DCUSA Request For Information (RFI)

DCP

DCP 403:
Clarify the application of the TCR fixed charge

Date Raised: 14th April 2022
Proposer Name: Andy Pace
Company Name: HARTREE PARTNERS SUPPLY (UK) LIMITED
Party Category: Supplier

Purpose of this Request for Information:

The intent of this change proposal is to ensure backup connections do not pay the DUoS residual charge when it is already being paid for on another connection that relates to the same capacity.

This document is a Request for Information issued to DCUSA Parties in accordance with Clause 11.14 of the DCUSA.

The Workgroup recommends that this Change Proposal should:

- proceed to Request for Information

Parties are invited to consider the questions set in section 4 and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by **18th June 2022.**

The Working Group will consider the RFI responses and determine the appropriate next steps for the progression of the Change Proposal (CP).

Impacted Parties: Suppliers/DNOs/IDNOs

Impacted Clauses: Schedule 32

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Any questions?

Contact:
Code Administrator

DCUSA@electralink.co.uk

020 7432 2859

Proposer:
Andy Pace

andy.pace@energy-potential.com

0788 184 0007

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1. Summary

What?

1.1. The criteria for applying the residual charge is to a single site which is defined by a single connection agreement. In some cases, there are sites which import power via multiple connection points and have separate connection agreements in place for each point of connection. However, where the capacity is limited in aggregate (ie one of the connections is considered as backup) it is not reasonable for the customer to pay the residual element on all connections. Ofgem commented on this scenario in their decision1 on the Targeted Charging Review (TCR) as follows:

> 9) ***Redundant connection capacity:*** The process for setting and allocating users to charging bands, for the purposes of calculating the level of fixed charge to apply to a site, should recognise circumstances where a customer retains connection capacity to a site for redundancy purposes only. Redundancy here refers to circumstances where a connection is unused other than when an alternative connection to a customer's site is unavailable. This must be clearly demonstrated, supported by documentary evidence to show that the capacity is not used in parallel with the other connection and the capacity of the primary connection(s) is / are not exceeded. In such cases, total consumption volumes across all connections should be combined for the purposes of allocation of residual charges. A process should be devised where this can be accounted for.

Why?

1.2. We do not believe that the Ofgem decision has been implemented correctly as the TCR solution within DCUSA only applies where one connection agreement covers the main connection and backup connection. There are many cases where this is not the case, and it is not always practical for multiple connection agreements to be amalgamated into one agreement. Furthermore, when a customer imports via a private network but maintains a backup connection to the DNOs network, the capacity is only reserved once but under the current arrangements will be paid for twice. If this change is not made, there will be sites across GB that are effectively double charged for the residual element of DUoS for the same capacity reserved on the DNO's network.

How?

1.3. It is proposed that the definition of a non-final demand site is extended to include redundant capacity

Requested Next Steps

2.1 Following a review of the RFI responses, the Working Group will work to agree on the detail of the consultation and submit the consultation for review and comment by parties.

2. Why Change?

Background of DCP 403

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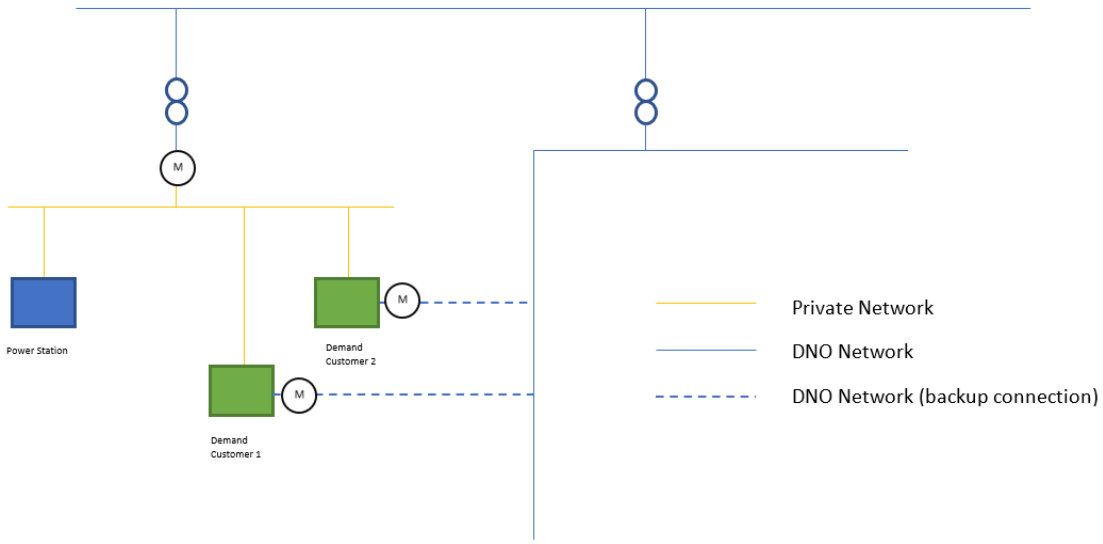
3.1. DCP403 has been raised to ensure backup connections do not pay the use of system residual charge when it is already being paid for via another connection and connection agreement.

3.2. For ease of reference DCUSA Schedule 32 has the following definitions:

Single Site means one or more Non-Domestic Premises that are connected to the distribution system pursuant to a single Connection Agreement (whether a Bespoke Connection Agreement or one created via the National Terms of Connection).

Customer, for each Single Site, is either the user as described in Schedule 16, or the EHV Customer as described in Schedule 17 and Schedule 18.

3.3. The change proposal has an example where there are three customers, one being the Private Network Operator (PNO), and two embedded demand customers. There are three connection agreements, one with the PNO and one with each embedded customer. The latter being for back up connections to the distribution network. A line diagram shows the network connections.



3.4. In addition, each demand customer has a connection agreement with the PNO (which will be their primary source of power). The backup connections have to be manually switched over from the private network via an interlock.

3.5. Currently the residual charge is being applied to all three connections.

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3. Working Group Assessment

DCP 403 Working Group Assessment

4.1. The DCUSA Panel established a Working Group to assess DCP 403. This Working Group consists of DNOs, IDNOs, PNOs and Supplier 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.

One customer, multiple connection agreements inclusive of a backup connection solely with the distributor

4.2. The working group view is that where such instances arise, the solution to avoid duplicate residual charges per agreement is to merge the connection agreements into one. To assist in the development of this change proposal, assess the impact of it and the assumption being made, the working group would like feedback on the following questions

Q1: How many single sites have a separate backup connection agreement?

Q2: Are there any single sites with more than one back up connection agreement? Please indicate how many.

Q3: Have you approached or been approached by customers to merge agreements? If so, how many and how long does it take to merge them?

Q4: Are there any instances where the merging of agreements cannot be achieved? If so, please provide examples.

Private Network Operator connection agreement with backup connections with the distributor for embedded customers on the private network operator site (as per change proposal)

Q1: How many of these arrangements exist on your network?

Q2: Who do you charge or would charge (if you had any such an arrangement) the residual charge to?

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4. RFI Questions

5.1 The Working Group is seeking industry views on the following RFI questions:

Question Number	Question
1	How many single sites have a separate backup connection agreement?
2	Are there any single sites with more than one back up connection agreement? Please indicate how many.
3	Have you approached or been approached by customers to merge agreements? If so, how many and how long does it take to merge them?
4	Are there any instances where the merging of agreements cannot be achieved? If so, please provide examples.

Private Network Operator connection agreement with backup connections with the distributor for embedded customers on the private network operator site (as per change proposal)

Question Number	Question
1	How many of these arrangements exist on your network?
2	Who do you charge or would charge (if you had any such an arrangement) the residual charge to?

5.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than, 18th June 2022.

5.3 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 RFI Response Form
- Attachment 2 – DCP 403 RFI For Clarify the application of the TCR fixed charge
- Attachment 3 – DCP 404 Change Proposal

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