




DCUSA Consultation		At what stage is this document in the process?
<h1>DCP 399:</h1> <h2>Revision to Embedded Capacity Register (ECR) to lower threshold for entries from 1MW to 50kW</h2> <p><i>Date raised: 12 January 2022</i></p> <p><i>Proposer Name: Stephen Halsey</i></p> <p><i>Company Name: UK Power Networks</i></p> <p><i>Company Category: DNO</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
Purpose of Change Proposal: To lower the threshold for entries to the ECR from 1MW to 50kW.		
	<p>This document is a Consultation issued to DCUSA Parties and any other interested parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 399 'Revision to Embedded Capacity Register (ECR) to lower threshold for entries from 1MW to 50kW'.</p> <p>The Working Group recommended that this Change Proposal should proceed to Consultation.</p> <p>Parties are invited to consider the questions set in section 10 and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by 21 September 2022.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP).</p>	
	Impacted Parties: DNOs and IDNOs.	
	Impacted Clauses: Section 1A, Clause 1 (Definitions).	

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Timetable

The timetable for the progression of the CP is as follows:

Change Proposal timetable

Activity	Date
Initial Assessment Report	19 January 2022
Consultation Issued to Industry Participants	31 August 2022
Change Report Approved by Panel	19 October 2022
Change Report Issued for Voting	21 October 2022
Party Voting Closes	11 November 2022
Change Declaration Issued to Parties	15 November 2022
Implementation	November 2022/ February 2023



Any questions?

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1 Summary

What?

- 1.1. DCP 350 'Creation of Embedded Capacity Registers' introduced an obligation on DNOs and IDNOs to publish on their websites an Embedded Capacity Register (ECR) consisting of site-specific data items for sites which are connected to the DNO/IDNO Party's (referred to as Distributors) Distribution System (or which are the subject of an accepted connection offer to be connected to the Distribution System), and which: (a) have an import capacity of 1MW or more and are subject to a Demand Side Response (DSR) contract; and/or (b) have a generation equipment installed with a registered capacity of 1MW or more.
- 1.2. DCP 350 was proposed to address ongoing concerns of the BEIS Panel of Technical Experts ("PTE"), whose role is to impartially scrutinise, and quality assure the analysis carried out by National Grid Electricity System Operator (ESO) for the purposes of informing policy decisions for the Capacity Market (CM). In fulfilment of this role, the PTE scrutinised the ESO's Electricity Capacity Reports, and for a number of years were concerned that the lack of reliable data available to the ESO on embedded generation was impacting the ESO's ability to accurately forecast. Without the necessary data to assess system security, the PTE believed that neither the Government nor the regulator could be sure that the ESO's policies were as robust as they could be.
- 1.3. Market participants rely on information to economically and efficiently plan and operate their businesses, e.g. for the ESO to forecast and balance, , to facilitate effective competition (across the various energy markets), to inform investors and asset operators and to ensure that the industry as a whole will meet the needs of customers for secure supplies at lowest cost. DCP 350 was raised to address some of these concerns.
- 1.4. During the consultation period of DCP 350 industry feedback received indicated a desire for the threshold to be reduced from 1MW in the future.
- 1.5. DCP 399 'Revision to Embedded Capacity Register (ECR) to lower threshold for entries from 1MW to 50kW' has been raised to lower the threshold from 1MW to 50kW and will require impacted Parties to publish more information.

Why?

- 1.6. Further industry engagement through the ENA Open Networks programme has indicated that the threshold should be lowered to provide greater visibility to stakeholders wishing to exploit, in particular, (but not limited to) flexibility opportunities. It should also be noted that when the ECR obligation was originally introduced through DCP 350, industry feedback received through consultation responses indicated a desire for the threshold to be reduced from 1MW in the future.

How?

- 1.7. The current legal text containing reference to 1MW should be replaced with reference to 50kW instead and the ECR templates should be changed to include an additional tab for generation resources in the 50kW to <1MW bracket. For the DSR aspect of the register it will show all information on demand sites providing DSR greater than 50kW in one tab. Additionally, changes will need to be made to the index/cover page to reflect the additional content.
- 1.8. In the original DCP 399 Change Proposal submitted (Attachment 2), the proposer also requested to add tabs comprising of associated network reinforcement work and Distributor services. The information on these proposed tabs had previously been shared by some Distributors as additional information and it was believed these should be added to the ECR Agreed Template to ensure consistency of the information published by Distributors. After further consideration within the ENA Open Networks forum, it was concluded that this information may already be provided in the Long-Term Development Statement. It was therefore agreed that where Distributors have published this information, links should be provided in the “additional information” section within the ECR.

2 Governance

Requested Next Steps

- 2.1 Following a review of the consultation responses, the Working Group will work to agree the detail of the solution for DCP 399 and progress to the Change Report phase.

3 Why Change?

- 3.1 The change in threshold (1MW to 50kW) will provide stakeholders with greater visibility of connected Distributed Energy Resources (DER) and will assist in providing greater access to flexibility markets.

Question 1: Do you understand the intent of DCP399?

Question 2: Do you support the principles of DCP399?

4 DCP 399 Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 399. This Working Group consists of representatives from DNOs, IDNOs and National Grid Electricity System Operator (NGESO). A meeting were held in open session and the minutes and papers of for this meeting are available on the DCUSA website – www.dcusa.co.uk.
- 4.2 As stated above, this CP seeks to lower the threshold for entries to the ECR from 1MW to 50kW. It is believed that this will provide stakeholders with greater visibility of connected Distributed Energy Resources (DER) and will assist in providing greater access to flexibility markets. Lowering the threshold of the ECR also acknowledges industry feedback received through DCP 350, where there was an appetite for the threshold to be lower than 1MW.

Why lower to 50kW?

- 4.3 The ECR currently publishes information on generation (including storage) assets and information on demand sites providing Demand Side Response (DSR) services greater than 1MW. This modification proposal seeks to lower the threshold to 50kW. 50kW was believed to be a sensible next step in publishing data – in terms of striking a reasonable balance between both volumes of data that would need to be collated and probable/likely impact on GDPR (i.e. going lower than 50kW might relate to individuals and would therefore need to be anonymised) and the benefits that could be delivered to consumers. The proposer believes that a 50kW threshold will allow for the additional data to shared quickly, as going below 50kW will require more detailed work to extract the data and consideration in relation to GDPR requirements.
- 4.4 The original Change Proposal was raised on behalf of the BEIS PTE who scrutinise ESO's capacity market analysis. It came about from a need for greater visibility of embedded assets and was intended to enable improvements in ESO's capacity market modelling to ensure consumers are getting greatest value for money. The current Change Proposal to lower the threshold to 50kW will improve visibility of embedded assets connected to the system.
- 4.5 The original Change Proposal ensured that the ESO had access to up to date and more granular information related to distribution connected sites. This is used to support analysis in setting their recommendation for the target capacity to be procured in each year's capacity market. As the total cost of any one auction to consumers runs to hundreds of millions of pounds, even minor improvements in timeliness and granularity of data can deliver significant consumer benefit far outweighing the DNO identified implementation costs. Furthermore, the ESO will use the data to ensure that each successful participant in the capacity market is rewarded a fair amount for their contribution to security of supply. To do this ESO will re-assess the de-rating factors used for key technologies, some of which (e.g. distribution connected gas reciprocating engines) are currently based on transmission proxies.

4.6 In addition to the benefits for the ESO, the original Change Proposal also suggested that the provision of transparent, robust, data would help facilitate:

- Generators/DSR sites/customers/storage owners being able to identify other system users in their local region which may influence operations and investments, in some instances increasing competition, in others collaboration and trading;
- Wholesale market players will be able to identify which sites may be influencing the wholesale prices and the volume of capacity that could move between the various parts of the market (such as BM, ancillary services, etc.);
- Investors, including customers, would be able to more easily see how the market is developing, identify gaps in the market, and consider options for future investments in technology and location;
- New build and existing embedded sites may also be able to better understand who their projects are interacting with for connection capacity and may be able to trade rights (depending on Ofgem's charging review) or swap locations, etc. to get the most efficient outcome for their investments;
- Suppliers may be able to improve their forecasting with a better understanding of how the market may operate, such as being able to see changes in say solar capacity on a monthly basis (as proposed in this consultation) rather than via annual updates;
- The ESO in undertaking its market wide forecasts, such as the FES, Summer and Winter Outlooks and Capacity Market Report, would have access to much more robust data on actual installed capacity of different types of resources, their de-ratings, location, etc.; and
- Government, Ofgem and their advisers will also be able to far more easily see how well policies are working, having better data to monitor policies such as the roll out and output of renewable or new technologies, or identify if trading capacity would be practical, etc.

4.7 By lowering the ECR threshold to 50kW, it is believed that it will go further in realising the above benefits.

Question 3: Do you support the intent of this CP to lower the threshold for entries to the ECR from 1MW to 50kW? Please provide your rationale.

Suggested Legal Text Changes

4.8 The following amendments should be made to Section 1A, Clause 1 (Definitions):

Embedded Capacity Register	means, for each DNO/IDNO Party, a register of site-specific data items for sites which are connected to the DNO/IDNO Party's Distribution System (or which are the subject of an accepted connection offer to be connected to the Distribution System), and which: (a) have an import capacity of any size 1 MW or more and
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	are subject to a DSR Contract of 50kW or more ; and/or (b) have an export capacity of any size and generation equipment with a registered capacity of 50kW 1MW or more. The required register format and data items are described in Schedule 31 (Embedded Capacity Register).
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Explanation of Legal Text Changes

- 4.9 The first change is to amended Clause 1 (Definitions and Interpretations) to make it clearer that the size thresholds apply to the DSR contract capacity or generation equipment registered capacity, rather than the import or export capacity. This should help ensure consistency across the Embedded Capacity Registers.

Question 4: Do you have any comments on the proposed legal text amendments?

Suggested Embedded Capacity Register “Agreed Template” Amendments

- 4.10 The second change is to articulate the lowering of the threshold from 1MW or more to 50kW or more in the Embedded Capacity Register Agreed Template. These are set out below:

Contents Page

- 4.11 Amendment to the “about” section on the contents tab of the ECR to take into account the lowering of the threshold to 50kW and also to address the definition changes above in relation to registered capacity.
- 4.12 To add the following text to the “additional information” section on the contents tab to allow Distributors to provide additional information in relation to services and reinforcements if available.

Unique reference numbers for service provision and reinforcement works may be provided in the ECR. Any relevant links to associated data are provided here.

Additional Tab for Part 1 of ECR

- 4.13 It is proposed that an additional tab is added to Part 1 of the ECR so that information on generation assets are split as follows:
- Register Part 1: generation with a registered capacity 50kW-<1MW
 - Register Part 1: generation with a registered capacity ≥1MW
- 4.14 Register Part 2 will be renamed “Register Part 2 (DSR) ≥50kW”.
- 4.15 The proposed updated ECR can be found in Attachment 3.

Question 5: Do you have any comments on the proposed updates to the ECR template?

Interactions with data privacy regulations and potentially commercially sensitive information

4.16 Prior to DCP 350 being implemented the Panel requested that the Working Group sought appropriate legal advice with respect to some proposed items to be included in the ECR that could be private/ confidential in nature.

4.17 The following advice (Paragraph 4.18 to 4.22) was included within the DCP 350 Change Report.

Guidance obtained by the Secretariat

4.18 Following (DCP 350) Working Group discussions related to this change and potential data privacy regulations and potentially commercially sensitive information the Secretariat had a conversation with the DCUSA Ltd legal advisors, during which the legal advisors highlighted that the legal issues to consider include:

1. *"First and foremost, the question is whether or not sharing this information (with specific entities or publicly) is a 'good idea'. Questions of data sharing always involve a balance of policy considerations – the collective benefit of sharing the data, against the dis-benefit to the entity whose data is being shared.*
2. *The legal implications are important but definitely secondary. This is because there is no law that stops data sharing, only laws that prevent unjustified data sharing. If there is a sensible and justifiable reason for sharing the data, then this will enable the legal hurdles to be cleared.*
 - a. *section 105 of the Utilities Act 2000, which places a duty of confidentiality on licence holders;*
 - b. *the contractual confidentiality obligations owed to connectees under the connection contracts (primarily the NTC) and owed to suppliers under the DCUSA; and*
 - c. *the Data Protection Act 2018, which prevents the processing (including disclosure) of personal data without a lawful basis (which would include legal obligation or legitimate interest)."*

4.19 Further to this which the group noted as being in line with the view provided by Ofgem below, but not official legal advice in itself, the DCUSA Ltd legal advisors provided a useful summary of the legal implications which was used by the (DCP 350) Working Group as a guide:

3. *"If Ofgem approves a change to the DCUSA which obliges distributors to share or publish this information, then it will be a licence obligation and section 105 will not prevent disclosure. Amendment of the DCUSA would also deal with (b) above, because the contractual provisions in the NTC and DCUSA allow for disclosure where required for licence compliance.*
4. *The data protection angle is very slightly more complicated. Compliance with a legal obligation is a lawful basis for processing, but this reference to legal obligation excludes contractual*

obligations. As the DCUSA is a contract, you might think that you can't rely on this, but because compliance with the DCUSA is also a licence obligation (arising from statute), this should be sufficient. Even if it wasn't, Ofgem's assessment of the data sharing pursuant to its statutory duties would basically be an assessment of whether there was a legitimate interest in sharing the data, and so distributors could rely upon this same legitimate interest assessment."

View provided by Ofgem

4.20 The DCP 350 Working Group noted that Ofgem and BEIS have recently been undertaking a number of initiatives related to data and the need for industry data to be more open and transparent. With this understanding, the group sought feedback from Ofgem as to a view of how Distributors might be able to publish data that would otherwise be prohibited by Section 105 of the Utilities Act. In summary, the view provided by Ofgem is that DNOs have an obligation to develop and maintain an efficient, co-ordinated and economical system of electricity distribution, and if publishing connection data is required to achieve this then this code modification should progress. There are options to publish such data under the current legal framework. Acknowledging concerns around sharing customers' data, Ofgem encouraged all DNOs to contact users/ connectees to identify and address confidentiality/ privacy, where necessary through redaction.

RecorDER Project - Legal and Regulatory Report on the sharing and publishing of data February 2020

4.21 The ESO, Electron, SP Energy Networks and UKPN are collaborating on an innovation project known as the RecorDER Project. The RecorDER project is looking at ways to make publicly available generation and storage asset data and it therefore has many similarities to the Open Networks SWRR project and DCP 350's ECR. The RecorDER Project identified that there were issues around publishing customer's data and have therefore sought legal advice from Pinsent Masons. This report can be found in Attachment 7.

4.22 Within the Pinsent Masons' report, is the following statement:

"As at November 2019, a DCUSA mod 350 is under consideration, but not all SWRR Data fields have been included in the modification request. It is recommended that a discussion take place between the RecorDER project partners and the DCP 350 Working Group to what extent the requested data fields can be expanded. Also consider whether timescales are appropriate for the RecorDER Project. Note that if DCUSA mod 350 was amended to capture all of the SWRR fields and the modification was subsequently implemented to permit the sharing of SWRR Data under DCUSA, this would permit the sharing of SWRR Data under the remaining Electricity Codes, save for the Distribution Code, which does not contain the relevant equivalent carve out from confidentiality set out in the other Electricity Code. Accordingly, the issue caused by the restrictions under the Distribution Code would require to be addressed through either a

Distribution Code amendment or appropriate Standard Licence Conditions amendments as recommended under section 2.4.1 (a) above”.

- 4.23 The DCP 399 Working Group believe that the above advice is still relevant in relation to lowering the ECR threshold to 50kW. In relation to GDPR, in a majority of cases the data provided will be in relation to a company and will not allow for identification of an individual. In cases where the publication of certain data could allow for identification of an individual Distributors should extract that data from the ECR and provide a more holistic view of that specific site.

Question 6: Do you agree that the considerations and advice received in relation to the implementation of the ECR with a threshold of 1MW is still relevant with the lowering of the threshold to 50kW? If not, please provide your rationale.

5 Assessment Against the DCUSA Objectives

- 5.1 For a DCUSA CP to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. DCP 399 will be measured against the DCUSA General Objectives, which are set out in the table below:

	DCUSA General Objectives	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 type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	None
<input type="checkbox"/>	5. Compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

- 5.2 The provision of robust, transparent data on the number, size, types and location of embedded market participants will help in the development and operation of a more competitive and economically efficient flexibility market. This should help policy makers design “better” policy and drive market developments to deliver the best deal for customers. It should help inform forecasting by the ESO and other participants. It should also help investors to reach decisions on location, technology choices, etc.

- 5.3 By improving transparency and market knowledge, the GB electricity market can operate more efficiently which will ultimately benefit customers. The modification therefore better fulfils objectives 1, 2 and 3.

Question 7: Do you consider that the proposal better facilitates the DCUSA General Objectives?

If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons.

If not, please provide supporting reasons.

6 Impacts & Other Considerations

- 6.1 The Working Group is keen to understand the costs of compiling the additional information. There were mixed views in the Working Group with some members believing the costs would be relatively low as this information is already being captured, with others suggesting the costs will vary depending on how much manual intervention will be required.

Question 8: What resource/ system costs do you anticipate, if DCP 399 is implemented, and the ECR threshold is lowered from 1MW to 50kW?

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

- 6.2 N/A.

Does this Change Proposal Impact Other Codes?

BSC.....	<input type="checkbox"/>	MRA.....	<input type="checkbox"/>	Grid Code.....	<input type="checkbox"/>	REC.....	<input type="checkbox"/>
CUSC.....	<input type="checkbox"/>	SEC.....	<input type="checkbox"/>	Distribution Code..	<input type="checkbox"/>	None.....	<input checked="" type="checkbox"/>

Consideration of Wider Industry Impacts

- 6.3 None.

Question 9: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

Confidentiality

6.4 This Change Proposal is not confidential.

7 Implementation

7.1 The Working Group is keen to establish a suitable implementation date. For example, if this CP is implemented, will there be a need for an implementation lead time? If the views are mixed, we could look at establishing a staged implementation, where the new version of the ECR could be used from November 2022, but it will not become mandatory to use that version for x months later (i.e. Distributors could still use the existing template until the approved mandatory date is reached).

Question 10: If this CP is approved, how long after would you be able to complete the new version of the ECR (i.e. would you be able to use it from November 2022 or would more time be needed)? Please provide the reasons for the time needed.

8 Legal Text

8.1 The proposed legal text can be found in Attachment 2. Any comments on the proposed legal text and the ECR Agreed Template can be provided in response to question 4 and question 5 of this consultation.

9 Code Specific Matters

Reference Documents

9.1 Not applicable.

10 Consultation Questions

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

No.	Questions
1	Do you understand the intent of DCP399?
2	Do you support the principles of DCP399?
3	Do you support the intent of this CP to lower the threshold for entries to the ECR from 1MW to 50kW? Please provide your rationale.

4	Do you have any comments on the proposed legal text amendments?
5	Do you have any comments on the proposed updates to the ECR?
6	Do you agree that the considerations and advice received in relation to the implementation of the ECR with a threshold of 1MW is still relevant with the lowering of the threshold to 50kW? If not, please provide your rationale.
7	Do you consider that the proposal better facilitates the DCUSA General Objectives? If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons.
8	What resource/ system costs do you anticipate, if DCP 399 is implemented, and the ECR threshold is lowered from 1MW to 50kW?
9	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
10	If this CP is approved, how long after would you be able to complete the new version of the ECR (i.e. would you be able to use it from November 2022 or would more time be needed)? Please provide the reasons for the time needed.
11	Any other comments?

10.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than, **21 September 2022**.

10.3 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.

11 Attachments

- Attachment 1 - DCP 399 Consultation Response Form
- Attachment 2 - DCP 399 Legal Text
- Attachment 3 - Updated Embedded Capacity Register
- Attachment 4 – DCP 399 Change Proposal