive |
| <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 |

| | |
|--|--|
| <p>The change proposed results in consistent proportional charging for works undertaken by a DNO Party irrespective of whether the user causing the works is connected to the distribution system or the transmission system, reflection a fair allocation of costs of network capacity according to connecting user needs and recognition of socialised benefits for future user needs.</p> | |
|--|--|

6.2 The Working Group believe that this change proposal should be measured against the DCUSA

| DCUSA General Objectives Please tick the relevant boxes. | Identified impact |
|---|---|
| <input checked="" type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks | Positive |
| <input checked="" type="checkbox"/> 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity | Positive |
| <input checked="" type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences | Positive |
| <input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA | Positive The proposed application is not different to that for a distribution connector. |
| <input type="checkbox"/> 5 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 |
| We refer to our comment on DCUSA Charging Objectives. | |

General Objectives since, although this schedule introduces a charging methodology for transmission connections, the charging objectives stated in the Distribution Licence are specific to the CCCM, EDCM and CDCM which are not impacted by this change.

Q13: Do you believe that the DCUSA General objectives are better facilitated by this CP? Please provide your rationale.

7 Impacts & Other Considerations

Who (i.e., which Industry roles) are impacted?

7.1 Transmission customers impacting a DNO Party system will benefit from proportionate charges for works.

- 7.2 DUoS Customers will be picking up the additional costs as stated in paragraph 4.22 above. These costs may be recovered over time from subsequent transmission users as further connections/modifications benefit from previous works as stated in paragraph 4.33 to 4.35.

Which processes are impacted?

- 7.3 The DNO will have to introduce new processes for determining cost apportionment and the equivalent ECCR refunding that this new schedule introduces.

Which systems are impacted?

- 7.4 DNO Parties already have the capabilities for charging transmission users for impact assessments and all that is proposed to change is the calculated charge made to the impacting transmission customer.

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

CMP328

- 7.5 This change proposal is closely linked with CMP328; Connections Triggering Distribution Impact Assessment. It is however not conditional on CMP328 being approved. CMP328 proposes to put in place an appropriate administration process to be utilised when any connection or modification triggers a Distribution impact assessment, however the CUSC proposal does not and cannot cover the DNO's CCCM methodology such as cost apportionment of the works. hence the raising of this change proposal.

Access and forward-looking charges SCR

- 7.6 The minded-to decision on the first part of Ofgem's review of access and forward-looking charges was produced in June 2021. A past modification, DCP384⁷ raised prior to the consultation was held back due to uncertainty over whether it would overlap in scope with the proposals due to come forward under that review, and hence could have been considered in scope of a live SCR under DCUSA 10.23.2. The minded-to decision on the first part of Ofgem's review of access and forward-looking charges has three parts: it proposes that:
1. Connection charges for new DG should be shallower than at present, in that they will no longer be charged the reinforcement costs on the DNO network that result from their connection, one voltage level up (the "voltage rule") (there are related proposals for new embedded demand connections, too)
 2. DG of 1 MW to 100 MW should begin to pay GTNUoS charges (there are proposals also in relation to <1 MW DG and removing the current cap on the embedded export tariff)

⁷ [Charging of Third Party DNO Works to Transmission Connected Users](#)

3. Flexible access for new DNO connectee's (already a feature of many new DG connections) on an opt-in basis is proposed to be formalised with some new limitations on the extent of possible curtailment.

None of (1) to (3) above, interacts with this change proposal and Ofgem raised no concerns at the Panel stage when considering whether it impacted the SCR..

- 7.7 In January 2022 Ofgem published⁸ an update to their minded to position which closes on 21st February 2022. It is noted that the second part has been removed from their minded to position and that this change proposal is likely to be out for consultation before it closes.
- 7.8 It is noted that Ofgem believe that the ECCR needs to be amended to give effect to the proposed SCR charging reforms. They consider that these changes are unlikely to face further reform as a consequence of our coming DUoS review due to the ECCR's explicit connection charging focus, and therefore delay to legislative change should not be necessary. The changes to the ECCRs are a BEIS responsibility and are not part of the SCR and they have conducting a statutory Post Implementation Review (see paragraph 3.8).

Does this Change Proposal impact Other Codes?

| | |
|-----------|-------------------------------------|
| BSC | <input type="checkbox"/> |
| CUSC | <input checked="" type="checkbox"/> |
| Grid Code | <input type="checkbox"/> |
| MRA | <input type="checkbox"/> |
| SEC | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |
| None | <input type="checkbox"/> |

Consideration of Wider Industry Impacts?

- 7.9 This issue was first raised at the DCUSA Standing Issues Group (SIG) on 25/02/2021.
- 7.10 One member asked how a DCUSA change would impact the transmission charging boundary. It was also noted that National Grid ESO have stated that this issue is out of scope of CUSC as this is a DNO charging matter that should be picked up with DNOs. It was noted that the intent would be to apply the DNO charging methodologies to all works undertaken by the DNO regardless of whether the impacting user is connected directly to a licenced distribution connection or not.
- 7.11 It was agreed at the SIG that a change proposal was the most appropriate next step.

⁸ [Access and Forward-looking Charges Significant Code Review: Consultation on Updates to Minded to Positions and Response to June 2021 Consultation Feedback](#)

Q14: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

Q15: Do you have any other comments on this CP?

8 Implementation

8.1 Next scheduled release or within one month of Authority Consent, whichever is sooner.

Q16: Do you agree with the implementation date? If not, please provide an alternative date and your rationale to support it.

9 Consultation Questions

9.1 The Working Group is seeking industry views on the following consultation questions:

| Number | Questions |
|--------|--|
| 1 | Do you understand the intent of DCP 392? |
| 2 | Are you aware of any legal, regulatory or licence obligation which would allow, or disallow DNOs to fund works on the distribution system that are triggered by a transmission connecting customer through the DUoS charges? |
| 3 | Do you agree that the instances outlined in paragraph 4.25 should be excluded from the proposed CAF? If not, please provide your rationale. |
| 4 | Do you agree with the proposal to introduce cost apportionment for Distribution works triggered by Transmission connections? Please provide your rationale. |
| 5 | Do you agree with the proposed definitions? If not, please provide alternatives and your rationale for your suggestion/s. |
| 6 | Do you agree with the application of the principle of the ECCRs to transmission connections triggering distribution works? Please provide your rationale for your response. |
| 7 | Does DCUSA provide the legal basis for DNOs to require subsequent transmission customers to pay for costs associated with previous works? Please provide your rationale for your response. |
| 8 | Will this process treat transmission customers and distribution customers on the same basis? Please provide your rationale for your response. |

| | |
|----|--|
| 9 | Should this Schedule be classed as 'other matters which are outside of the scope of the CCCM' and be included within the DNO's Connection Charging Methodology, or should there be a separate standalone document that can be referred to on the DNO website? Please provide your rationale in support of your preferred approach. |
| 10 | Do you believe that IDNOs should be included within the new schedule? If not, please provide your rationale. |
| 11 | If this Schedule applied to IDNO's should an obligation be placed upon them regarding the visibility of this charging schedule? If so, suggested wording would be appreciated. |
| 12 | Do you have any comments on the proposed legal text? |
| 13 | Do you believe that the DCUSA General objectives are better facilitated by this CP? Please provide your rationale. |
| 14 | Are you aware of any wider industry developments that may impact upon or be impacted by this CP? |
| 15 | Do you have any other comments on this CP? |
| 16 | Do you agree with the implementation date? If not, please provide an alternative date and your rationale to support it. |

9.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than, COB on 21 April 2022.

9.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

Attachments

- Attachment 1 – DCP 392 Consultation Response Form
- Attachment 2 – DCP 392 Draft Legal Text
- Attachment 3 – DCP 392 Change Proposal
- Attachment 4 – RFI 01 Responses
- Attachment 5 – RFI 02 Responses