EXTRACTED FROM THE FINAL DECISION

Ofgem's Goal – What they are trying to achieve
- Retain and strengthen existing protections for bill payers to ensure they are better protected from the cost increases associated with the most expensive connections. - We consider that these reductions in connection charges will serve to bring forward investment in LCTs and allow DNOs to reinforce the network more strategically. - Ofgem do not want Generation Connection to be subject to the same boundary as Demand Connections due to costs of consumers, this is because, at present, generators receive mainly DUoS credits, even in areas where they are driving costs. - Generators have more location flexibility and therefore subject to signal costs. - To bring more reinforcement on a strategic level. - Define what the site is like (Demand or Generation) and then work out what the connection policy is – **3.37** A clear definition of what should be considered demand or generation is required to give effect to our substantive decision on the different connection charging depths (shallow for demand, shallow-ish for generation). The policy intent is that sites whose primary purpose for a connection to the network is to consume other than for the purposes of generation or export onto the electricity network should be charged under a shallow boundary. Sites that do not meet these criteria, including generation, should be charged under a shallow-ish boundary. We discuss treatment of storage in the next section. - **3.37** The policy intent is that sites whose primary purpose for a connection to the network is to consume other than for the purposes of generation or export onto the electricity network should be charged under a shallow boundary. Sites that do not meet these criteria, including generation, should be charged under a shallow-ish boundary. We discuss treatment of storage in the next section. *(should this either assess when they apply or the final purpose of the site?) Could be where an alternate solution is taken forward – one that aligns with the TCR and one that aligns with the policy intent.* ***3.42 states that it would be assessing the site at application rather than final stage.*** - **3.38/3.39/3.40 is not consistent with 3.37.** - **3.42** We think that alignment with the TCR definitions is a logical and consistent way to implement our connection charging boundary decision. These definitions have been developed over a substantial period of time in a robust, open, and deliberative process. We do not consider it a good use of industry's time to start on a new set of definitions, when a suitable set has just been developed. However, we recognise that these definitions were not developed for the explicit purpose of connection charging. We are therefore also directing the DNOs to develop any additional criteria to allow for clear determination of a site's use case at the time of connection application. *Could suggest follow TCR 'plus' or TCR 'unless'.* - **3.43** This 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. *Could create additional criteria that would also apply to storage.* -

Ofgem's Direction – How they want us to achieve it

Unclear Items – What we need clarification on
- **3.37 – 3.40** Purpose of the site – is this assessed at the point of application or at the point of final outcome? Inconsistencies within the Decision. - **3.48** Ofgem have assumed that storage is always Non-Final Demand which may not always be the case. Storage is Non-Final Demand under the TCR. An example of this is where there is storage behind the meter, windmill etc. *May need further clarification from Ofgem.* - Ofgem's term of primary purpose – could be arguable if the site is a Final Demand site. DECISION - **9 – general requirements** 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 (b) development of the Proposal(s) under the DCUSA Change Process so that it addresses the issues identified above in a way that better achieves the purposes and objectives of the Proposal(s) as set out in this Direction. - **14 ii)** Where the Generation high-cost project threshold is exceeded, the sum of Reinforcement costs at the voltage of the Point of Connection and the voltage above in excess of the threshold should be paid in full by the customer. Reinforcement costs below the threshold should be apportioned between the customer and the DNO using the existing cost apportionment factor methodology set out in the CCCM, including where these costs are at the voltage above the Point of Connection. - **14 iii)** For the avoidance of doubt, Reinforcement costs at one or more voltages above the Point of Connection should be paid in full by the DNO, and the cost of Extension Assets will continue to be paid in full by the connecting customer. – *Contradicts point 14 ii)* - - *Definition of Generation wasn't solely linked to Demand definition*

WORKING GROUP

Principles the Working Group agree upon
- Treating each site application as a whole. - If the site is a final demand site (for purposes of TCR) will be treated as a demand site for the purposes of connection charging. -

Principles the Working Group disagree upon

Principles to request clarity from Ofgem
- Self-declaration may be an issue at time – can we review how this is handled? -