DCUSA

DCP 406 Working Group - Meeting 01

24 May 2022 at 10:00 - Web-Conference

Attendee	Company
Working Group Members	
Brandon Rodrigues [BR]	ESP
Brian Hoy [BH]	ENWL
Damian Clough [DC]	SSE
Daniel Mellis [DM]	SSE
George Moran [GM]	SSE
Karin Cadwallader [KC]	BUUK
Karl Maryon [KM]	Drax
Kit Dixon [KD]	Good Energy
Kyran Hanks [KH]	Waters Wye Associates
Lee Wells [LW]	NPg
Martin Brace [MB]	UKPN
Peter Turner [PT]	NPg
Robert Matta	SSE
Simon Vicary [SV]	EDF
Tom Cadge [TC]	BUUK
Vanessa Buxton	WPD
Code Administrator	
Andy Green [AG]	ElectraLink
Furqan Aziz [FA] (Chair)	ElectraLink
Mel Kendal [MK] (Technical Secretariat)	ElectraLink
Richard Colwill [RC]	ElectraLink

1. Administration

1.1 The Working Group reviewed the "Competition Law Guidance" and "Terms of Reference". All Working Group members agreed to be bound by the Competition Law Guidance for the duration of the meeting and agreed to the Terms of Reference.

1.2 An action log has been created and all updates are provided in **Appendix A**.

2. Purpose of the Meeting / Timeline for Delivery

2.1 The Chair explained that the purpose of this meeting is to review and discuss the DCP 406 Change Proposal and legal text within the Working Group and agree next steps.

2.2 The Chair stated that a Consultation document needs to be finalised and circulated to wider industry no later than 23 July 2022 due to time constraints.

3. Overview of DCP 406

3.1 The Chair introduced the proposer (BH) to provide an overview of the CP to the Working Group.

3.2 The purpose of this CP is to implement parts of Ofgem's Access SCR Decision in respect of the Common Connections Charging Methodology (CCCM). This CP seeks to address paragraphs 12 to 15 and 17 of the Access SCR Direction.

3.3 Regarding the Distribution Connection Charging Boundary, Ofgem has decided to:

- *Reduce the overall connection charge faced by those connecting to the Distribution Network. This includes (i) removing the contribution to wider reinforcement for Demand connections, and (ii) reducing the contribution to wider Network reinforcement for Generation connections.*
- *Retain and strengthen existing protections for bill payers. This ensures that bill payers will be protected from cost increases associated with the most expensive types of connections. In these instances, the connecting Customer will continue to be required to contribute more to the costs of reinforcement.*

3.4 New definitions will be introduced to define Demand Connections and Generation Connections to reflect the different charging methodologies that will be applied.

3.5 A high-cost project threshold will also be introduced for Demand Connections (in addition to the existing one for Generation) that results in Customers contributing to any reinforcement at the same voltage and the one above the volage of their point of connection.

3.6 BH also noted that further changes to the Examples will be required to illustrate the methodology.

4. Review & Discussion of DCP 406

4.1 The Chair invited the Working Group to both review and further discuss the CP.

4.2 KH queried whether the summary statuses within the DCUSA Objectives section of the CP can be amended if members do not agree with the status' provided (i.e., change a negative impact to a positive impact) – BH confirmed that the current statuses do not need to be set in stone and can be amended as needed after further discussion.

4.3 PT reminded the group that the outcomes of this change must satisfy the relevant objectives.

4.4 BH confirmed that for clarity, first comer will still receive a refund for extension assets and will not be impacted by this change.

5. Review of Legal Text

5.1 The Chair invited the proposer (BH) to walk the Working Group through the legal text for this CP for the initial review and discussion. The updated draft Legal Text can be found as **Attachment 1**.

Section 1 – Common Connection Charging Methodology

5.2 BH made the group aware of a discrepancy between the Ofgem Direction and Ofgem Decision regarding the application of the high-cost cap.

5.3 The Ofgem Decision currently states that for Generation under the high-cost cap, Customers should be charged in line with the new rules. If reinforcement is at the same voltage level at the point in connection, then the Customer will be charged, but if the reinforcement is at the next level up whilst it is in the calculation of high-cost cap, Customers wouldn't be charged for this.

5.4 The Ofgem Direction currently states that Customers will be charged for the reinforcement at the same voltage level, and Customers under the voltage level will be charged for the reinforcement of the voltage level above (contradicting what is stated within the Ofgem Decision).

5.5 BH agreed to seek further clarification from Ofgem, and if no response is received prior to the next Working Group meeting (31 May 2022), then the Working Group will follow that of the Ofgem Direction (as this is what Ofgem have asked the group to do).

ACTION 01/01: BH to seek further clarification from Ofgem regarding the discrepancies in the application of the high-cost cap within the Ofgem Decision and the Ofgem Direction.

5.6 Under the 'Costs of Reinforcement' section, the Working Group discussed creating a table relating to extension and reinforcement assets around the changes in policy (clearly showing any changes from the old policy to the new) and agreed that this would be beneficial. An action was taken for the Working Group to create this table.

ACTION 01/02: The Working Group to create a table relating to extension and reinforcement assets around the changes in policy (clearly showing any changes from the old policy to the new).

5.7 PT provided the group with a statement from Ofgem's Decision document:

- *Treatment of Storage (3.43) – We confirm our position, set out in the January Consultation on updates to our minded-to positions, that storage will be treated consistently with generation for connection charging purposes. The decision will require storage connections to contribute to reinforcement costs at the voltage of connection in accordance with the 'shallow-ish' connection boundary for generation, regardless of whether that reinforcement is import or export driven.*

5.8 Section 2 – Glossary of Terms

5.9 The Working Group reviewed and discussed the current definitions of both Demand and Generation Connections that have been added to the legal text:

- ***Demand Connection –*** *Means any connection which would be classed as a Final Demand Site for the purposes of Schedule 32 of the DCUSA .*

- ***Generation Connection –*** *Means any connection which would not be classed as a Final Demand Site for the purposes of Schedule 32 of the DCUSA. Including Non-Final Demand Sites.*

5.10 The Working Group discussed the above definitions and agreed that both Demand Connection and Generation Connection need to be in line with the TCR.

5.11 One member stated that when it comes to certification of a Non-Final Demand site, we need to avoid the issue around where the Customer chooses not to sign the declaration in order to get cheaper DUoS charges and therefore a cheaper connection. The group agreed that this specific issue should be dealt with outside of this change.

5.12 Members discussed the issue around 'mixed sites' and what they would be classified as (i.e., Demand or Generation Connection) as this is where it could potentially start to get complicated.

5.13 An example of a mixed site is where a Final Demand Site (i.e., a Car Manufacturer) which plans to install onsite metered Generation but the site being classed as 'Demand', and therefore not paying for Generation Reinforcement.

5.14 The Working Group discussed this example and agreed that additional examples like this would be beneficial to review alongside the definitions of Demand and Generation Connection to help see where the gaps are and what work needs to be carried out.

5.15 After further discussion, the Working Group agreed to take an action to pull together a list of options (regarding the definitions of both Demand Connection and Generation Connection) with pros and cons for each, and also examples for the Working Group to review at the next meeting.

5.16 It was suggested that the current 8 examples within CMP 363/364 as a basis to work from.

5.17 The group were reminded that these examples will need to be in line with the TCR.

ACTION 01/03: The Working Group to create a list of options (regarding the definitions of both Demand Connection and Generation Connection) with pros and cons for each, and also examples for the Working Group to review at the next meeting (can use the current 8 examples within CMP 363/364 as a basis).

5.18 PT also provided the group with the definition of Demand Connection from the Electricity (Connection Standards of Performance) Regulations which could be used a basis definition to then further develop Generation Connection:

- *'Demand Connection' means a new or modified connection (including, for the purposes of regulations 4 to 7, any modification carried solely to facilitate an alteration to the position of a meter) the purpose of which is to enable premises to receive a supply of electricity distributors distribution system.*

5.19 One member suggested that the Working Group can challenge Ofgem with particular items of the Direction that may not necessarily make sense if needed – the Working Group agreed to keep a list if needed.

5.20 It was also suggested that potential alternative solutions could be created alongside the Direction that Ofgem have provided – the Secretariat agreed to take an action to seek clarity around how many alternative solutions can be provided alongside the change.

ACTION 01/04: The Secretariat to seek clarity around how many alternative solutions can be provided alongside the change.

6. DCP 406 Workplan

6.1 The updated workplan can be found as **Attachment 2**.

6.2 The workplan will be updated after each meeting.

7. Agenda Items for Next Meeting

7.1 The Working Group discussed the next steps, and the following items were captured:

1. The Working Group to review the draft legal text.
2. The Working Group to review the definitions of Demand Connection and Generation Connection.

8. Any Other Business

8.1 The Chair asked the group whether there were any other items of business to discuss.

8.2 There were no other items raised.

9. Date of Next Meeting

9.1 The next Working Group meeting will be held on 31 May 2022 at 10am.

10. Attachments

- Attachment 1_DCP 406 Draft Legal Text
- Attachment 2_DCP 406 Workplan

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
01/01	BH to seek further clarification from Ofgem regarding the discrepancies in the application of the high-cost cap within the Ofgem Decision and the Ofgem Direction.	BH	**Ongoing.**
01/02	The Working Group to create a table relating to extension and reinforcement assets around the changes in policy (clearly showing any changes from the old policy to the new).	Working Group	**Ongoing.**
01/03	The Working Group to create a list of options (regarding the definitions of both Demand Connection and Generation Connection) with pro's and con's for each, and also examples for the Working Group to review at the next meeting (can use the current 8 examples within CMP 363/364 as a basis).	Working Group	**Ongoing.**
01/04		Working Group	**Ongoing.**

Closed Actions

Action Ref.	Action	Owner	Update