

**DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'**  
**COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS**

Company	Confidential/ Anonymous	1. Do you understand the intent of DCP 404?	Working Group Comments
<b>BU-UK</b>		Yes - to implement the decision and direction of the Access SCR in respect of the non-firm access rights and the definitions surrounding curtailment, the limits, network obligations and end dates.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes.	Noted.
<b>ESP</b>		Yes.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		Yes the intent of DCP 404 is clear.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes.	Noted.

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<b>SSEG</b>		We do.	Noted.
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes.	Noted.
<b>WPD</b>		Yes, we understand the intent.	Noted.
<b>Working Group Conclusions:</b> All responders confirmed that they understood the intent of the CP.			

Company	Confidential/ Anonymous	2. Are you supportive of the principles of DCP 404?	Working Group Comments
<b>BU-UK</b>		Yes.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes.	Noted.
<b>ESP</b>		Yes.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.

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<b>Octopus</b>		We are supportive of the principles. It is important that the processes implemented are common to all DNOs to ensure there is trust in the process. In order to embed this trust, regular reporting on the level of curtailment for each connection agreement is needed in a standard and easy-to-interpret format.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes.	Noted.
<b>SSEG</b>		<p>Overall, we are supportive of the proposals put forward to create curtailable connection agreements.</p> <p>We do, however, have a concern about whether the proposed use of the term 'Customer', as defined in the new Schedule, section 8, covers both of Ofgem's intended target groups, namely demand and generation connectees. We note that both categories of these users are referred to as 'Customer' in the proposed legal text.</p> <p>As per the definition in section 8, the term "means any owner or occupier of premises in Great Britain who is supplied or requires to be supplied with electricity, and includes an electricity supplier when acting on behalf of such a person." We are unsure as to whether this definition expressly includes (or excludes) generators, and we would appreciate legal clarification being provided on this.</p>	<p>The Working Group discussed the need to review and amend the definition of 'Customer' and agree at the next meeting whether this is to be done.</p> <p><b>ACTION – DP to review and amend the definition of 'Customer'.</b></p>

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		If the definition applies only to demand customers, we suggest creating two new terms: 'Demand Customer' and 'Generation Customer', or replace the term 'Customer' with the term 'User' (if legally more robust), to ensure both categories are covered by the proposed reforms being introduced.	
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes.	Noted.
<b>WPD</b>		Yes.	Noted.
<b>Working Group Conclusions:</b>  All responders are supportive of the principles of DCP 404. One responder noted that the current definition of 'Customer' may need to be reviewed and amended by the Working Group (either creating two new terms, 'Demand Customer' and 'Generation Customer', or replace the current definition of 'Customer with 'User'. The Working Group agreed to review and amend the current definition of Customer and agree whether there needs to be an amendment moving forward.			

Company	Confidential/ Anonymous	3. Do you agree that the underlying methodology for determining the Curtailment Limit is appropriate? If not, please detail an alternative methodology that could be considered.	Working Group Comments
<b>BU-UK</b>		Yes, we agree that these are the most appropriate data to use to determine the Curtailment limit for a new connection.	Noted.
<b>EDF</b>		Yes.	Noted.

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<b>ENWL</b>		Yes, we believe that the underlying methodology for determining Curtailment Limits is correct and we note that no alternative has been suggested either through the Working Group process or beforehand.	Noted.
<b>ESP</b>		Yes, we have not identified any issues with the underlying methodology.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes, we are comfortable with proposed approach whilst recognising the need to (potentially) trade-off simplicity and consistency of application with deriving an 'accurate' result in all cases. We agree with need to allow Ofgem to direct that a different approach is used where appropriate to mitigate this concern.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes, we agree with the proposed methodology	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		The proposal provides a methodology for radial networks. The calculations will need to be adapted or modified for more complex network arrangements (e.g. meshed), therefore we suggest that this is acknowledged in the legal text.	Need to specify how the methodology needs to be adapted for meshed networks.  Concerns – methodology suitable for simpler (radial) networks but not more complex ones.

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			<p>It was suggested introducing adjustment factors (i.e., sensitivity/coincidence factor) which should be evidence led (and therefore adding an obligation on the DNO to share this with the Customer if needed).</p> <p>The Working Group need to agree whether this can be done within the current timescales or whether this is to be a future CP.</p> <p>TM agreed to draft a number of alternative approaches that may be required for meshed networks.</p> <p><b>ACTION – TM do draft a number of alternative approaches that may be required for meshed networks.</b></p>
<b>SSEG</b>		<p>Further explanation is needed as to why a Curtailment Threshold (other than 100%) has been included in the curtailment calculations, and why this has been set at 95%. This has the effect of increasing the Curtailment Limit, thereby reducing the amount of curtailment hours which a Customer can be paid for. In practice, this could mean that the limit is not low enough to disincentivise curtailment.</p>	<p>More justification of 95% rather than 100%.</p> <p>Concerns – use of a curtailment threshold; Calcs for export curtailment limit.</p>

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		<p>The Export Curtailment Limit could be calculated as the number of instances [instead of "number of hours"] whereby the Committed Generation Capacity exceeds the Network Asset Generation Capacity.</p>	<p>The Working Group agreed that this can be considered, however it is not consistent with decision or direction.</p>
<b>SSEN</b>		<p>The curtailment methodology must balance requirements for standardisation, transparency, repeatability and efficiency alongside a need for accuracy. We accept that this proposal is a good compromise though note that there are likely to be circumstances where this methodology is inadequate and will need alternative or supplementary calculations.</p> <p>For example, situations may arise where different constraints cannot be resolved into a single 'Network Asset Demand Capacity;' and likewise in a mesh network, power flows may run asymmetrically and not in direct proportion to the sum of demand and generation on the network. In both these cases simple computational solutions may be possible – such as the use of sensitivity or coincidence factors. We believe it is important that the code permits adjustments to the methodology without necessarily applying for derogation, in accordance with good engineering practice. Should adjustments be necessary, they should be clearly communicated to the customer along with description of any additional calculations that have been included.</p> <p>Whilst we note that the drafting includes a specific clause to refer to the Authority in such circumstances we are concerned this may be too slow and ultimately unnecessary – please see our response to Question 8.</p>	<p>Concerns – In some circumstances, methodology likely to be inadequate.</p> <p>If included legal text must explain how.</p> <p>If included need to specify the methodology.</p>

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		<p>Separately, we note the spreadsheet might be further refined to include the seasonal and time-varying aspects of 'Network Asset Demand Capacity'</p> <p>It is essential that the effectiveness of the solution is kept under review and adjusted through open governance as/if necessary.</p>	<p>Can be done but adds complexity.</p> <p><b>ACTION – TM/NB to discuss adjustments to the methodology (to allow for adjustments to be made without seeking derogations) and feedback to the Working Group for their review.</b></p>
UKPN		<p>We agree that the underlying methodology is appropriate in principle. It strikes the right balance between simplicity and making sure that the values generated are based on known network conditions and the impact of other customers and connections.</p> <p>The methodology is also transparent which is important for customer engagement – customers will be able to understand how their curtailment limit was generated.</p> <p>However, in practice we have observed that the limits generated by the methodology differ materially from curtailment estimates that would be generated from our current approach to curtailment assessment which makes use of more complex load flow modelling.</p> <p>It would not be practical to adopt such complex modelling to generate curtailment limits as proposed by the DCP. However, we believe our analysis can inform some adjustments that can be made to the proposed common methodology to make the limits being generated more accurate.</p>	<p>Concerns –</p> <p>In some circumstances, methodology likely to be inadequate, with outputs differing materially from UKPN's current approach.</p> <p>Note that legal text specifies that alternative tools use must deliver same outcome:</p> <p>"2.7 The Company may use whatever software tool it chooses providing it gives the same answer as the tool described in Paragraph 2.6. The Company should make available data used for their calculations when requested by the Customer."</p>



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		We have outlined these proposed adjustments in our response to questions 4 to 7 below as appropriate.	
<b>WPD</b>		<p>The methodology needs to be balance being as simplistic (and easy and quick to use) as possible whilst also delivering an accurate curtailment limit. The methodology may have to be refined over time i.e. to consider meshed networks and to consider curtailment caused by multiple constraints.</p> <p>It would also be useful for the tool to have the capability to consider multiple constraints per half hour; otherwise it is possible the curtailment limit will be below a DNO's own assessment of the curtailment level.</p>	<p>Need to understand how this can be done.</p> <p>Concern – Tool needs to be refined for meshed networks and multiple constraints.</p>
<p><b>Working Group Conclusions:</b></p> <p>Responses generally supportive. SSEN, SPEN, WPD and UKPN additional steps may be needed to address more complex situations.</p> <p>The Working Group agreed that there will be a need for more wording to justify the 95% threshold.</p> <ul style="list-style-type: none"> <li>Four DNOs highlighted the limitations of the calculation tool, and the need to refine it to account for meshed networks and multiple constraints (down to HH detail).</li> <li>One gen was concerned about the use of a curtailment threshold per se. They also proposed an alternative way to calculate export curtailment limit.</li> <li>Seven (i.e. half of the) respondents agreed that the approach is appropriate.</li> <li>Two respondents provided no comment.</li> </ul>			
Company	Confidential/ Anonymous	4. Do you agree that the proposed profiles for assessing the Import Curtailment Limit and Export Curtailment Limit are appropriate? If not, please provide your reasons why.	Working Group Comments

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<b>BU-UK</b>		Yes.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes, we agree that the proposed profiles are the correct base profiles for determining both the import and export curtailment limits.	Noted.
<b>ESP</b>		Yes, the proposed profiles appear appropriate for their intended use.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		<p>We are generally comfortable in principle but have the following observations:</p> <p>1) Paragraph 2.3(a)(iii) refers to the use of 'scaling' to produce an annual half-hourly gross demand profile, where the data is not available for the asset to be reinforced. The supporting spreadsheet is very useful to illustrate the methodology in practice but appears to demonstrate the data being available without scaling but scale anyway. We consider the approach to scaling to be unclear in the Excel formula and suggest that this is explained in the legal text if this is intended to be the common approach used. The spreadsheet would benefit from 'toggles' etc where scaling is only applied where needed and can otherwise be 'turned off'/does not happen automatically.</p> <p>2) Paragraph 2.3(a)(v) refers to 'grid-scale battery storage', which we presume is distinct from the battery storage data referred to in paragraph</p>	<p>Good points which need to be worked through in detail.</p> <p>Multiple observations –</p> <p>Respondent provided a number of suggestions to improve the legal text, sections 2.3 and 2.4, on calculating the import curtailment limit. This would be to address the risk of an inconsistent calculation of the Curtailment Limit and/or a different interpretation of the requirements.</p>

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	<p>2.2(a)(iii)? If it is distinct, it is unclear where this data comes from and therefore it should be referenced in paragraph 2.2(a) that a DNO/IDNO Party needs to gather it. However, this step in the spreadsheet suggests that it is not distinct and adds the maximum demand for battery storage (i.e. highest value from the data in accordance with paragraph 2.2(a)(iii)) to the data in accordance with paragraph 2.3(a)(iv), for each profiled period. If this is what is needed, the legal text should be clarified to ensure alignment between it and the spreadsheet.</p> <p>3) Paragraph 2.3(d)(ii) refers to scaling to a full year where profiled data is not available for a 12-month period. Whilst we are comfortable with this step, it is not/cannot currently be applied in the spreadsheet, and a clear and common approach to scaling should be set out in the legal text. This also applies to paragraph 2.4(d)(ii). Again, the spreadsheet would benefit from enhancement to adopt this requirement automatically where needed.</p> <p>4) Like point 1 above, paragraph 2.4(a)(i) refers to the use of 'scaling' but for generation. However, the approach to scaling in the spreadsheet for generation is different to that for demand and it is not clear why? Again, if this is intended to be a common approach, it should be explained in the legal text.</p> <p>In general, the above points risk an inconsistent calculation of the Curtailment Limit and/or a different interpretation of the requirements. However, we note that paragraph 2.6 refers to the publication of such a spreadsheet to calculate the Curtailment Limit on the DCUSA website, and where paragraph 2.7 states that, whilst a different calculation 'tool' may be</p>	<p><b>ACTION – TM and LW to discuss and agree what changes may need to be made to assessing the Import Curtailment Limit and Export Curtailment Limit, and feedback to the Working Group.</b></p>
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		<p>used, it must derive the same the Curtailment Limit as the published spreadsheet.</p> <p>To ensure a consistent calculation in line with the legal text – which endures future CPs – we propose that the spreadsheet is formally adopted by the DCUSA and included in a service agreement like the Use of System charging methodology models. We do not propose that this should delay implementation of this CP but should be concluded prior to 1 April 2023. Any differences to output of the illustrative spreadsheet would either (i) be agreed with the working group providing it is still in line with the legal text or (ii) aligned with the illustrative spreadsheet and dealt with via a subsequent CP.</p>	
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes.	Noted.
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		Yes, as above	Noted.

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UKPN	<p>No, our work to test the proposed methodology for determining the Curtailment Limit shows that that the current proposed profiles will not result in appropriate limits being calculated for inclusion in Connection Agreements.</p> <p>We have run multiple curtailment assessments using the proposed approach and have compared the results to the approach already adopted by our planning teams and have seen significant difference. We understand that the two approaches are significantly different and are designed for different purposes (one to calculate a limit and the other to provide an estimate to customers) but we believe this comparison provides an indication of whether the proposed methodology will be fit for purpose. Based on our analysis, the proposed approach will lead to a significant over-estimation of curtailment hours and we have identified the profiles being used are a main driver for this over-estimation.</p> <p>Solar PV Generation</p> <p>The first profile that we believe will cause over estimation of curtailment is PV generation. The current approach, whether it is an inflight offer, accepted offer or the customer being assessed, includes PV as a continuous export at its full capacity. This simplification assumes that it generates at full export at night and is leading to a material over-estimation of curtailment. We believe a scaled profile should be used for PV customers which at least removes the impact of PV overnight. This should be applied to any PV, whether as an existing customer with an offer or acceptance or as the customer being assessed.</p> <p>Electrical Energy Storage</p> <p>The second profile that we believe could lead to over-estimation, but also to a lack of consistency between DNOs carrying out the same curtailment</p>	<p>No, as the proposed methodology is not fit for purpose, resulting in significant over-estimation of curtailment hours, due to incorrect profiles for some types of network users, in particular for PV and storage.</p> <p>The example profile isn't solar PV but a composite solar/ wind. The actual profile should be based on the asset.</p>
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	<p>assessments, is storage. In the proposed approach, storage customers that are already connected are allowed to be separated from other generation and included with their own profiles. This allows DNOs to add in contingency and not rely on the historical performance of storage as it is generally accepted that the behaviour of storage is less predictable than other types of customers. While we support the flexibility being provided to DNOs to treat storage differently, we believe this freedom might conflict with Ofgem's direction that customers need to receive an equal treatment. For example, one DNO may choose to include already connected storage customers as exporting at full capacity when assessing a new exporting customer. This might lead to very high curtailment. Another DNO may use a profile which places storage at 50%, leading to lower curtailment. While there is not a clear industry example of how storage should behave, we believe the methodology should provide clarity to DNOs on how existing storage customers should be treated to provide a common approach. The common approach for assessing storage will also need to make an appropriate assumption for import/export levels as described below for assessing storage connections – a similar over-estimation could be generated if this is not accounted for.</p> <p>Storage profiles are also a problem when a storage customer is being assessed. As with other generation, it is considered as exporting/importing at full capacity 24 hours a day. This is impossible for storage to do at the same time and is leading to the calculation of a very high amount of curtailment hours. We believe some consideration should be made for storage customers that mitigates against the fact that they can not operate in both directions at full capacity at the same time. We acknowledge that it will be impossible to fully reflect how storage will behave, however there may be relatively simple adjustments that could be made to the profiles. For example, a scaling factor could be applied to storage to calibrate the</p>	<p>Need to work through in detail and address.</p>
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		curtailment hours being generated or a simplified import/export profile adopted to reflect the characteristics of typical storage. While these options will add complexity to the process, our analysis shows that the current approach over-estimates curtailment enough for it to be important for the working group to consider some changes.	
<b>WPD</b>		The proposed profiles appear to be appropriate but may need to be refined over time i.e. to consider parallel networks. Alternatively, guidance could be included to account for the sensitivity factor/contribution of additional load to the constraint.	<p>Need for refinement.</p> <p><b>ACTION – TM/RP to discuss what changes may need to be made.</b></p>
<p><b>Working Group Conclusions:</b></p> <p>Most responders were generally supportive.</p> <p>NPG have picked up some points of detail which need to be worked through and resolved.</p> <p>UKPN have raised specific details of the storage and generation profiles. Not sure the comments on generation are correct but both need to be worked through and resolved.</p> <ul style="list-style-type: none"> <li>One respondent (DNO) provided a number of suggestions to improve the legal text, sections 2.3 and 2.4, on calculating the import curtailment limit. This would be to address the risk of an inconsistent calculation of the Curtailment Limit and/or a different interpretation of the requirements.</li> <li>One respondent (DNO) did not agree with the approach because their testing showed that it would result in a significant over-estimation of curtailment hours due to the unrealistic profiles being proposed for solar PV and storage.</li> <li>One respondent (DNO) highlighted the need for future refinement of the profiles.</li> <li>Three respondents provided no comment.</li> </ul>			

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Eight respondents agreed.

Company	Confidential/ Anonymous	5. Do you agree with the approach for including inflight connections into the assessment of the Curtailment Limit? If not, please provide your reasons why.	Working Group Comments
<b>BU-UK</b>		Yes, we agree as these connections are not yet accepted so can be subject to change. We do, however think that this is something which should be subject to review as this has the potential to significantly change the curtailment hours. For example, adjusting to assume a coincidence of 75% would change the example's curtailment limit from 1969.5 to 3016.5 hours. Conversely, changing this down to 25% changes the limit to 1250 hours. These are quite significant impacts to customers' expectations when connecting to the network.	Yes, but with a caveat: the approach should be reviewed at times, as the coincidence factor has a high level of impact on curtailment limits.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		We are supportive of the approach for assessing the impact of inflight connection offers. Whilst it introduces an element of risk to DNOs as there could be circumstances where all offers are accepted, in other cases all offers aren't accepted or the full requested capacity isn't used so on balance it seems a reasonable approach. Assessing historic acceptance rates is adding unnecessary complexity and is unlikely to be more accurate due to the fundamental changes to connection charging set out in the Access SCR Decision.	Yes, but acknowledges potential for inaccuracies.



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<b>ESP</b>		<p>Yes, the approach chosen is rational.</p> <p>We support the intent to consider the two largest connection offers at 100% requested capacity but note that no analysis has been provided for why the 2 largest inflight offers would be considered at full capacity rather than other alternatives such as a phased approach (i.e. first 10% of offers considered at 100% capacity, next 30% at 70% capacity etc.)</p>	<p>Need to address in the change report.</p> <p>Yes overall, but challenges the approach for the two largest inflight connection offers.</p>
<b>INA</b>		<p>Yes, the approach built on the rationale provided by the workgroup is sensible.</p> <p>We support the intent to consider the two largest connection offers at 100% requested capacity but note that no analysis has been provided for why the two largest inflight offers would be considered at full capacity rather than other alternatives such as a phased approach (i.e. first 10% of offers considered at 100% capacity, next 30% at 70% capacity etc.)</p>	<p>Need to address in the change report.</p> <p>Yes but challenges the lack of analysis for the two largest inflight connection offers</p>
<b>NPg</b>		<p>We are comfortable with the proposed approach. We suggest this approach is reviewed periodically to ensure that it remains fit for purpose.</p>	<p>Yes, but advise periodical review.</p>
<b>Octopus</b>		<p>Octopus will not comment on this question.</p>	<p>Noted.</p>
<b>OPN</b>		<p>Yes.</p>	<p>Noted.</p>

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<b>Sembcorp Energy</b>		Yes, this approach is reasonable, given this is a new process. It would be reasonable to expect DNOs to check the validity of the 50% confidence factor over time, then a DCP can be raised to better reflect the reality of connection offers. This does not need to be codified.	Yes but advise periodical review.
<b>SPEN</b>		Yes.	Noted.
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes we do agree that inflight connections should be included and support a confidence factor being included for offers. However, as mentioned in the response to question 4, we also believe PV customers should be included with the ability to remove their impact overnight and therefore the current inclusion of all types of generation/import at full capacity all of the time should be changed to prevent the over estimation of curtailment hours.	Need to consider.  Yes but recommend that PV customers should have their overnight impact removed, and other types of customer should also be subject to adjustments.  (Does the second part of the answer apply to q.4?)
<b>WPD</b>		Yes, it appears to be a sensible approach.	Noted.
<b>Working Group Conclusions:</b>  The Working Group agreed that most responses are supportive, but comments noted that no evidence provided in support of approach. The Working Group suggest that this is picked up within the change report and acknowledge that this needs to be reviewed with more experience.			

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3A number of responders suggested the need for a periodical review should be included. The Working Group agreed that this should happen at least once a year.

- Seven respondents agreed but with further comments:
  - The approach (esp. the coincidence factor) should be subject to periodical review.
  - The approach to assessing the largest two connection offers was challenged.
- Five respondents agreed without further comment.
- Two respondents provided no comment.

Company	Confidential/ Anonymous	6. Do you agree that a 95% Curtailment Threshold is a suitable figure? If not, please provide alternate figures and explain why they are more appropriate.	Working Group Comments
<b>BU-UK</b>		95% is a fair figure as this allows for a small margin to cater for future load growth. Again, we believe that this is something which should be reviewed in the future.	Yes, to start with but advocate future review.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		We agree with using a 95% Curtailment Threshold. There remain uncertainties around the simplified approach for setting curtailment limits and this factor provides a means to account for these in setting the Curtailment Limit.	Noted.

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<b>ESP</b>		The curtailment threshold of 95% appears to be appropriate. We recognise that this allows for consideration of natural load growth over time.	Noted.
<b>INA</b>		The curtailment threshold of 95% appears to be appropriate. It is understood that  this gives flexibility to natural load growth but is not set at too low a threshold.	Noted.
<b>NPg</b>		We recognise that there has been limited testing to date and there is limited evidence supporting the use of 95%. Given uncertainty in the accuracy of the methodology and potential unintended consequences of applying a necessarily simple and consistent approach, we believe that consideration should be given to a lower figure, but certainly not higher.  The expected increase in low carbon technologies could cause the base load to increase by more than 5%, therefore the Working Group could consider setting the Curtailment Threshold at say 90% in the first instance and then review that threshold periodically to ensure it remains fit for purpose. However, we are comfortable with the use of 95% at this stage.	Yes, though would prefer lower threshold.  Advocate review of value.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes, 95% gives a clear simple figure that can be applied uniformly across DNOs. As with other areas of this process, should it prove to be inappropriate "in the real world", modifications can be raised to adjust it.	Noted.

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<b>SPEN</b>		Yes.	Noted.
<b>SSEG</b>		<p>Further explanation is needed as to why a Curtailment Threshold (other than 100%) has been included in the curtailment calculations, and why this has been set at 95%. This has the effect of increasing the Curtailment Limit, thereby reducing the amount of curtailment hours which a Customer can be paid for. In practice, this could mean that the limit is not low enough to disincentivise curtailment.</p> <p>Has there been consideration as to whether this Curtailment Threshold should be locational, so set by each DNO? If yes, why was this deemed not appropriate? Furthermore, if yes, then what steps are being taken to codify an obligation on the DNO to publish, going forward, information on the current Curtailment Threshold in accordance with the work (see Question 33 below) of the <a href="#">Energy Data Taskforce</a>?</p> <p>We consider that the various proposed percentage adjustments proposed (wrt the curtailment threshold, the uplift of the exceeded curtailment price and flexibility market price outliers) are somewhat arbitrary but we recognise that there appears to be a lack of an evidence base in each case. Unless data can be identified to underpin those adjustments, we propose that a regular review is scheduled and codified in the DCUSA, so that over time, the arbitrary adjustments can become more evidence based.</p>	<p>Need to pick up in change report.</p> <p>Requesting clearer justification for the threshold per se, and for the value chosen.</p> <p>Proposing DNO-specific thresholds.</p> <p>Proposing that DNOs publish info on how they determine their threshold.</p> <p>Proposing codified regular review of threshold.</p>
<b>SSEN</b>		Yes. DNOs must operate plant within safe levels and should not design their networks to exceed this. A 5% margin is a reasonable typical level, though noting that specific circumstances may in reality require a much lower level - for example communication system latency or limitations in site	<p>Yes.</p> <p>Advocate review of value.</p>

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		measurement or state estimation. As above, we believe this assessment value should be kept under review.	
<b>UKPN</b>		In principle we believe 95% is a reasonable value. In operational timescales our DERM's system may operate slightly before this value for some generation types, and at a slightly higher value in others. Therefore 95% is a suitable middle value. In the studies we have carried out we have found that changing this value has less impact on the outcome of the curtailment hours than would be expected. This is due to the assumptions in the input data that are driving quite high curtailment values already. However, we believe that with the changes proposed in question 4, the curtailment hours will be brought to more realistic levels and a 95% threshold is a fair value.	Yes, in principle, esp. if some adjustments are made (as per response to q.4)
<b>WPD</b>		95% appears to be a sensible figure.	Noted.
<p><b>Working Group Conclusions:</b></p> <p>The Working Group agreed that responders are generally supportive but recognition that the numbers are to some extent arbitrary and should be reviewed over time.</p> <ul style="list-style-type: none"> <li>• Twelve respondents considered the curtailment threshold of 95% to be appropriate. Of these: <ul style="list-style-type: none"> <li>○ two agreed because this gives flexibility to natural load growth but is not set at too low a threshold.</li> </ul> </li> <li>• Four respondents advocate reviewing the value.</li> <li>• One respondent is not in favour of a threshold altogether.</li> <li>• One respondent provided no comment.</li> </ul>			

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Company	Confidential/ Anonymous	7. Are there any other factors or steps you believe are required to calculate the Curtailment Limit, and why?	Working Group Comments
<b>BU-UK</b>		No.	Noted.
<b>EDF</b>		No.	Noted.
<b>ENWL</b>		We do not believe there are any other factors that need to be considered.	Noted.
<b>ESP</b>		No other factors have been identified for consideration.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Not at this point in time.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		We are not aware of any at this point	Noted.
<b>Sembcorp Energy</b>		Whilst not necessary for calculation of the curtailment limit, consumers may appreciate analysis from the DNO suggesting when curtailment is most likely, based on the blue example load profile. This would not be binding in any way, but will help consumers understand and balance the risks of curtailment with regards to their own circumstances (e.g. if curtailment is more likely to be outside of operating hours, it will have a lesser impact).	Need to think how this is address. Should it be picked up as a general obligation or left to DNOs to address individually as part of their overall customer service.

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			Propose DNOs provide additional info on likely timings of curtailment which would improve connectee's' decision making ability.
<b>SPEN</b>		<p>The methodology should allow for re-assessment if there is a material change to the background demand or generation on the network. Reference to the possibility should be included in the Offer and Connection Agreement with the connecting customer advised via a formal Notification. Two recent examples experienced by SPEN include:</p> <ul style="list-style-type: none"> <li>On the commencement of a two-day outage where the local network was placed in N-1 conditions, a combination of high wind generation in the area, coupled with low system demand, resulted in a waste treatment facility witnessing two separate sequential trip events placing the plant into island mode. Consequently, a local 20MW windfarm was curtailed to maintain system stability during the event.</li> <li>An industrial facility which depended heavily on natural gas almost completely shut down when the cost of natural gas rose. This resulted in a local 38MW windfarm being constrained down several times.</li> </ul> <p>The potential risk of unlimited liability goes beyond the Ofgem direction.</p>	<p>Need to consider more in detail and what is considered material.</p> <p>The methodology should allow for re-assessment if there is a material change to the background demand or generation on the network.</p>
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		We accept this methodology is a suitable compromise at this time.	Suitable compromise at this time.



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<b>UKPN</b>		We do not think any other factors need to be considered in the calculation of the curtailment limit aside from those mentioned in question 4.	No, other than those mentioned under q.4.
<b>WPD</b>		A further factor to consider would be where existing ANM zones are actively being used, and the time this would take to reinforce these networks to remove the ANM.	Isn't this outside scope. Existing ANM would be in place until the affected customers requested non-curtailable connections
<p><b>Working Group Conclusions:</b></p> <p>The Working Group agree that the responders are generally supportive, although noting some comments from Sembcorp on additional customer information.</p> <p>SPEN propose the ability to reassess if material change in circumstances.</p> <ul style="list-style-type: none"> <li>• One respondent (DNO) advocated that the methodology should allow for re-assessment if there is a material change to the background demand or generation on the network.</li> <li>• One respondent (DNO) suggested including an assessment of ANM zones as a further factor.</li> <li>• One respondent proposed that DNOs provide additional info on likely timings of curtailment which would improve connectee's' decision making ability.</li> <li>• One respondent (DNO - UKPN) proposed additional factor under their q.4 response.</li> <li>• Six respondents did not raise any other factors or steps.</li> <li>• One respondent considered the methodology a suitable compromise at this time.</li> <li>• Three respondents provided no comment.</li> </ul>			

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Company	Confidential/ Anonymous	8. Do you agree that specific provision should be made where a DNO/IDNO Party should not follow the methodology for setting the Curtailment Limit where directed by the Authority not to? If not, please provide your reasons why.	Working Group Comments
<b>BU-UK</b>		No – not demonstrated on why this would be necessary.	No – no evidence provided to support this.
<b>EDF</b>		Yes, as not all circumstances can be predicted it is sensible that where directed by the Authority a DNO/IDNO Party should not follow the methodology for setting the Curtailment Limit.	Noted.
<b>ENWL</b>		This is probably prudent as the approach is new and scenarios may arise where the approach produces a limit which appears too low. Giving the Authority powers to address this in particular situations and to allow for more detailed consideration of the issue to be undertaken with possibly changes to the methodology being brought forward in a future change proposal.	Noted.
<b>ESP</b>		The provision should be created. We believe there is a risk that this provision is excessively used which will lead to inconsistencies but as Ofgem direction is required to utilise the provision, we consider this risk to be negligible.	Noted.
<b>INA</b>		The provision should be created. As Ofgem direction is required to utilise the provision, there is minimal risk of overuse.	Noted.

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<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes. The circumstances under which a derogation is appropriate should be set by the Authority.	Noted.
<b>SPEN</b>		Yes, we agree this is appropriate and should be included in addition to specific reference that the methodology will need to be modified and adapted for more complex networks (e.g. meshed networks).	Noted.
<b>SSEG</b>		<p>We note that the draft legal text does not currently include such a provision. However, we would support such a provision if it clearly states that network users are also able to seek exemption from Ofgem in the same way as distributors, from the methodology for setting the Curtailment Limit in order to ensure equality of treatment.</p> <p>Furthermore, if such a provision is included, then it is important to codify an obligation on the distributors to publish this information on what methodology or exemption for the Curtailment Threshold they are following, in accordance with the work (see Question 33 below) of the <a href="#">Energy Data Taskforce</a>.</p>	<p>Yes, provided that network users have parity with distributors to approach Ofgem for an exemption.</p> <p>There is a provision</p> <p>Looks out of scope. Is this being picked up in DSO licence conditions.</p>

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<b>SSEN</b>		Yes, as above - the methodology is a reasonable approach for estimating curtailment limits but is untested in the real-world and my fail to adequately assess all network configurations. We are concerned that (should a specific situation require a different approach) an appeal to Authority may not be completed in time to meet the timescales as set out in the Electricity (Connection Standards of Performance) Regulations 2015 and License.	Yes but concerned about timescales of appeal vs. timescales specified via the connections process rules.
<b>UKPN</b>		We agree with having a provision where a more detailed or bespoke methodology may be required. However, a Direction from the Authority carries a disproportionate administrative burden and we think other options such as a requirement for transparency when deviating from the common methodology or adopting alternatives by agreement with the customer may be more proportionate to the circumstances.	Need to consider what the approach is and in what circumstances.  Yes, but concerned that involving Ofgem creates a disproportionate burden. Suggestion of alternative approaches.
<b>WPD</b>		Yes, we agree with this specific provision. We feel as though this should be a blanket direction to enable a DNO/IDNO to apply the provision as required rather than seek Authority direction on a case-by-case basis.	Yes. Derogation should be blanket, though, rather than case-by-case.  [My comment: that isn't suitable if one of the two counterparties do not agree with the change of approach.]
<b>Working Group Conclusions:</b>  Most responders are supportive but there is a suggestion from SSEG that if granted, DNOs must publicise what they have done. UKPN suggests an alternative with Ofgem approval. <ul style="list-style-type: none"> <li>Twelve respondents were in favour of such a provision, albeit four provided of additional comments: <ul style="list-style-type: none"> <li>The appeals process should be available not only to distributors but to connection applicants, too.</li> </ul> </li> </ul>			

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- Timescales for appeals could lead to violation of timescales for the connection process.
- Ofgem involvement seems disproportionate; alternative approaches proposed.
- Derogations should be blanket, rather than case-by-case.
- One respondent was not in favour of such a provision in the absence of a rationale being provided.
- One respondent provided no comment.

Company	Confidential/ Anonymous	9. Do you agree with the proposed methodology for measuring Curtailment? If not, please provide your reasons why.	Working Group Comments
<b>BU-UK</b>		Yes, but we are unclear from the documentation how the customer's curtailable capacity is to be determined. We note that this forms part of the connection agreement and it would make sense for this to be the capacity which can be accommodated on the network without reinforcement but do not believe that this is explicit in the legal text.	Agreed, needs to be included.  Yes – but requests definition in the condoc of customer's Curtailable Import/Export Capacity
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes, we support this approach as it provides incentives to network operators to curtail to the minimum level required. However, on reviewing the payment calculations more closely, if the measurement of curtailment is done quarterly then each payment should be divided by four to ensure customers are not paid multiple times for the same breach.	Over calculation of payments, need to be divided by 4.  Yes but formula for payment may need revising to prevent duplicate payments.  LW suggested doing the measurement on a quarterly basis and making a

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			payment once (as four payments may skew the amount). <b>ACTION -</b>
<b>ESP</b>		Yes, the proposed methodology allows the networks to achieve the objectives of Ofgem's Access SCR direction.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		We agree with the proposed methodology.	Noted.
<b>SSEG</b>		We suggest that the curtailment start and end times should be rounded to the nearest whole settlement period for ease, and included in the Curtailment Reporting to the Customer (and other stakeholders).	Round up to nearest half hour.  Suggest that the curtailment start and end times should be rounded to the nearest whole settlement period for ease.

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<b>SSEN</b>		Yes, noting that the Curtailment Instruction Value, as it is written, is the difference between the Curtailable Import/Export Capacity and the instructed limit. An explanatory note added to the legal text may aid wider understanding.	Need to check but clarity needed in text.  Yes. Suggestion for clarification.  <b>ACTION – The Working Group to ensure this is clearly defined within the draft legal text and address within the Change Report.</b>
<b>UKPN</b>		Yes we agree with the proposed methodology for measuring curtailment. Although this may not fully reflect the impact on the customer, it is simple to calculate and deterministic – not requiring forecasting/modelling of the curtailed customer's momentary import/export.  We have concerns that measuring curtailment of a 12 month rolling period every quarter may lead to double counting of any calculated curtailment above the agreed 12 month limit. If, for example, there is a quarter with exceptionally high curtailment, this will contribute to the assessment against the limit up to 4 times as each quarterly assessment is made. This could lead to excess curtailment being identified repeatedly which has already been addressed in a previous assessment. We believe this should be directly addressed in the legal text as it could be financially material.	Need to divide payments by 4.  Yes but concern about possibility of duplicate payments – legal text needs checking.
<b>WPD</b>		Yes.	Noted.
<b>Working Group Conclusions:</b>  The Working Group agree that responders are generally supportive. Probable over the calculation of payments. It was noted that there will be a need to divide by 4 if calculated quarterly.			

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- Eleven respondents agreed with the proposed methodology, with some additional comments:
  - Request for definition in the condoc of customer's Curtailable Import/Export Capacity.
  - formula for payment may need revising to prevent duplicate payments (mentioned twice)
  - request for definition of Curtailment Instruction Value
- One respondent suggested that the curtailment start and end times should be rounded to the nearest whole settlement period for ease.
- Two respondents provided no comment.

Company	Confidential/ Anonymous	10. Do you agree with the proposed approach for reporting Curtailment to a Customer? If not, please provide your reasons why.	Working Group Comments
<b>BU-UK</b>		Yes, this is appropriate.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		We agree the proposed approach for reporting.	Noted.
<b>ESP</b>		There is a gap in details for reporting requirements to customers, notably on timescales. This is not specified in the consultation document or in the legal text and should be addressed to align customer expectations.	Reporting timescales need to be specified.
<b>INA</b>		There is a gap in details for reporting requirements to customers, notably on	Reporting timescales need to be specified.



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		timescales. This is not specified in the consultation document or in the legal text and should be addressed to align customer expectations.	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		Yes, we agree with the proposed approach to reporting and the frequency with which reports will be shared with customers. As well as the number of curtailment hours a customer has been instructed to make it would also be valuable to report the distribution of periods that curtailment usually occurs in. We therefore recommend that this is also a requirement for the quarterly reports that are shared with customers.	Possible additional requirement on periods of curtailment
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes, we agree with the proposed approach.	Noted.
<b>SSEG</b>		We would like section 4. of the proposed legal text ('Curtailment Reporting') to specify a reporting timeframe to the Customer which must be less than	Reporting timescales need to be specified.

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		<p>the timeframe in section 3. which specifies the timeframe for a distributor having to make payment to the customer if the distributor has exceeded the Customer's curtailment limit – currently proposed to be 30 days.</p> <p>The reporting format, which should also be set out in section 4., should itemise each period of Curtailment over the quarter, detailing the start and end times, inclusive settlement periods and Exceeded Curtailment Price to ensure full transparency to the Customer.</p> <p>In order to also ensure full transparency to stakeholders at large about distributors' curtailment activities, and in accordance with the work of the Energy Data Taskforce, we consider that distributors should be mandated to regularly publish a summary of their curtailment activities, and that this obligation is codified in the DCUSA (see Question 33 below).</p>	<p>Need to review on practicability</p> <p>Isn't this being done as part of DSO obligations but need to pick up in change report</p>
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		<p>Yes, we believe quarterly is a proportionate reporting period for customers and network companies. We also agree that the network company should make reasonable endeavours to notify customers in advance if they are likely to see curtailment in excess of the limit – this should be a natural outcome from the requirement for network companies to take reasonable steps to avoid curtailment in excess of the agreed limit.</p> <p>Although note our comments on the calculation period in the response to question 9 above.</p>	Noted.
<b>WPD</b>		Yes, as it aligns with the proposal for measuring curtailment	Noted.

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#### Working Group Conclusions:

The Working Group agree that timescales may need to be added for customer reporting.

It was agreed to pick up DSO reporting within the Change Report.

- Eleven respondents agreed with the proposed reporting approach.
- Three respondents requested that reporting timelines are included in the legal text.
- Request to include in the report the distribution of periods that curtailment usually occurs in.
- Two respondents commented on the reporting format (also be set out in section 4.). This should itemise each period of Curtailment over the quarter, detailing the start and end times, inclusive settlement of periods and Exceeded Curtailment Price to ensure full transparency to the Customer.
- In addition to reporting to individual customers, distributors should also be mandated to regularly publish a summary of their curtailment activities, and that this obligation is codified in the DCUSA.

Company	Confidential/ Anonymous	11. Do you agree that the reasonable endeavours is appropriate to avoid exceeding a Curtailment Limit, or should best endeavours be used? Please provide your reasons.	Working Group Comments
BU-UK		Reasonable endeavours seems appropriate and fair, as best endeavours leaves more of the onus being put on the distributor which may lead to increased costs for the wider customer base in procurement costs or other actions to avoid exceeding curtailment limits.	Yes – cost considerations between best and reasonable endeavours
EDF		Yes, reasonable endeavours is a standard industry practice and suitable for this.	Yes – standard practice

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<b>ENWL</b>		From a contractual perspective, we believe that a best endeavours obligation on network operators is too onerous and could lead to less efficient development of the networks to the detriment of customers generally.	Don't favour best endeavours – too onerous. Implied support for reasonable
<b>ESP</b>		Yes, we believe a reasonable endeavours basis is the better choice.	Noted.
<b>INA</b>		Yes, a reasonable endeavours basis is prudent.	Noted.
<b>NPg</b>		Yes, we agree with the use of reasonable endeavours, because the proposed methodology for calculating the Curtailment Limit is new and is necessarily simplified to ensure a consistent application.	Noted.
<b>Octopus</b>		<p>We are comfortable that either best endeavours or all reasonable endeavours is appropriate so are</p> <p>not concerned with the final outcome. However, it is important that DNOs can openly demonstrate</p> <p>that they have taken all steps to avoid exceeding the Curtailment Limit. We propose that this too is</p> <p>reported to customers quarterly to give reassurance that DNOs are exhausting options to procure</p> <p>flexibility services or to provide necessary capacity before they have no other option but to curtail</p> <p>customers.</p>	Either best or reasonable

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<b>OPN</b>		Reasonable endeavours are appropriate.	Noted.
<b>Sembcorp Energy</b>		Reasonable endeavours is appropriate, as long as the Exceeded Curtailment Price is sufficiently high to act as a strong disincentive on DNOs and support the 'reasonable' endeavours obligation.	Noted.
<b>SPEN</b>		Yes, we agree that reasonable endeavours is appropriate.	Noted.
<b>SSEG</b>		<p>We agree that a 'reasonable endeavours' approach is appropriate in terms of</p> <p>a) distributors avoiding the need to curtail a customer above their agreed limit; and</p> <p>b) distributors notifying a customer in advance if they believe that they will need to exceed the curtailment limit. However, in terms of the latter, this is appropriate only if a further provision is added to the effect that if a distributor fails to notify the customer in advance, they must make reasonable endeavours to notify the customer as soon as possible after the event.</p>	Noted.
<b>SSEN</b>		Yes. Under these arrangements curtailment limits will be set so that customers are given a clear indication of the level of access they can be expect when connecting earlier than would otherwise be possible when network reinforcement is required. Exceeding this limit will trigger an exceeded capacity payment set at a level to disincentivise this outcome. It is right that DNOs act with 'reasonable endeavours' to avoid excess curtailment; however adopting a more stringent requirement of 'best	Noted.

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		endeavours' risks distorting efficient network investment to the detriment of other customers.	
<b>UKPN</b>		<p>Yes we agree that reasonable endeavours is appropriate. There are already strong obligations and incentives on network companies to take steps to avoid curtailment above the limit:</p> <ul style="list-style-type: none"> <li>• Any physical network solution is already likely to be in progress to meet the customers full capacity by the curtailment end date included in their Connection Agreement</li> <li>• Network companies are already under obligation to procure flexibility where efficient to do so under Standard Licence Condition 31E (SLC 31E).</li> <li>• An appropriately set Exceeded Curtailment Price (see our response to Question 13) will continue to incentivise network companies to seek alternative solutions rather than pay the Exceeded Curtailment Price from curtailment beyond the agreed limit</li> </ul> <p>A further obligation of best endeavours with its very onerous requirements is not necessary in these circumstances.</p>	Noted.
<b>WPD</b>		Reasonable endeavours is appropriate and should be used. This is within the context that the network should not be damaged by allowing a site to not be curtailed, especially if flexibility options aren't available in that area. Best endeavours may require a DNO to sacrifice some of its own commercial interest and unnecessarily put their network at risk to avoid a loss of revenue.	Noted.
<b>Working Group Conclusions:</b>			

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#### Summary:

- All 14 respondents agree that reasonable endeavours is appropriate.

#### Other notable comments:

- Octopus propose additional quarterly reporting requirements for a DNO/IDNO Party to inform a Customer of measures it is taking to avoid exceeding the Curtailment Limit e.g. procuring Distribution Flexibility Services.

**Recommendation:** This is beyond the scope of the decision/direction and risks reporting becoming overly onerous: the direction is to inform a Customer how much it has been Curtailed relative to how much it has agreed to be. It should not be lost that there will be an obligation (reasonable endeavours) to not exceed the Curtailment Limit: this will be a DCUSA obligation, with a licence condition to comply with the DCUSA.

- SSEG propose that the legal text is amended such that a DNO/IDNO Party will also use reasonable endeavours to notify the Customer that it has breached the Curtailment Limit asap after it happens, in addition to the obligation to use reasonable endeavours to notify in advance of it happening.

**Recommendation:** I propose this is accommodated as a new paragraph 5.3.

Company	Confidential/ Anonymous	12. Do you agree with the proposed approach to utilising tendered (but not contracted) prices for Distribution Flexibility Services, which is additional to the Access SCR Direction requirements? If not, please provide your reasons why.	Working Group Comments
BU-UK		We agree that the use of tendered prices would currently provide a better indication of the ceiling which a DNO is prepared to pay. We think that, when flexibility markets are more liquid, this may need to be reconsidered.	Noted.
EDF		Yes, as it is more appropriate than contracted prices.	Noted.

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<b>ENWL</b>		Yes, we agree with the proposed approach as the DNOs use the Common Evaluation Methodology Tool to calculate the guide or ceiling price issued as part of the tender process. The guide/ceiling price indicates the price below which DNOs would be unwilling to purchase flexibility services as it is the price point below which the use of flexibility is economically inefficient and not value for money for customers. The use of this approach is necessary until the market matures and price competition exists; at which point using the contracted price may be more appropriate. But DNOs will still need to confirm through the use of the Common Evaluation Methodology (or an equivalent CBA) that the purchase of flexibility services at that price is still an economically efficient solution.	Yes: requirement for DNOs to prove the need for flexibility services by using the CEM model
<b>ESP</b>		Yes.	Noted.
<b>INA</b>		Yes, this allows for consideration of prices in nascent markets.	Noted.
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		From our reading of the legal text, we understood that the highest tendered utilisation price would only be used when the DNO has not contracted any flexibility services in the previous two regulatory years. If this is, in fact, the intention then we agree with the proposed methodology but where tendered prices are available this information should take precedence.	Noted.



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<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Tendered ceiling prices should be included, as they are representative of the price the DNO would be willing to pay, if the consumer were to 'willingly' offer the flexibility that the DNOs are 'taking' by exceeding the curtailment limit. Using all available prices will better reflect the direction that the price should be 'markedly' higher and not using tendered prices could cause distortions in developing flexibility markets.	Noted.
<b>SPEN</b>		Yes, we agree this is appropriate due to the stage of the emerging Distribution Flexibility market.	Noted.
<b>SSEG</b>		<p>We note that the proposal includes this additional provision which is not included in Ofgem's Directions. We understand that this is in recognition of the fact that flexibility markets are at an early stage of development and contracted prices may not always be available but using tendered prices would give a good indication of the prices a DNO would be prepared to pay.</p> <p>We expect that as these markets develop, more distributors will be able to provide contracted prices. As such, we see the inclusion of tendered prices as a transitional measure. For the avoidance of doubt, and in accordance with the work of the Energy Data Taskforce (see Question 33 below), it is important to codify that the tendered prices are published by the DNO so that all stakeholders have sight of it. Therefore, we propose that the template at Appendix A of the draft legal text is amended to add fields specifically for distributors' data on tendered prices if contracted prices are not available.</p>	<p>Yes – temporary measure; tendered prices should be published (per EDT).</p> <p>Amend Appendix A template to add tendered prices</p>

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<b>SSEN</b>		Yes, this is a reasonable reference point should the situation occur where the DNO has no other curtailment contracts in operation.	Noted.
<b>UKPN</b>		Yes, we can use tendered prices in the absence of contracted prices.	Noted.
<b>WPD</b>		Yes, we agree with this approach.	Noted.
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>All 14 respondents agree with the use of tendered prices for Distribution Flexibility Services, albeit one response appears contradictory.</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>Unsure on EDF's comment of tendered being "more appropriate than contracted prices", given it is an 'and' not an 'or'</li> </ul> <p><b>Recommendation:</b> Note the response but no action needed other than to clarify the methodology.</p> <ul style="list-style-type: none"> <li>Octopus appear to agree with the proposal to use tendered prices where contracted are not available, but then state the view that tendered prices should take precedent.</li> </ul> <p><b>Recommendation:</b> Note the response but no action needed other than to clarify the methodology.</p> <ul style="list-style-type: none"> <li>SSEG seek to codify the publication of tendered prices, but the obligation is to publish them (assuming no contracted prices are available i.e. tendered would not be published if all tenders had resulted in a contract being awarded).</li> </ul> <p><b>Recommendation:</b> SSEG to clarify the intent i.e. does it propose that tendered prices should be published in the Flexibility Market Prices Statement regardless, and if so, for what benefit if not being used? It could create confusion and the statement should not be a data repository.</p>			

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Company	Confidential/ Anonymous	13. Do you agree with the methodology for setting the Exceeded Curtailment Price? If not, please give your reasons.	Working Group Comments
<b>BU-UK</b>		Yes.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes, it is consistent with the principles set out in the direction.	Noted.
<b>ESP</b>		Yes.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		Yes, we agree with the proposed methodology for setting the Exceeded Curtailment Price.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		No, we do not agree that the proposed methodology is appropriate using the highest market price for all distribution flexibility services could result in the wider customer base paying significant costs for reasons outside of the	No – could lead to all customers paying more. Out with DNO Control

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		<p>DNOs control, potentially providing windfall payments to customers and impacting the DNOs ability to procure flexibility services at a value that reflects the market.</p> <p>DNOs are obliged to seek flexibility services to manage exceeded curtailment, however currently the market has low liquidity in certain geographical locations. To date, SPEN has tendered for 1.4GW of flexibility services, covering all voltage levels and over 1500 locations within its licence areas. We received bids from 9 providers and accepted bids from all 9 for a total of 550MW. In addition, a more recent tender for a shorter-term service received minimal bids from only 1 provider. Given the current low liquidity in the flexibility market, it may not be possible for DNOs to procure the necessary services to prevent exceeding curtailment limits, therefore using a methodology that could set a very high price which could easily be &gt;£1000/MWh does not recognise this impact on the wider customer base.</p> <p>Further information is provided in the answer to Question 15.</p>	
<b>SSEG</b>		Please see our responses to questions 12., 14., 15. and 17.	<p>Notes at each question:</p> <p>20% arbitrary, should be reviewed regularly &amp; codified in DCUSA</p> <p>Outliers should be included, unless Post fault products and flexibility products should be excluded.</p>

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			CEP should be included and suggested revision to legal text provided.
<b>SSEN</b>		<p>We agree that it is practical to set the price with reference to contracts placed (as a preference) or tendered price (if no contracts have been placed). We do not agree a price of £zero is appropriate and suggest this is replaced with a price set at the maximum of all DSAs should no contracted or published tender prices be available within that DSA.</p> <p>Flexibility services are locationally based and set competitively. We agree that it is practical to set an exceeded curtailment price at the DSA level but note that, within a DSA, there may be odd and/or extreme cases which lead to the need for very high cost flexibility services. We are concerned that the use of extreme prices to set a DSA-wide curtailment limit might create an unintended pressure to not pursue some flexibility services even where they would otherwise be efficient. To that extent, we believe there should be mechanism to exclude the most extreme prices from the DSA-wide exceeded curtailment price - perhaps by disregarding prices greater than 2 standard deviations of the total prices contracted or offered in the period. This would still result in exceeded curtailment prices which are set so they are not the 'default curtailment remedy' and would disincentivise excess curtailment. We agree a percentage increase is added to this price to ensure it remains 'markedly higher.'</p>	Yes, but not to zero price £
<b>UKPN</b>		<p>No. We believe this is a misinterpretation of the intent of Ofgem's Direction. As explained below, we believe the proposed methodology will, in fact, lead</p>	No – misinterpretation of the Ofgem Direction

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		to unintended consequences that do not meet the principles set out by Ofgem.  We describe these points in detail in our responses to questions 15.a) and 16.	
WPD		Yes, we agree with the methodology.	Noted.
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>Majority (nine) of responses agree with the methodology for setting the Exceeded Curtailment Price.</li> <li>Two respondents do not agree.</li> <li>One respondent did not answer.</li> <li>One response is confusing (SSEN).</li> <li>One respondent pointed to the response to other questions (12,14-15 and 17).</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>SPEN disagree and prefer the exclusion of outliers etc e.g. response linked to subsequent questions. SPEN support this with examples.</li> </ul> <p><b>Recommendation:</b> It should be noted that some respondents agree with the methodology but also support changes (e.g. NPg). From an NPg perspective, this is to recognise that we are comfortable with the proposed approach and that it delivers what is needed, but that is notwithstanding a preference for alternative approaches that would also deliver the directed requirements.</p> <ul style="list-style-type: none"> <li>SSEN do not agree with a zero value for the Flexibility Market Price and propose to use the maximum price for Distribution Flexibility Services across all 14 Distribution Services Area (DSA) where no price is derived. However, SSEN note concern that there may be extreme prices within a single DSA which may create a distortion, and therefore propose to exclude outliers by disregarding prices that are greater than two standard deviations of the total contracted/tendered prices.</li> </ul>			

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**Recommendation:** SSEN to clarify this as it confuses me to suggest replacing a zero value with the maximum across all DSAs, and then set out concerns about locationality creating a distortion with extreme prices within a DSA. It should be noted that the working group intentionally moved on from the position of using the maximum price for Distribution Flexibility Services across all DSAs. The direction is clear that we need to use contracted prices, then use the cost of reinforcement. The working group propose to supplement this with tendered prices. The SSEN proposal risks compounding the distortions that some parties are concerned about otherwise re extreme prices that would not otherwise be paid by the DNO/IDNO Party; a concern which SSEN itself sets out.

- UKPN believe the directed requirement has been misinterpreted as set out in response to subsequent questions.

**Recommendation:** Need to agree where best to make the representation i.e. in this question or where the response has been set out, but to avoid duplication. I understand what UKPN go on to set out in a strict sense, but I don't consider it to align with the 'spirit' of the Exceeded Curtailment Price. Perhaps we need an Ofgem position to move forward with clarity.

Company	Confidential/ Anonymous	14. Do you agree that an uplift of 20% meets the requirement of 'markedly higher'? If not please give your reasons and advise what level you believe the uplift should be set at.	Working Group Comments
BU-UK		We recognise the slightly arbitrary nature of 20% but can provide no justification for a better number than this. Along with other areas, we think that this should be reviewed in the future.	Qualified Yes – should be reviewed in future.
EDF		Yes.	Noted.
ENWL		The decision and direction gave no indication of what markedly higher means. 20% is a reasonable value considering that highest prices for economically efficient Distribution Flexibility Services are being utilised.	Yes – “markedly higher” not defined in the D&D

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<b>ESP</b>		Yes, without any further clarification or direction from Ofgem, we are comfortable that 20% meets the markedly higher requirement.	Yes – lack of clarification noted
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		<p>We are concerned that 20% is not high enough to disincentivise DNOs from opting to curtail generators beyond their contract agreements, rather than encouraging DNOs to tender for flexibility services.</p> <p>It is not currently clear how and if DNOs compare flexible connections vs procuring flexibility services, and as far as we understand it this comparison isn't possible in the CEM tool.</p> <p>We therefore worry that there is no explicit mechanism or penalties on DNOs if they decide to offer flexible connections instead of procuring flexibility services, even when they are cheaper.</p> <p>To further disincentivise DNOs from opting to curtail generators rather than procure flexibility services, we recommend that the uplift is amended to be 50% to truly embed the intention for a flexibility first approach before flexible connections or reinforcement are considered.</p> <p>In addition, we suggest that there is a mechanism developed to directly link flexibility services to flexible connections. This could potentially be an extension of the CEM tool to give industry reassurance that the most cost-effective solutions are being taken forward.</p>	No – recommend it should be 50%
<b>OPN</b>		Yes.	Noted.



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<b>Sembcorp Energy</b>		At the moment, flexibility is highly valued by DNOs, so 20% represents a considerable increase in absolute terms. Should flexibility markets become significantly lower in value, 20% may no longer be appropriate, but a modification can be raised to address this.	Yes – should be reviewed if flexibility markets become lower in value
<b>SPEN</b>		Yes, we agree with 20%.	Noted.
<b>SSEG</b>		We consider that the various proposed percentage adjustments proposed (wrt the curtailment threshold, the uplift of the exceeded curtailment price and flexibility market price outliers) are somewhat arbitrary but we recognise that there appears to be a lack of an evidence base in each case. Unless data can be identified to underpin those adjustments, we propose that a regular review is scheduled and codified in the DCUSA, so that over time, the arbitrary adjustments can become more evidence based.	Qualified Yes: % is arbitrary; requires “regular” review (Codified in DCUSA).
<b>SSEN</b>		We agree a percentage increase should added to this price to ensure it is 'markedly higher.' As we discuss in our response to Q13, there is a risk that exceptionally high exceeded curtailment prices could distort wider efficient network design. At this stage, we consider 20% to be the largest percentage that could be applied and recommend that 10% would also be 'markedly higher.' The choice of percentage, its effectiveness and any unintended consequences should be kept under review.	Yes – 20% is largest; recommend that 10% could also “markedly higher”
<b>UKPN</b>		Yes, if an uplift is required for the finally agreed methodology, we agree that 20% would be suitable. However, our proposed alternative methodology which uses the 95th percentile of market prices would already ensure that the calculated price is markedly higher than the typical market price.	Yes, and propose alternative of 95 percentile of market prices

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WPD		Yes, this seems reasonable.	Noted.
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>• Majority (11) of responses agree with 20% as a markedly high uplift.</li> <li>• One respondent proposed 50%.</li> <li>• One respondent did not answer the question (SSEG).</li> <li>• One respondent did not answer.</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>• Octopus propose 50% to “truly embed the intention for a flexibility first approach”, and set out concerns about no penalties etc if a DNO does not do it. Octopus also propose a mechanism is developed to directly link Distribution Flexibility Services to flexible connections.</li> </ul> <p><b>Recommendation:</b> The working group considered 50% and agreed that it was “super markedly high” and therefore discounted it. This should be noted. It should be noted that there remains a general obligation not to trigger the need to pay the Exceeded Curtailment Price, which should not be lost (i.e. it is a licence obligation via the DCUSA to use reasonable endeavours). To do what Octopus suggest, changes would be needed outside of the DCUSA and this is not in scope of the direction.</p> <ul style="list-style-type: none"> <li>• SSEG potentially support the use of 20% by recognising that any figure is essentially arbitrary. SSEG propose (as to do others) a regular review.</li> </ul> <p><b>Recommendation:</b> As with other areas it is sensible to review this. It is unclear what evidence would be needed to determine what is markedly high. Suggest SSEG note support for 20% of propose a different figure to answer the question.</p> <ul style="list-style-type: none"> <li>• SSEN recommend that 10% would also be markedly higher but do not appear to be proposing it as an alternative.</li> </ul> <p><b>Recommendation:</b> the working group discussed 10% and agreed it was not sufficiently high and therefore discounted it. This should be noted.</p>			

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Company	Confidential/ Anonymous	15. With respect to paragraph 6.4 of the proposed new Schedule: (a) should the Flexibility Market Price be the 'highest of any Distribution Flexibility Service' or should outliers be excluded? Do you have any alternative suggestions? Please give your reasons. (b) should this be of any Distribution Flexibility Services, or are there some services that should be excluded? Please give your reasons. (c) over what period do you believe prices for Distribution Flexibility Services should be used? Please give your reasons.	Working Group Comments
<b>BU-UK</b>		<p>a) Yes, the highest seems reasonable and outliers should not be excluded</p> <p>b) This should include all services, we cannot tell from the consultation what the impact of removing post-fault products would be so we cannot justify support their exclusion.</p> <p>c) The current and previous two regulatory years seems appropriate</p>	<p>a) Yes – use highest and include outliers</p> <p>b) include post fault products – lack of clarity in Consultation</p> <p>c) t, t-1 &amp; t-2</p>
<b>EDF</b>		In our view, the Flexibility Market Price should be the 'highest of any Distribution Flexibility Service'	Highest of any Distribution Flexibility Service
<b>ENWL</b>		Whilst in principle we see no objection to excluding 'outliers', we have not seen evidence that such outliers exist or a clear methodology for identifying them. Excluding some prices could be seen as impacting the market for Distribution Flexibility Services and hence the proposals may not meet the requirements of the direction.	Insufficient evidence of outliers. Include all prices

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		<p>We would expect any parties proposing such an approach to provide detailed evidence and analysis in their submission. We have not seen any justification for excluding any Distribution Flexibility Service and proposers would need to justify this approach and explain why curtailment could not be used as an alternative for those services.</p> <p>At this stage we would expect the period over which the market prices to be assessed to be more than one year, as a single year may not be representative.</p>	<p>Would require justification for this approach</p> <p>More than a single year</p>
<b>ESP</b>		<ul style="list-style-type: none"> <li>The Flexibility Market Price should exclude outliers which may be distorted due to specific market conditions.</li> <li>As recognised by the Working Group, post-fault products should be excluded as these should not be considered as increasing flexibility relative to a typical curtailable connection.</li> <li>Where available, the Flexibility Market Price should track current movement. We note that using prices over the span of two years in a newly developing market could lead to distorted outcomes.</li> <li>In paragraph 4.34 (second bullet point), it is noted that using higher flexibility prices could place a significant burden on DUoS customers. It is not appropriate for DUoS customers to pay for a portion of the exceeded curtailment price as it reduces the incentive of network operators to plan an efficient network.</li> </ul>	<p>Exclude outliers</p> <p>Exclude Post fault products</p> <p>Pricing should reflect current positions in an immature market</p> <p>Exposes DUoS customers to higher charges – not acceptable</p>

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<b>INA</b>		<p>The Flexibility Market Price should exclude outliers which may be distorted due to specific market conditions.</p> <p>As recognised by the Working Group, post-fault products should be excluded as these should not be considered as increasing flexibility relative to a typical curtailable connection.</p> <p>Where available, the Flexibility Market Price should track current movement. Note that using prices over the span of two years in a newly developing market could lead to distorted outcomes.</p> <p>In paragraph 4.34 (second bullet point), it is noted that using higher flexibility prices could place a significant burden on DUoS customers. It is not appropriate for DUoS customers to pay for a portion of the exceeded curtailment price as it reduces the incentive of network operators to plan an efficient network.</p>	<p>Exclude outliers</p> <p>Exclude post fault products</p> <p>Track current market prices – market too immature to track up to 2 years</p> <p>Exposes DUoS Customers to higher charges – not acceptable</p>
<b>NPg</b>		<p>Whilst we accept that the Exceeded Curtailment Price should incentivise a DNO/IDNO Party not to exceed the Curtailment Limit:</p> <p>(a) We support excluding outliers from the calculation of the Flexibility Market Price. We agree that there is a risk of short-term solutions distorting prices, which may result in a Customer being paid a significantly higher price than a DNO/IDNO Party would pay for Distribution Flexibility Services at the relevant location. Whilst the Exceeded Curtailment Price should be sufficiently high to disincentivise the DNO/IDNO Party from exceeding the Curtailment Limit, it should not represent an excessive windfall for the Customer. We are comfortable with the use of a 95th percentile.</p> <p>(b) We support excluding post-fault 'products' given that an interruption is excluded from the measurement of Curtailment.</p>	<p>A ) Exclude outliers</p> <p>B ) Exclude post fault products</p> <p>C ) use 3 year period for assessing prices</p> <p>Approach aligns with Access SCR Direction</p>

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		<p>(c) We are comfortable with retaining the three-year period for assessing prices contracted/tendered for Distribution Flexibility Services. This will allow a greater 'sample' period for an emerging market.</p> <p>We are comfortable that this approach aligns with the Access SCR Direction.</p>	
<b>Octopus</b>		<p>A) It is not clear to us whether the Flexibility Market Price will be the highest of any Distribution Flexibility Services across the DNO's full licence area or for more granular network areas (which would be a more accurate representation of the cost to curtail generators in a particular area). We believe that using the highest cost of procured flexibility services in the network area local to the proposed flexible connection will be the best comparator of the alternative cost to manage constraints in the given area vs exceeding a generator's curtailment limit. If the highest distribution flexibility service across the DNO's full licence area is used then we agree that the 95th percentile should be used to remove any extreme outliers. However, if more local flexibility service prices are used then there is less need to remove outliers as these more locationally specific costs should better reflect the true value of contracting services in particular locations.</p> <p>B) We do not believe post-fault services should be excluded. We expect that DNOs would need to breach a curtailment limit for post-fault services far more frequently than for pre-fault services. Pre-fault services are known and DNOs should be using other tools to manage these constraints ahead of time. Postfault services are unexpected and rare - and this is when we expect DNOs may occasionally have to breach</p>	<p>A ) prefer a more localised cost model; but support 95% for DSA solution. The localised solution should include outliers</p> <p>B ) Post fault products should be included.</p> <p>C ) years t, t-1 &amp; t-2</p>

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		C) We are happy with the proposal to use the two preceding regulatory years as the period to review to determine the Exceeded Curtailment Price.	
<b>OPN</b>		<p>a) Outliers should be excluded, especially considering the example provided. There could be the opportunity of gaming if the maximum price is always used. The suggested 95th percentile seems a reasonable compromise.</p> <p>b) Excluding post-fault products seems reasonable</p> <p>c) Using current year and prior 2 years seems the right approach. As flexibility competition options increase prices should fall over time, therefore curtailed customers would have some price protection and stability. If competition doesn't materialise then using a 3 year period would provide price stability and have an element of "forecast" as opposed to just current year charge which may be volatile.</p>	<p>A) exclude outliers</p> <p>B) exclude Post Fault products</p> <p>C ) year t, t-1 &amp; t-2</p>
<b>Sembcorp Energy</b>		<p>No services should be excluded. If some services are excluded, this creates the possibility that it will be cheaper for DNOs to manage the network (include non-active power issues) by manipulating consumer load, rather than go to the market. In order to meet the direction, the Flexibility Market Price should be based off the highest possible price in the local market(s). To do otherwise would mean the Exceeded Curtailment Price is not 'markedly' higher.</p> <p>The argument that DUoS customers in general would be harmed by high recovered costs suggests that DNOs believe they are likely to exceed curtailment levels to a significant degree, which would harm both the individual being curtailed and wider customers. This would be in breach of</p>	<p>Include outliers – that fully meets the Direction requirement</p> <p>Interpretation of proposal: DNOs expect to exceed curtailment limits</p>

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		<p>their licence condition to manage the network in an economically efficient manner.</p> <p>As with other aspects of this modification, the proposed time period is pragmatic, but may need adjusting at a later date as flexibility markets develop.</p>	
<b>SPEN</b>		<p>(a) The flexibility market price should not be the “highest of any Distribution Flexibility Service” and outliers should be excluded. Occasionally, DNOs may contract with providers for services that are only required for a very short period, allowing a premium to be paid whilst still meeting the economic test. Using such a price to set a rate to apply to all exceeded curtailment events for any connecting customer at any location and for an unknown (unlimited) number of hours could result in large payments being made to connecting customers. The suggestion to use 95th percentile is one approach which would remove outliers.</p> <p>(b) The flexibility services that would be procured to manage the constraint would be pre-fault based on system intact conditions (interruptions due to faults are excluded as per Ofgem’s decisions) therefore it is appropriate that the utilisation rates for pre fault services should only be included. It should also be clear that any trials or innovation projects that include contracts being placed for flexibility services are also excluded as they may include, for example, facilitation payments which may inflate the values and therefore not reflect the market rates.</p> <p>(c) We do not consider it appropriate to base the price on the previous two years of contracts, they should be the based on the contracts for the year in which the curtailment occurs as this will ensure the latest market</p>	<p>A ) not highest and should exclude outliers. 95<sup>th</sup> percentile would remove outliers</p> <p>B ) Pre-fault, system intact, only</p> <p>C ) year t in which the curtailment occurs only</p>



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		price is reflected. This is certainly important during these early years as the Distribution Flexibility markets evolve and when different approaches and frameworks are being tested and applied.	
<b>SSEG</b>		<p>a) We note a concern raised during Working Group discussions that outliers could lead to DUoS payers having to bear unjustifiably high costs in the event of a curtailment limit being exceeded.</p> <p>However, we consider that the inclusion of high prices is entirely within Ofgem's intent to create an Exceeded Curtailment Price which acts as a disincentive to distributors to exceed curtailment limits, in which case DUoS payers would never have to bear the cost of the Exceeded Curtailment Price. Hence we don't support the exclusion of outliers.</p> <p>In addition, we note that the term 'outlier' has not been defined in the context of this proposal. Excluding the top 5% of flexibility price data is not a robust, reliable method of excluding 'outliers' which may or may not lie in the top 5%. Non-outliers may be excluded by this approach which would have no justification.</p> <p>We are wondering whether the issue of outliers only arises with post-fault products (i.e. the dynamic and the restore products) which, we agree, should be excluded in the determination of the market price for flexibility. If the former is true, and the latter is agreed, then the outlier issue would have been addressed.</p> <p>b) The consultation document suggests that ex-post flexibility products should be excluded when assessing the market price for flexibility (i.e. currently the 'dynamic' and the 'restore' products). We agree with the principle of this approach, as argued in para [4.30], based on Ofgem's decision which confirms that exceeded curtailment limits do not include</p>	<p>a) No – outliers should be included</p> <p>However, should post fault products be treated as outliers and removed. "Outlier" not defined in CP</p> <p>b) agree principle of excluding ex-post flexibility products</p> <p>c) Para 6.4 not clear on the proposed methodology. Request a worked example.</p>

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		<p>interruptions and some types of faults on the network, therefore it is not appropriate to include such products when setting the exceeded curtailment price.</p> <p>c) We don't feel that para 6.4 is sufficiently clear in setting out the proposed methodology to enable us to answer this question. We would welcome a worked example, and a review of the wording – see our response to question 18.</p>	
<b>SSEN</b>		<p>a) As with our answer to Q13, there is a risk that exceptionally high exceeded curtailment prices distort wider efficient network design. We believe the most extreme prices from the DSA-wide should be excluded from an assessment of exceeded curtailment price - perhaps by disregarding prices greater than 2 standard deviations of the total prices contracted or tendered in the period.</p> <p>b) It is important that equivalence is maintained between reinforcement (i.e. sized to meet system intact/pre-fault capacity), curtailment (i.e. as needed to meet system intact/pre-fault capacity) and the flexibility services referenced in price calculations. Post fault flexibility services (such as 'Restore' and 'Dynamic') should be excluded as these are not equivalent activities.</p> <p>c) Flexibility services are undergoing rapid development and we believe price calculations should be made with reference only to those contracts that are available within the same regulatory year as the price that is being set.</p>	<p>A ) exclude extreme prices</p> <p>B ) Exclude Post fault products</p> <p>C ) Year t prices</p>

## DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'

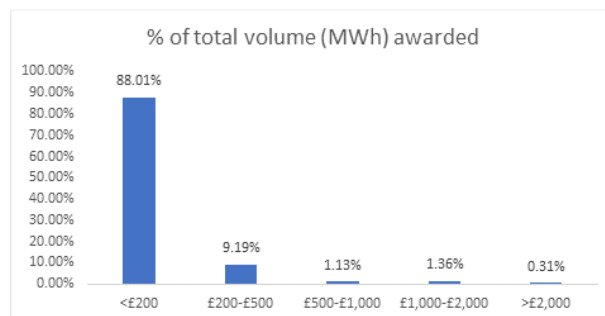
### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

UKPN	<p>a) Ofgem's Direction states:</p> <p>"The Exceeded Curtailment Price should:</p> <p>a) be sufficiently high so that network operators are disincentivised to exceed the Curtailment Limit.</p> <p>b) be markedly higher than contracted market prices of flexibility in the licence area under the requirements of SLC 31E, or the cost of Reinforcement required to provide a connection where contracted market prices are unavailable.</p> <p>c) be calculated consistently across all network operators."</p> <p>None of the requirements stated in Ofgem's Direction above require the Exceeded Curtailment Price (ECP) to be markedly higher than the "highest" or "maximum" market price. The requirements of part a) and part b) from the Direction can both be met if the ECP is markedly higher than the typical or average price contracted from the market. In these circumstances the network company would still be incentivised to approach the market as they will still, more often than not, be able to achieve a price lower than the ECP. It should also be remembered that this is in the context of network companies already being under an obligation to procure flexibility from the market regardless under SLC 31E.</p> <p>Under the proposed interpretation of the Direction (i.e. using the highest price) there is a risk that the ECP will be set using a high price that was contracted with a provider in a limited set of circumstances which is likely to have been contracted for only very low volumes.</p> <p>For example, UK Power Networks have adopted a procurement approach that uses an overall project "budget" per constraint which can be met with a "stack" of the most efficient bids. This means that a constraint may be</p>	<p>A ) Assert that the ECP doesn't need to be markedly higher than the. Propose an alternative calculation.</p> <p>C ) use 12 month market prices</p>
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## DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'

### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<p>almost entirely resolved with flexibility services procured at low prices leaving the balance of the “budget” available to procure the remaining small volume required. If the next bids available to fill this last remaining requirement are high but within budget overall, they will be accepted even if they appear to be a high price per unit in isolation.</p> <p>While this may lead to high unit prices being contracted, it ensures that the overall “stack” of flex procured is always an efficient alternative to the alternative option (e.g. reinforcement) which, in turn, ensures value for customers. Another benefit of this approach is that it helps provide certainty to these nascent markets.</p> <p>Applying these low volume, high prices to a very general situation such as exceeding a limit which has been set statistically is not reasonable and is very unlikely to reflect the value of the excess curtailment to the customer or the distribution system. The chart below shows the distribution of prices for contracted flexibility in UK Power Networks’ areas. It is clear that taking the highest price is not reflective of the vast majority of prices for flexibility procured from the market and therefore not reflective of the general value of such flexibility.</p>	
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**DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'**  
**COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS**

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		<p>Although network companies will use reasonable endeavours to avoid curtailment exceeding the agreed limit, these limits will have been set using a statistical assessment.</p> <p>Therefore, it is reasonable to assume that curtailment will, in some circumstances, exceed the limit. We believe that the arrangements for what happens when curtailment exceeds the limit should be reasonable and reflect the value being provided o the system and balance the risk between connecting and DUoS customers.</p> <p>Therefore, we propose the following alternative approach which meets all of Ofgem's requirements under the Direction without exposing DUoS paying customers to the risk of the ECP being set in way that leads to high overall costs.</p> <p>Proposed alternative approach</p> <p>Our alternative proposal is to use the 95th percentile of the contracted prices for the secure and dynamic flexibility services in the previous 12 months.</p> <p>We believe this meets Ofgem's criteria and also achieves an efficient outcome as demonstrated in the table below:</p>	
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## DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'

### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<table><tr><th></th><th>Highest price + 20%</th><th>95<sup>th</sup> percentile</th></tr><tr><td>Market distortion</td><td>Knowing that the highest price contract placed will dictate the price for potentially high volumes of payments could encourage DNOs to avoid contracting high prices that are otherwise efficient in specific circumstances</td><td>Outlier prices will not be applied to high volumes so DNOs will be able to award low volume contracts at high prices where justified by a CBA – much less likely to create an artificial “ceiling”</td></tr><tr><td>Encouraging market approach</td><td>DNOs will be encouraged to seek efficient flex from the market wherever possible to avoid paying the default high price payment</td><td>DNOs will be encouraged to seek efficient flex from the market as in 95% of cases they will still find a lower price from the market</td></tr><tr><td>Efficiency</td><td>This proposal will result in potentially extremely high payments to customers</td><td>This proposal will achieve the same outcomes but with much better efficiency (by a factor of c. 10)</td></tr></table>		Highest price + 20%	95 <sup>th</sup> percentile	Market distortion	Knowing that the highest price contract placed will dictate the price for potentially high volumes of payments could encourage DNOs to avoid contracting high prices that are otherwise efficient in specific circumstances	Outlier prices will not be applied to high volumes so DNOs will be able to award low volume contracts at high prices where justified by a CBA – much less likely to create an artificial “ceiling”	Encouraging market approach	DNOs will be encouraged to seek efficient flex from the market wherever possible to avoid paying the default high price payment	DNOs will be encouraged to seek efficient flex from the market as in 95% of cases they will still find a lower price from the market	Efficiency	This proposal will result in potentially extremely high payments to customers	This proposal will achieve the same outcomes but with much better efficiency (by a factor of c. 10)	
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By its nature, using the 95th percentile means that network companies will, in general terms, get a lower price from the market 95% of the time. This maintains the incentive on network companies to seek flexibility from the market in situations where curtailment is likely to exceed the cap rather than simply defaulting to exceeding the limit and paying the ECP.

We have proposed secure and dynamic services as these are the most likely to be used to manage curtailment constraints. Restore and sustain have very different applications.

We believe market prices over a 12 month period should be used in the assessment to calculate the ECP.

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		<p>The markets from which these prices are obtained are still nascent and are expected to see significant development over the early period of the Access SCR arrangements being implemented. To use a three year window as described in the draft legal text would effectively “lock in” some prices for a three year period. This will mean that the ECP will not keep track of potentially fast-moving markets which could lead to an inefficient ECP being set.</p>	
<b>WPD</b>		<p>A – We believe outliers should be excluded for the ‘highest of any Distribution Flexibility Service’.</p> <p>B – The Flexibility services considered should be limited to those that would need to be procured in order to avoid the curtailment in question, which would depend on the constraint.</p> <p>C – Over 12 months, updated quarterly in line with curtailment measurement and reporting requirements.</p>	<p>A ) Exclude outliers</p> <p>B ) Localised constraint consideration only</p> <p>C ) Single year, with quarterly updates</p>
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>Outliers: eight (57%) respondents support excluding outliers.</li> <li>Excluding certain services: eight (57%) respondents support excluding post-fault services (WPD somewhat unclear as propose that the services should be limited to those which would be procured to avoid the specific Curtailment, which does not rule out any specific service period).</li> </ul>			

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- Assessment period: five (36%) respondents support a shorter period than the current regulatory year plus the two previous regulatory years. It appears all favour the current year only (but this isn't clear in all instances). One respondent (SSEG) suggested the legal text was not sufficiently clear to answer.

#### Other notable comments:

- BUUK comment that it cannot tell from the consultation what the impact would be removing certain types of Distribution Flexibility Services to support exclusion.

**Recommendation:** Whilst I agree, the consultation does not set out the contracted/tendered prices in general (although we did gather data). Need to address this – is there a reason we did not include the data?

- ENWL refer to a lack of evidence that outliers exist and a need to provide “detailed evidence and analysis” to justify any different proposal.

**Recommendation:** Whilst I agree to an extent, the Access SCR CPs are littered with arbitrary figures/assumptions. The use of e.g. a 95<sup>th</sup> percentile to exclude outliers is reasoned as much as (e.g.) a 95% Curtailment Threshold. The key is justifying it without necessarily providing detailed evidence, otherwise these CPs would struggle to get off the ground in places.

- Octopus support a more locational approach, whereas locationality in the proposed solution is relative to a DSA only.

**Recommendation:** More granular locationality may severely limit the use of contracted/tendered prices in future (e.g. for a new location) such that the cost of reinforcement may be used the majority of the time. More granular approaches are considerably more complex and is less aligned with the direction to keep this as simple as possible.

- SPEN comment that any trials/innovation projects should also be excluded from services taken into account, which may (e.g.) include facilitation payments which may inflate the price and therefore not reflect the market.

**Recommendation:** Would any trials/projects be included in the published tenders, is this not separate? Why would such prices be included in the information being used here by default? SPEN to explain how this would manifest.

- SSEN propose an approach to excluding outliers based on two standard deviations of the total prices contracted/tendered.

**Recommendation:** The working group needs to consider this option. It needs to show what this would mean, and any alternative options (including no exclusions) based on the data gathered. Only then can we assess the impact on the Exceeded Curtailment Price.



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Company	Confidential/ Anonymous	16. Do you believe there are any unintended consequences with respect to the proposed methodology for setting the Exceeded Curtailment Price? If so, then please provide details.	Working Group Comments
<b>BU-UK</b>		No.	Noted.
<b>EDF</b>		No.	Noted.
<b>ENWL</b>		We cannot identify any unintended consequences of the proposed approach.	Noted.
<b>ESP</b>		None have been identified.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Whilst it cannot be quantified, we consider that there is a risk that, if the Exceeded Curtailment Price is set too high e.g. by using the DNO's highest price for procuring Distribution Flexibility Services for any location, this may create distortions when seeking to procure future Distribution Flexibility Services for a specific location which may e.g. come with a significantly cheaper utilisation price. The basis of the Exceeded Curtailment Price will be published via the Flexibility Market Price Statement, which may influence bids to provide Distribution Flexibility Services. However, we propose that this should be monitored and not specifically addressed via this CP.	Noted.
<b>Octopus</b>		Octopus is not currently confident that the DSO Incentive that has been proposed by Ofgem in their Draft Determinations is enough to incentivise	Noted.

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		DNOs to accelerate the development of flexibility markets and DSO responsibilities that are necessary to develop in the ED2 period. We, therefore, have concerns that if the DSO Incentive is not strong enough to encourage DNOs to procure flexibility services (particularly on their LV networks), and in combination the Exceeded Curtailment Price is not high enough then DNOs may opt to curtail generators in most situations where the network is likely to be constrained. It is wasteful to curtail generators by preference, rather than allow markets to develop which allow storage to import this surplus or for consumers to shift demand to these high generation periods. Therefore it is crucial that we ensure the incentives and disincentives are strong enough to drive the right behaviours.	
<b>OPN</b>		Although we cannot at this stage identify any likely unintended consequences, there is always the risk with changes such as this that opportunities arise for the system to be gamed.	Possible – risk of gaming.
<b>Sembcorp Energy</b>		Not that I can foresee, but flexibility markets are very new.	Noted.
<b>SPEN</b>		<p>Yes, we believe that setting the price in this way has many unintended consequences, especially on the evolving distribution flexibility market.</p> <ul style="list-style-type: none"> <li>Flexibility Market Development: DNOs are committed to facilitating the distribution flexibility market and are undertaking trials and innovation projects, working with providers and customers to enable them to take part with potential to earn revenue by supporting the network. Contracted</li> </ul>	Yes – many.

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		<p>prices will be influenced by this, and it is not appropriate that such prices are used when setting the Exceeded Curtailment Price.</p> <ul style="list-style-type: none"> <li>Distorting the Flexibility Market: Setting a price well in advance and based on previous years' contracts could set the market price, encouraging potential providers to submit bids for flexibility services at a level aligned with those prices which have also been artificially inflated to act as a deterrent. As these services would be lower than the exceeded curtailment price, they will meet the economic test as per Condition 31E, however will cost DUoS paying customers a premium and potentially earn connecting customers a windfall.</li> </ul>	
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		Yes - this must be carefully monitored and may require further code changes to address. For example, there is potential for gaming where, say existing DER change their operating regime to trigger excessive curtailment on other newly connected curtailable connections. This could push up the price of flexibility services in an area to the detriment of the wider body of customers.	Yes – could require further code changes. Potential for gaming
<b>UKPN</b>		<p>Yes. As described in our response to question 15. a), we believe the proposal in the draft legal text will result in extremely high overall costs in circumstances where curtailment exceeds the agreed limit(s).</p> <p>This could lead to the following unintended consequences:</p> <ol style="list-style-type: none"> <li>Market distortion</li> </ol>	<p>Yes – consequentially high costs</p> <ul style="list-style-type: none"> <li>Market distortion</li> <li>Windfall gains</li> </ul> <p>Inefficiency</p>

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**COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS**

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		<p>Mechanistically linking the highest price of a contract procured from a market to a situation where that price will be used to set the price for potentially relatively large volumes of curtailment will set perverse incentives on network operators.</p> <p>Network operators have a duty to operate an efficient, coordinated distribution system and therefore must maintain an overall approach to costs that ensures efficiency for DUoS paying customers. In circumstances where contracting low volumes of high priced flexibility is an efficient solution to a network constraint, knowing that this high price will also potentially have to be paid for much higher volumes of curtailment in excess of customer limits could influence decision making for entering such contracts. It is not appropriate to make such a direct link between prices set in very specific market conditions to a general obligation under a code to set the price of larger volumes of flexibility/curtailment.</p> <p>2. Windfall gains</p> <p>As mentioned above, the highest price paid in the market is likely to be for very small volumes which are justified by a CBA for that specific constraint which guarantees that the price paid is reflective of the value being delivered to the system and is an efficient solution compared to alternatives.</p> <p>Mechanistically applying this price to a much more general, obligation-driven service which could be for much higher equivalent volumes will likely lead to gains for the curtailable customer far in excess of the value of that curtailment to the system. Ultimately, the current proposed process could result in very large financial payments being made to individual customers in excess of the value of the additional curtailment which will impact consumer bills.</p>	
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## DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'

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		<p>3. Inefficiency</p> <p>As described above, if high prices are set for the ECP, this could generate excessive financial payments to curtailable customers which will increase distribution system costs – likely beyond the value generated. This is not an efficient outcome for wider customers.</p>	
WPD		<p>We do not see any significant consequences. However, we feel if we are required to report anticipated breaches of the curtailment limit to customers (referred to in 4.25 of the consultation), could such advance signalling provide an opportunity for flexibility prices to be elevated in anticipation?</p>	Potentially – gaming.
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>Four (29%) respondents believe there may be unintended consequences.</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>NPg suggest the publication of the Flexibility Market Price Statement risks influencing the market but propose to monitor this and not address via the CP solution. NPg note that this cannot be quantified.</li> </ul> <p><b>Recommendation:</b> Working group to note but no action needed.</p> <ul style="list-style-type: none"> <li>Octopus comment on the RIIO-ED2 DSO incentive and it not being enough to incentivise the development of the flexibility markets etc. The concern is a DNO opting to Curtail a generator by default if the incentive is not strong enough (including if the Exceeded Curtailment Price is not high enough).</li> </ul> <p><b>Recommendation:</b> Working group to note but no action needed as this is out of the scope of the DCUSA (where the DSO incentive is concerned) and comments on the Exceeded Curtailment Price are captured separately. No comments were made in relation to the proposed solution.</p>			

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### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

- SPEN set out concerns that contracted prices for Distribution Flexibility Services in a developing market will be impacted by the Exceeded Curtailment Price. It is concerned that setting the Exceeded Curtailment Price well in advance, and based on historical prices, could influence bids for future services based on historical information.

**Recommendation:** Working group to note but no action needed other than this needs to be linked to the rationale for excluding outliers etc in setting the Exceeded Curtailment Price.

- UKPN set out a similar position to SPEN.

**Recommendation:** As above for SPEN.

- WPD refer to the obligation to notify a Customer of an expected breach of a Curtailment Limit, and suggest that it may provide an opportunity for flexibility prices to be elevated in anticipation.

**Recommendation:** I'm not sure I follow this so welcome WPD clarification as I cannot quite practically see how it would be a risk.

Company	Confidential/ Anonymous	17. Do you believe that the Clean Energy Package should be considered as distinct from the Access SCR Decision and Access SCR Direction when developing the solution for this CP? Please provide your explanation.	Working Group Comments
BU-UK		No comments on this.	Noted.
EDF		N/A	
ENWL		We do not believe the CP should consider any potential impact of the Clean Energy Package (CEP) and should focus entirely on the requirements of the Access SCR Decision and Direction. If the CEP were relevant, then it would have been for Ofgem to take account of it in coming to their decision.	Yes - out with scope of Direction

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		<p>We do not believe the CEP applies in this context. The proposals are not about dispatch nor does anyone connected at distribution have a guarantee of firm delivery of energy. (NTC 3.5 The right to be (and remain) Connected does not include the right to be (and remain) Energised).</p> <p>On setting Exceeding Curtailment Prices, DNOs have been given a clear instruction how to do this. Adding additional steps would appear at odds with the Access SCR Direction and introduces consequential loss which distributors have a right to exclude under the Electricity Act 1989 (as amended).</p>	
<b>ESP</b>		Yes, we think any consideration of the CEP should be considered by Ofgem. We don't think the onus should be on the working group to add to Ofgem's direction.	Yes - out with scope of Direction
<b>INA</b>		Yes, any consideration of the CEP should be considered by Ofgem rather than requiring the Workgroup to add to Ofgem's direction.	Yes - out with scope of Direction
<b>NPg</b>		No. The obligation is to implement the Access SCR Decision as set out in the Access SCR Direction. It is for Ofgem to consider consulting in future on any elements of the Clean Energy Package it did not consider in coming to the Access SCR Decision.	Yes - out with scope of Direction Should have started with 'yes'.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.

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<b>OPN</b>		We believe that this is a legal question and requires appropriate input. We agree that Ofgem should be made aware of the concern.	Legal advise should be taken and concern notified to Ofgem
<b>Sembcorp Energy</b>		<p>Yes. The CEP is about production of energy, so does not apply to curtailment of demand users. Where generation could be curtailed, the generation customer has “accepted a connection agreement under which there is no guarantee of firm delivery of energy” (Paragraph 7) and is therefore excluded.</p> <p>The legality of this modification against the CEP is ultimately for the Authority and/or Courts to confirm.</p>	Yes – out with scope of Direction
<b>SPEN</b>		We believe Ofgem and/or BEIS should advise on the interactions between CEP and Access SCR.	Noted
<b>SSEG</b>		<p>We consider that the provisions of the Clean Energy Package (CEP Reg 2019/943), which is retained in GB law, do apply in the context of the change proposal, in particular in the context of the proposed curtailment price methodology. Paragraph (7) of Article 13 of the CEP states:</p> <p>“Where non-market based redispatching [which includes curtailment] is used, it shall be subject to financial compensation by the system operator requesting the redispatching to the operator of the redispatched generation, energy storage or demand response facility except in the case of producers that have accepted a connection agreement under which there is no guarantee of firm delivery of energy.</p> <p>Such financial compensation shall be at least equal to the higher of the following elements or a combination of both if applying only the higher would lead to an unjustifiably low or an unjustifiably high compensation: (a)</p>	<p>No - CEP should be included in Access SCR</p> <p>Propose a change to the Legal Text to include CEP.</p>



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		<p>additional operating cost caused by the redispatching, such as additional fuel costs in the case of upward redispatching, or backup heat provision in the case of downward redispatching of power-generating facilities using high-efficiency cogeneration; (b) net revenues from the sale of electricity on the day-ahead market that the power-generating, energy storage or demand response facility would have generated without the redispatching request; where financial support is granted to power-generating, energy storage or demand response facilities based on the electricity volume generated or consumed, financial support that would have been received without the redispatching request shall be deemed to be part of the net revenues.”</p> <p>It is our understanding that some industry parties consider that the provisions of the CEP, as retained in UK law (applicable in GB only), do not now apply at distribution network level. This reasoning appears to be:</p> <p>a) because the transposition of the CEP into GB law refers to ‘transmission system operators’ rather than the CEP term ‘system operator’ and ‘transmission system operators or distribution system operators’; and</p> <p>b) because distributors are not (so far) designated ‘system operators’ in GB.</p> <p>However, we consider that the apparent narrowing in GB law of the definition of ‘system operators’ may be considered, in terms of (a), legally questionable based on the Explanatory Note to The Electricity and Gas (Internal Markets) (Network Codes) (Amendment etc) (EU Exit) Regulations 2020 which states that: “These Regulations are made in order to address failures of retained direct EU legislation to operate effectively and other deficiencies arising from the withdrawal of the United Kingdom from the European Union” and that “No impact assessment was deemed necessary, since no substantive impact on industry (or the voluntary or public sectors)</p>	
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		<p>was foreseen.” The change in this case; by the insertion of ‘transmission’ ahead of ‘system operator; would seem to have a substantive impact on industry, at least in this particular case as regards the access to (or non-access to) compensation in accordance with Article 13.</p> <p>In respect of (b), we consider that this argument may not be certain because it is our understanding that distributors are, in terms of be CEP, classified according to that legal instrument and as such may well (for that purpose) be ‘system operators’ accordingly when they have the characteristics of that function (either now or in the future).</p> <p>As such, we propose that a provision to this effect is added to the proposed legal text along the lines of: “In accordance with Article 13, Paragraph (7), of the Clean Energy Package, (<a href="#">CEP Reg 2019/943</a>), the distributor will also perform the CEP calculations. Where this results in a price larger than the price calculated in paragraph (9), then the CEP calculated price will be paid. Where the CEP calculated price is less than or equal to the value calculated in paragraph (9), then the value in paragraph (9) will be paid.”</p>	
<b>SSEN</b>		<p>Clean Energy Package considerations have important and market wide impacts for all dispatchable users of the distribution network. These considerations are not specific to the new curtailable access products as introduced under Access SCR. We expect Ofgem to have considered these aspects when developing proposal under the access SCR and as they continue to develop the wider market.</p>	Yes – out with scope of Direction
<b>UKPN</b>		<p>We agree that implementation of the Clean Energy Package is outside of the scope of this CP. This CP has a clear scope to implement Ofgem’s Access SCR</p>	Yes – out with scope of Direction

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		Direction and any changes required to meet the requirements of the Clean Energy Package should be explored through the appropriate channels.	
<b>WPD</b>		Yes, we believe that the CEP should be considered as distinct from Access SCR (and therefore this CP) unless Ofgem instruct otherwise.	Yes – out with scope of Direction
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>In general, all but SSEG consider the CEP to be out of scope essentially.</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>SSEG set out its views which should be discussed by the working group.</li> </ul> <p><b>Recommendation:</b> SSEG to lead the discussion but I propose the response is noted and documented in the Change Report, but we moved on unless Ofgem intervene – Ofgem should be consulted again as previously but we work on the assumption that 'no news is good news' in terms of continued development of the solution in line with directed requirement.</p>			

Company	Confidential/ Anonymous	18. Do you agree with the proposals in relation to the Flexibility Market Price Statement? If not, please provide your reasons.	Working Group Comments
<b>BU-UK</b>		6 Monthly seems appropriate and the 3 day turn around to publish the market price statement seems reasonable.	Noted.
<b>EDF</b>		Yes.	Noted.

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<b>ENWL</b>		Yes, we support these proposals.	Noted.
<b>ESP</b>		Yes.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		We agree with the proposed frequency to publish this information and that it will be useful to be published centrally on the DCUSA website. We ask that the table is updated so that DNOs must clearly specify whether the prices in the table are contracted or tendered.	Yes – with clear statement of whether prices are contracted or tendered
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes, this represents a suitable legal minimum although, in the interests of transparency, market information should be publicly available where possible.	Noted.
<b>SPEN</b>		Yes we agree with the proposals.	Noted.
<b>SSEG</b>		We do overall but we consider that the frequency of price updates should (alongside the various percentages being proposed) be included in a regular review of the arrangements, to evolve in line with the flexibility market. See also our response to question 15.c): “over what period do you believe prices	Yes – with regular reviews of the requirement

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		for Distribution Flexibility Services should be used?" and to question 32 – comments on the legal text.	
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		<p>Yes. This will provide the right information for customers considering curtailable connections to be able to make decisions regarding their connection.</p> <p>However, note our response to question 15. b), we do not believe that the ECP should be set with three years of market prices. We consider twelve months of market prices to be a better option due to their relevance, but see no issue with the template capturing three years as this could be helpful context for customers.</p>	Noted.
<b>WPD</b>		The proposals for a Flexibility Market Price Statement is duplicating activity already required on DNOs under SLC31E. The annual Distribution Flexibility Services Annual Report and supporting data produced as part of SLC31E is published at the end of April and should be used to determine the information required for the Flexibility Market Price Statement. We do not agree with the need for a 6 monthly update of the pricing and it should instead be aligned to the current annual reporting requirements.	No - SLC31E report (published annually) should suffice. Why duplicate?
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>In general, with the exception of one respondent (WPD), all support the proposal in relation to the Flexibility Market Price Statement.</li> </ul>			

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#### Other notable comments:

- Octopus propose that the table clearly indicates whether a price is contracted or tendered.

**Recommendation:** Working group to discuss. Simple amendment needed if agreed. This may cover the point raised by SSEG previously as well?

- WPD refer to an obligation under SLC31E to publish an annual report at the end of each April, and that it should be used to determine the data for the Flexibility Market Price Statement. WPD do not agree with a biannual update.

**Recommendation:** WPD to explain the obligations and how this may change the proposed solution. From a customer service perspective, I suggest it is worth putting the information all in one place – which I do not think WPD is opposing – rather it prefers to do it once per annum only. I don't think the proposed legal text prevents using the SLC31E report data, rather it is used more frequently?

Company	Confidential/ Anonymous	19. Do you agree with the conversion from £/MVA to £/MVAh using the CDCM as opposed to the CEM? If not, please provide your reasons. Do you have any alternative suggestions that the Working Group should consider?	Working Group Comments
BU-UK		Yes this conversion seems most suitable. However, the legal text refers to reinforcement cost in paragraph 6.9 and then to annualised reinforcement cost in 6.10 without clarity around how the cost should be annualised. It follows that the annuity factor calculated in the CDCM could be used but this clarified in the legal text.	Noted.
EDF		Yes.	Noted.
ENWL		Yes, we believe using an established method for converting £/MVA to £/MVAh is best and we support the use of the CDCM approach.	Noted.

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<b>ESP</b>		No alternative approaches have been identified.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes, we agree with the use of the CDCM approach. We do not have any other suggestions.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		We believe the CEM is more appropriate as it is consistent with how we evaluate the ceiling price for flexibility services.	No – prefer CEM
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes.	Noted.
<b>WPD</b>		Yes, this appears reasonable.	Noted.
<b>Working Group Conclusions:</b>			

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#### Summary:

- One respondent (SPEN) prefers to use the CEM approach.
- Three respondents did not comment.
- One respondent (ESP) does not answer the question.

#### Other notable comments:

- SPEN prefer the CEM approach as it is used in determining its prices for Distribution Flexibility Services.

**Recommendation:** Working group to note. I suspect others use CEM as well like SPEN (NPg do) but are comfortable with a different approach.

Company	Confidential/ Anonymous	20. Should the Exceed Curtailment Price be determined and fixed at the time of the Customer accepting their connection offer, or at the time the Curtailment occurs? Please provide your reasons.	Working Group Comments
<b>BU-UK</b>		Upon the time the connection offer has been accepted, this will manage expectations and give the customer certainty of their exceeded curtailment price throughout the time that their connection is curtailable.	Noted.
<b>EDF</b>		We think the Exceed Curtailment Price should be determined and fixed at the time of the Customer accepting their connection offer as this will be a necessary part of their investment decision.	Yes – at a fixed time
<b>ENWL</b>		A varying price is more consistent with the principles set out in the Access SCR Decision and Access SCR Direction and is also more consistent with the market value of the actual curtailment done.	No - floating



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<b>ESP</b>		Fixing the exceeded curtailment price may provide price certainty to customers but could lead to perverse incentives if the price at the time of contract was lower due to market conditions.	Non-specific response – points out unintended consequences of fixing early
<b>INA</b>		Fixing the exceeded curtailment price may provide price certainty to customers but could lead to perverse incentives if the price at the time of contract was lower due to market conditions.	Non-specific response – points out unintended consequences of fixing early
<b>NPg</b>		We prefer that the Exceeded Curtailment Price should be dynamic and change periodically (noting the intention that the Flexibility Market Price Statement is published biannually). Whilst fixing the Exceeded Curtailment Price at the time of the Customer accepting the connection offer provides certainty to a Customer, we believe that it should continue to reflect changing market conditions (which may or may not favour the Customer).	No - prefer dynamic pricing
<b>Octopus</b>		In order to ensure the Exceeded Curtailment Price remains reflective of current market conditions, and as far as possible represents the cost of alternative actions (eg. flexibility procurement) at thatpoint in time, we recommend that the Exceeded Curtailment Price varies throughout the connection offer. This curtailment limit should be a determining factor as to whether a customer accepts or declines a connection offer, rather than the cost of exceeded curtailment which they may or may not receive. Therefore we do not believe customers need this certainty at the time of accepting their connection offer as it will not and should not be a key determining factor in the connection offer process.	No – prefer dynamic pricing throughout the offer
<b>OPN</b>		It should be fixed at the time of customer accepting their connection offer but only for a maximum period. The fixed period gives the customer	Yes – fix at connection acceptance

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		certainty for a reasonable period of time whilst protecting customers from possibly permanent highly prices.	
<b>Sembcorp Energy</b>		<p>Being fixed at the time of accepting the offer would give customers more certainty and enable them to judge the appropriateness of the offer for their specific circumstances. Most users are unlikely to have the resources to understand and apply the risk from changing market prices in any meaningful manner.</p> <p>This aspect should be considered with regards to the End Date – a fixed price for 10+ years is less appropriate than a fixed price for a 1 year contract. The workgroup could consider a fixed price for maximum of [5] years, after which the Exceeded Curtailment Price reflects current market conditions. It would be more complicated for the DNOs (as they would need to run both methodologies) and could create the situation where consumers under similar conditions (identical except for the date they signed) are paid noticeably different Exceeded Curtailment Prices. It would also be less necessary should the vast majority of curtailable contracts end before [5] years, so the materiality would decrease. On balance, this is not an alternative I would propose unless there is support from the workgroup.</p>	Yes – more complex alternative discussed but not proposed
<b>SPEN</b>		We believe the price should be as per that at the time the Curtailment occurs as this will more closely reflect the market price of flexibility. The Connection Offer could be issued a number of years prior to any exceeded curtailment and therefore a price set at that time may not reflect the latest market prices. Distribution flexibility markets are evolving, with new services and approaches being developed, setting a price far in advance does not allow the price paid to be based on the current services and market value.	No - price at the time the curtailment occurs

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<b>SSEG</b>		We consider that the price at the time of the curtailment limit being exceeded more appropriately reflects market conditions (at least, within the last six months, as per the twice-yearly Flexibility Market Price Statements), which we favour.	No – price at time the curtailment limit is exceeded should be used
<b>SSEN</b>		This price is designed to disincentive excess curtailment by the DNO and as such should be reflective of the current market conditions.	No – more cost reflective it's at time of exceeded curtailment limit
<b>UKPN</b>		This should be fixed at the time of evaluating their connection offer to provide certainty to customers as this could impact the financial viability of the project being connected.	Yes – during connection offer phase
<b>WPD</b>		Price at the time of the curtailment occurrence, as we believe this would give a more accurate price for the curtailment event.	No – more cost reflective it's at time of exceeded curtailment limit
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>• Three (21%) respondents support a fixed the price at the time the offer is accepted.</li> <li>• Seven (50%) respondents support a dynamic price.</li> <li>• Two (14%) respondents proposed a somewhat hybrid approach.</li> <li>• Two (14%) respondents did not answer the question.</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>• ESP and INA do not answer the question.</li> </ul>			

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**Recommendation:** Unless this will impact the working group decision (where a majority support dynamic regardless), the working group should note this only.

- OPN propose to fix the price for a period of time, however do not suggest for what period and then what happens next.

**Recommendation:** Working group to consider fixing the price at the time of acceptance for a period. The working group could consider a subsequent fixed period of a revised price, or reverting to a dynamic price upon completion of the initial fixed period.

- Sembcorp Energy propose a similar approach to OPN, which would become dynamic thereafter. Sembcorp only propose this if supported by the working group, and recognise the complexity of the approach.

**Recommendation:** as above, to be discussed by the working group.

Company	Confidential/ Anonymous	21. Do you believe that a separate Exceeded Curtailment Price should be applied for import and export? Please provide your reasons.	Working Group Comments
<b>BU-UK</b>		We believe that there is merit in separate prices for import and export as this would allow for more relevant prices to each import and export.	Noted.
<b>EDF</b>		Yes, as the tendered prices for Distribution Flexibility Services may be significantly different for import and export.	Noted.
<b>ENWL</b>		Whilst in principle, separate prices could apply for import and export the data doesn't currently exist to support this.	Qualified Yes – insufficient data to support this currently
<b>ESP</b>		This option would lead to increased uncertainty and should only be pursued if a quantifiable benefit could be obtained from separating the two prices. Additionally, we note that this may have an impact in more constrained	No - increases uncertainty

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		geographical regions but think that consistency between DNOs should be preferred.	
<b>INA</b>		This option would lead to increased uncertainty and should only be pursued if a quantifiable benefit could be obtained from separating the two prices.	No - increases uncertainty
<b>NPg</b>		We prefer separate prices for the Exceeded Curtailment Price regardless of whether the price for import/export is the same. We agree that data availability is a key factor, but that should be reflected in a different price applied to import/export rather than use of different parameters.	Yes – data availability should be reflected in the price
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		No. Consistency and simplicity would be a better approach in a time of significant industry change.	No – too complex
<b>Sembcorp Energy</b>		Yes as there are likely to be separate flexibility markets for generation assets/DSR.	Noted.
<b>SPEN</b>		No, we believe there should be one exceeded curtailment price until there is sufficient evidence to demonstrate that they would be different.	No – currently insufficient evidence to show that import & export would have different prices
<b>SSEG</b>		Our preference would be for a separate Exceeded Curtailment Price to apply for import and export as we believe the pricing of and the types of assets able to offer each service, as well as the cost base of these are quite different. Moving forwards, the mix of import and export Flexibility Services	Yes. Proposed change to legal text in para 6.2 to cover instances of insufficient data.

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		<p>contracted is likely to change depending on the changing asset base, therefore whatever is introduced, should be future proofed for this.</p> <p>We note that the proposed legal text, para 6.2, sets out that distributors will determine a separate price for imports and exports where sufficient data is available. In addition, the consultation document refers to the alternative of using a single price.</p> <p>We suggest that a provision needs to be added to the proposed legal text to set out the process of price determination in cases of 'insufficient data', and to define that term. We consider that the alternative process (i.e. where there is 'insufficient data') must be transparent (in accordance with the work - see Question 33 below - of the <a href="#">Energy Data Taskforce</a>) and harmonised across all distributors (as this leads to lower costs, in a competitive market, to end consumers).</p>	
<b>SSEN</b>		Not at this time but this may be needed in the future as flexibility continues to develop.	No – not currently, but should be reconsidered in future
<b>UKPN</b>		Yes. Where available, this will better reflect the market for the services that would otherwise be used to avoid the curtailment. Keeping this closer link will better meet Ofgem's objectives of not distorting markets.	Yes – will better meet the Ofgem objectives
<b>WPD</b>		We believe the price should be set as the same for both import and export. However, dependant on future flexibility services expanding, this may need to be reviewed into if the case arises that the cost of flexibility for import varies compared to the cost of export flexibility.	No – not currently, but should be reviewed in future
<b>Working Group Conclusions:</b>			

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#### Summary:

- Six (43%) respondents support a separate Exceeded Curtailment Price for import and export.
- Six (43%) respondents support a single Exceeded Curtailment Price for import and export.
- One (7%) respondent (ENWL) appears to support a single price but it is not explicit.
- One (7%) respondent did not comment.

#### Other notable comments:

- ENWL agree in principle that separate prices could be used but comment that in practical terms it cannot currently be done.

**Recommendation:** Working group to note and seek explicit preference as to a preference for single or separate. However, the legal text as written allows for separate or single, and as such the solution already caters for the ENWL preference i.e. it can be separate when practical.

- NPg prefer separate prices regardless of whether the price is the same for both. This may be a compromise position which would remove reference to a single price, and in practical terms, the price would only vary for import and export when possible/justified.

**Recommendation:** working group to discuss how to move this forward in general.

- SSEG propose that it is made clear what is meant by 'insufficient data' and therefore define the term.

**Recommendation:** working group to discuss. It is a reasonable request if a separate price is discretionary.

Company	Confidential/ Anonymous	22. Should the choice of a separate Exceeded Curtailment Price be at the discretion of the DNO/IDNO Party?	Working Group Comments
BU-UK		Yes, but we do not believe that the legal text allows for this at the moment as the IDNO is bound to using the exceeded curtailment price in the DSA in which the customer is connecting.	Yes – but it's not in the legal text

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<b>EDF</b>		No, consistency across each DNO/IDNO Party is important to us as a market participant.	No – consistency in the 14 DSA preferred
<b>ENWL</b>		Yes, the impact of introducing two prices would be to make one lower than the other which could benefit DNOs and their customers, however as these payments are unlikely to be made it ought to be at the discretion of the DNO whether to incur the additional effort in producing two prices.	No – consistency in the 14 DSA preferred
<b>ESP</b>		No, different approaches for network operators would lead to a less level playing field and result in different treatment of customer classes based on geographical location.	No – prefer uniform treatment for all geographical locations
<b>INA</b>		No, different approaches for network operators would not lead to a level playing field and would result in different treatment of customer classes based on geographical location.	No - prefer uniform treatment for all geographical locations
<b>NPg</b>		See answer to question 21.	Noted.
<b>Octopus</b>		We do not think it is appropriate to give DNOs/IDNOs the power to determine whether a separate Exceeded Curtailment Price is used or not for exceeded import or export. Whatever is determined to be most appropriate regarding whether the price for import or export should vary should be common across all DNOs.	Noted.
<b>OPN</b>		No. A consistent (i.e. same approach) across all DNO's should be adopted. This would be consistent with the 4 Access SCR proposals where consistency is a key theme.	Noted.



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<b>Sembcorp Energy</b>		I understand why some DNOs may prefer one option over the other, but they should be required to justify that decision to the Authority and industry, rather than solely at their own discretion. A public statement that can be discussed and challenged would be suitable.	No – should have to consult Ofgem & produce public statement for discussion
<b>SPEN</b>		No, it should be consistent and clear in the legal text.	No – should be defined in the legal text
<b>SSEG</b>		We acknowledge that there are cases (e.g. in terms of data availability) where a distributor may consider a single price more appropriate. However, the reasons for applying a single price instead of separate import and export prices should be codified to ensure a standardised, non-arbitrary approach across all distributors. For the avoidance of doubt, and in accordance with the work (see Question 33 below) of the Energy Data Taskforce it is important to codify that where a single price is used that this is published by the DNO so that all stakeholders have sight of it. Therefore, we propose that the template at Appendix A of the draft legal text is amended to include fields where distributors set out a single price for a product if relevant, together with their reasoning for using a single price. We consider that this may be an early-market issue which may disappear as more data becomes available.	No - single price, codified in legal text
<b>SSEN</b>		Yes as this must be reflective of the local circumstance at that time.	Yes – reflect local circumstances at time
<b>UKPN</b>		It should not be at the discretion of the DNO/IDNO, if there is a separate price it should be used.	Noted.

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WPD		Yes, having the option for outliers should be available to the DNO/iDNO.	Noted.
<p><b>Working Group Conclusions:</b></p> <p><u>Summary:</u></p> <ul style="list-style-type: none"> <li>10 (71%) respondents do not agree that a DNO/iDNO Party should have discretion to apply a separate Exceeded Curtailment Price for import and export, at least not without providing supporting rationale (Sembcorp Energy and SSEG responses). Included is NPg who propose that a separate price should always be used regardless of whether the price is different.</li> <li>Four (29%) respondents agreed that it should.</li> </ul> <p><u>Other notable comments:</u></p> <ul style="list-style-type: none"> <li>BUUK set out that, whilst it agrees it should have the discretion, an IDNO cannot make a choice as it stands as the legal text specifies that an IDNO must use the price in the relevant DSA.</li> </ul> <p><b>Recommendation:</b> Working group to discuss and agree how this may be reflected in the legal text, or if this is not actually a choice for the IDNO.</p> <ul style="list-style-type: none"> <li>Sembcorp Energy and SSEG propose that any discretion needs to be transparent and justified.</li> </ul> <p><b>Recommendation:</b> Working group to discuss and agree, if discretion is to be retained (despite majority favouring it is not), what additional steps are needed as a result to aid transparency.</p>			

Company	Confidential/ Anonymous	23. Do you agree the provisions of these Regulations should apply to the Curtailment End Date? If not, please provide reasons why.	Working Group Comments
BU-UK		Yes they should apply to the end dates.	Noted.

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<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes, we agree that that Curtailment End-Dates should be able to be moved following the provisions set out in the Regulations. The Curtailment End Date is the date when reinforcement works would be completed and would therefore have been the Energisation date had the customer not requested a Curtailable Connection which would have been subject to the Regulations.	Noted.
<b>ESP</b>		Yes, this provision is necessary to capture the instances in which the end date could be moved.	Noted.
<b>INA</b>		Yes, this provision is necessary to capture the instances in which the end date could be moved.	Noted.
<b>NPg</b>		No. We have proposed revised wording based upon the 'extensions of time' provision in the Electricity (Connection Standards of Performance) Regulations 2015. This can be found in the marked-up legal text appended to this response.	Legal text:  7.2 The Company may amend the Curtailment End Date to such reasonable date as the Company may specify in a written notice of such amendment to the Customer (the "Curtilment End Date Notice"), always provided that the Company gives the Curtailment End Date Notice to the Customer within a reasonable period of time after the Company becomes aware that the circumstance necessitating such amendment has

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			<p>arisen. If the Company gives a Curtailment End Date Notice to the Customer, the Curtailment End Date shall be the date specified in the Curtailment End Date Notice.</p> <p>7.3 If the Customer does not request a Non-Curtailable Connection and does not accept the cost of converting the Curtailable Connection to a Non-Curtailable Connection, the Connection shall continue to be a Curtailable Connection until such a time as the Customer requests a Non-Curtailable Connection and accepts the cost of converting the Curtailable Connection to a Non-Curtailable Connection.</p>
<b>Octopus</b>		<p>We do not believe that it is appropriate to apply provisions which allow for dates of energisation to be moved for Non-Curtailable Connections to Curtailable Connections. Simply delaying the energisation for a new connection should not drastically change the profitability of a project, however, extending the period by which a generator has a curtailable connection does impact the profitability over the asset's lifetime. To ensure DNOs stick with original Curtailment End Dates as much as possible, we believe there should be defined limit or additional payments to customers that DNOs must make if they have to extend Curtailment Dates due to their inability to upgrade the network in time or procure flexibility services to</p>	<p>Noted.</p>

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		unlock capacity. From what we can gather at present any negotiations would be done in good faith, meaning there are no explicit penalties or money that DNOs would be obliged to pay customers if they have to delay the Curtailment End Date. Many customers' business cases will be predicated on the Curtailment End Date in their connection agreement and therefore any delays to this could impact project profitability. As a result, we do not believe it is reasonable to simply extend the Regulations for Non-Curtailable connections to Curtailable connections unless there is a mechanism by which DNOs must compensate customers for the loss in revenue due to the extension of the curtailment agreement.	
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes, we agree these Regulations should apply.	Noted.
<b>SSEG</b>		We have a concern similar to the one we have raised under q.2 above, about whether the proposed use of the term 'Customer', as defined in The Electricity (Connection Standards of Performance) Regulations 2015, covers both of Ofgem's intended target groups, namely demand and generation connectees. We note that both categories of these users are referred to as 'Customer' in the proposed legal text. The 2015 Regulations appear to only apply to demand customers (i.e. someone who is supplied, as per the definition in Part 1, paragraph 2.(1)). We are unsure as to whether this definition expressly includes (or excludes) generators, and we would appreciate legal clarification being provided on this. If generators are not	Noted.

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		covered by the 2015 Regulations, we consider that additional provisions will be required in section 7. and Appendix 1 of the draft legal text in the context of a distributor changing the Curtailment End Date.	
<b>SSEN</b>		Yes - with reference to the Electricity (Connection Standards of Performance) Regulations 2015	Noted.
<b>UKPN</b>		Yes, this is the same situation as a connection date being adjusted under current agreements so the same arrangements should apply.	Noted.
<b>WPD</b>		We agree with the provisions of the regulations ending at the curtailment end date. However, DNO/iDNO's should be able to amend curtailment end dates in line with current regulations which have Exemptions which allow for a non-curtailed energisation date to be extended.	Noted.
<b>Working Group Conclusions:</b> Summary <ul style="list-style-type: none"> <li>- All but one respondents agree. Octopus believe any movement due to the DNO/iDNO not meeting their reinforcement dates should be compensated – to be discussed in the working group.</li> <li>- Proposed legal text by NPG – to be discussed in the working group subject to resolving Octopus' points.</li> <li>- Working group to clarify if the term 'customer' covers demand and generation – potential confusion with definitions in other documents such as The Electricity (Connection Standards of Performance) Regulations 2015</li> </ul> Broad agreement but workgroup discussion needed and potentially legal advice. <ul style="list-style-type: none"> <li>• delaying energisation for new project does not affect profitability but extension of curtailment does therefore same Regs not appropriate (Octopus);</li> </ul>			

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- negotiations with DNOs are on 'good faith' basis but consumers business case is not and so request defined limit or additional payments to customers if DNOs need to extend Curtailment End Date (Octopus);
- proposed revised wording based upon the 'extensions of time' provision (Npg).

Company	Confidential/ Anonymous	24. Should these provisions be repeated in full in the 'Form of Curtailable Connection Agreement' which is set out in Appendix B of the proposed new Schedule? Please provide your reasons.	Working Group Comments
<b>BU-UK</b>		We don't believe they need to be repeated in full but can be referenced.	Noted.
<b>EDF</b>		Yes, it would be helpful.	Noted.
<b>ENWL</b>		We do not believe this is necessary but will leave to the DCUSA Legal advisors to decide whether this is necessary.	Noted.
<b>ESP</b>		We do not think there are any issues with repeating the provisions in the Form.	Noted.
<b>INA</b>		There are minimal issues with repeating the provisions in the Form.	Noted.
<b>NPg</b>		Yes. We believe that the Customer would benefit from having the wording repeated in the connection agreement.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.

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<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		It is clearer for the user but does create the risk of drift, should the Regulations be amended.	Noted.
<b>SPEN</b>		A link could be provided within the Form of Curtailable Connection Agreement to enable the customer to access the information. This will allow it to efficiently reflect any changes.	Noted.
<b>SSEG</b>		See our response to q. 23. – potentially yes, if legal advice is that the definition of 'Customer' applies only to demand customers and not to generation customers - see our response to q.23.	Noted.
<b>SSEN</b>		No - the intention is to maintain consistency between the application of the regulations to both energisation and curtailment end date and as such reference should be made to the latest regulations as in force at the time.	Noted.
<b>UKPN</b>		Only if there is a legal opinion that the Regulations themselves cannot apply in this circumstance. In this case the regulations should be replicated in either DCUSA or the Connection Agreement.	Noted.
<b>WPD</b>		The provisions within Appendix B look to make sense in regards to the detail required within a curtailed CA.	Noted.
<b>Working Group Conclusions:</b> Summary			



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No clear decision. Reasons for are aligned – clearer for the user with UKPN raising the question if there is a legal reason it should be included. Reasons against are risk of drift and unnecessary. – working group will need to decide whether the risk of drift outweigh the ease to the user of including the provisions. Legal opinion may be required.

- Risk of drift (Sembcorp)

No, can be referenced/linked – 5

Legal advice should be sought/taken into opinion – 3

- Isn't necessary but DCUSA legal advisors should confirm (ENWL)
- Depends if legal advice is that "Customer" is only demand, then yes (SSEG)
- If legal advice is that Regulations themselves cannot apply. (UKPN)

Company	Confidential/ Anonymous	25. Do you agree that this additional paragraph satisfies the intent of the Access SCR Decision?	Working Group Comments
<b>BU-UK</b>		We believe that this paragraph satisfies the intent of the Access SCR, however it is not 100% clear from this paragraph, or the SCR decision that all the same terms of the curtailable connection (including the exceeded curtailment limit price) would apply in perpetuity. It may be worth clarifying that this would be the case.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes.	Noted.
<b>ESP</b>		Yes.	Noted.

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INA		N/A	
<b>NPg</b>		No. The proposed paragraph only caters for a Customer choosing not to pay costs when the high-cost project threshold is exceeded. The Access SCR Decision is clear that the high-cost project threshold may not apply, but the Customer may choose not to pay any reinforcement and opt for an enduring Curtailable Connection (i.e. a generator connection that does not exceed the high-cost project threshold). The Customer must be presented with a counterfactual Non-Curtailable Connection Offer, therefore if the Customer is not willing to pay its reinforcement contribution, then the Customer can (i) accept the offer of a Curtailable Connection or (ii) reject the offer entirely.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes.	Noted.
<b>SSEG</b>		No, we do not agree that the additional wording as per para 4.62 of the consultation document is sufficient. We consider it too narrow in scope. The proposed text only refers to a scenario in relation to the high-cost project threshold: "If you choose not to pay the costs in excess of the high-cost project threshold, you can request a Curtailable Connection instead, then the connection will be Curtailable on an enduring basis with no end-date. If	Noted.

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		<p>you subsequently require a Non-Curtailable Connection, then this would require a new connection request which may still be subject to excess costs.”</p> <p>However, in their decision document, para 4.65, Ofgem take a broader approach, stating that: “..., explicit end dates would not apply where a customer does not explicitly request a firm connection or is unwilling to accept the costs of firming up the connection at the point at which the connection agreement is reviewed. It would also not apply where the connection request triggers the HCC and the connecting customer does not agree to contribute to reinforcement costs above the cap. In such instances, non-firm arrangements can be made on an enduring basis with no set end date.”</p> <p>We therefore suggest that the proposed additional text should be broadened to better reflect Ofgem’s other scenarios (as italicised).</p>	
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes, this provides the required clarity for circumstances where curtailable connections will be an enduring solution with no defined end date.	Noted.
<b>WPD</b>		Yes, it appears to satisfy the intent on the Access SCR decision.	Noted.
<p><b>Working Group Conclusions:</b></p> <p>Summary:</p> <ul style="list-style-type: none"> <li>- Two responders believe the text is not sufficient and should be broadened to address those that do not want to pay reinforcement costs even if below the high cost cap – to be discussed in the working group and potentially additional legal text will need to be drafted.</li> </ul>			

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- Request to clarify if all the terms in the curtailable connection would be enduring if a connection does not have an end date – working group to discuss whether further clarity is needed and whether any terms in the contract are not relevant should a customer seek to not have an end date.

Yes – 9

Yes, but – 1

- Do terms apply in perpetuity? Requires clarification (BU-UK)

No – 2

- Paragraph only covers Customer choosing not to pay costs when the high-cost project threshold is exceeded. Decision includes Customers who opt for an enduring Curtailable Connection regardless of application of high cost cap. (Npg)
- Too narrow – only in reference to high-cost cap. Suggested wording based on Decision letter para 4.65 (SSEG)

Company	Confidential/ Anonymous	26. Do you agree that the required changes to the wording in the CCCM should be included in the legal text changes for DCP406?	Working Group Comments
<b>BU-UK</b>		Yes.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		It is probably easier for stakeholders not closely involved to see these changes in one place and hence include in the DCP406 text.	Noted.
<b>ESP</b>		Yes.	Noted.

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INA		N/A	
NPg		For this change to be implemented by DCP406 a change in scope would be required to that CP. Whilst this may be straightforward, we consider that it is unnecessary and should be implemented by this CP. It is not uncommon for separate CPs to amend the same paragraphs and all four Access SCR CPs are progressing in parallel and are discussed at the weekly Energy Networks Association (ENA) implementation steering group.	Noted.
Octopus		Octopus will not comment on this question.	Noted.
OPN		Yes.	Noted.
Sembcorp Energy		Yes.	Noted.
SPEN		Yes.	Noted.
SSEG		No, we don't. Instead, we propose below another solution. One element of Ofgem's access reforms is the creation of a high cost project threshold for demand connections (and the retention of this for generation connections), whereby both demand and generation connectees become liable for reinforcement costs above the threshold. This element (1) is in scope of DCP406, which is proposing to amend Schedule 22 (the CCCM) by creating para 1.16. However, Ofgem acknowledge (in their decision document) that in such instances, some customers may not want to transfer to a non-curtailable connection agreement. In order to enable such customers to remain on a curtailable agreement, the same para 1.16, would need to be	Noted.

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		<p>amended further (by adding to the DCP406 proposed wording), albeit this element (2) is in scope of DCP404.</p> <p>We understand that it is not good practice for two concurrent CPs to amend the same section of legal text, which would be the case if element (1) was added via DCP406 and element (2) via DCP404. Alternatively, both elements could be added in full via either of the two CPs (albeit potentially breaching the scope of either CP). All of these options carry the risk that if Ofgem wishes to approve one but not the other of the CPs, the resulting legal text would be insufficient or, in part, superfluous, thereby not delivering Ofgem's direction.</p> <p>We suggest that to address this risk, both CPs require an alternative version of the legal text which ensures that if one of the CPs is rejected, Ofgem's direction can still be delivered in respect of the other CP. We consider that it is for the DCUSA Code</p>	
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		We believe this can be agreed between the DCP 404 and DCP 406 working groups based on what is easiest for stakeholders to engage with as necessary.	Noted.
<b>WPD</b>		Yes, it makes sense to include them in DCP406.	Noted.
<b>Working Group Conclusions:</b> Summary:			

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- Majority of responders are happy for the text to be included in 406, however SSEG propose separating the elements relevant to 404 and 406 and keeping them in their respective CPs. This is acknowledged as being against best practice but believe that if the whole text was kept together in one CP Ofgem don't approve of that one but do the other, there's a risk of the legal text being insufficient. – working group to discuss this risk.

- NPG believe text should be kept in this CP.

Yes, but – 1

- Do terms apply in perpetuity? Requires clarification (BU-UK)

No – 2

- Paragraph only covers Customer choosing not to pay costs when the high-cost project threshold is exceeded. Decision includes Customers who opt for an enduring Curtailable Connection regardless of application of high cost cap. (Npg)
- Too narrow – only in reference to high-cost cap. Suggested wording based on Decision letter para 4.65 (SSEG)

26. Do you agree that the required changes to the wording in the CCCM should be included in the legal text changes for DCP406?

Yes – 9

No – 2

- Would require a change in scope to DCP406. Within this CP is easier. (Npg)
- Creation of a high cost project threshold is in scope of DCP406. Option to remain on curtailable agreement is in scope of DCP404 but could be added into DCP406. Suggestion that both CPs have alternatives that include element from other CP to ensure full solution if either CP is rejected (SSEG)

Unclear – 1

- can be decided on between DCP404 and DCP406 work groups (UKPN)

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Company	Confidential/ Anonymous	27. Do you agree with the Working Group in relation to the form of Curtailable Connection Agreement? If not, please provide your reasons.	Working Group Comments
<b>BU-UK</b>		Yes.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes, we agree with the approach as one of the expected outcomes of the access reforms is that Non-Curtailable access provisions are consistent across all DNOs.	Noted.
<b>ESP</b>		Yes, as this will lead to consistency across DNOs.	Noted.
<b>INA</b>		Yes, as this will lead to consistency across network operators.	Noted.
<b>NPg</b>		We have proposed some changes, without altering intent, which are included in the marked-up legal text appended to this response.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.



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<b>SPEN</b>		Yes, we largely agree with the proposed Curtailable Connection Agreement recognising that some elements may need to be updated slightly to reflect the outcome of this consultation.	Noted.
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes, we believe the Agreement includes the important aspects of the connection.	Noted.
<b>WPD</b>		Yes as this is a consistent approach for DNOs/iDNOs and customers	Noted.
<b>Working Group Conclusions:</b> Summary, - All in agreement accepting minor changes proposed by NPG – working group to run through NPG’s proposals in working group session. Yes – 12 Yes, but – 1 • tweaked wording (Npg)			

Company	Confidential/ Anonymous	28. Do you agree with the Working Group in relation to the approach used for incorporating amendments of the applicable NTC section into Appendix 2 of the form of	Working Group Comments
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		Curtailable Connection Agreement? If not, please provide your reasons.	
<b>BU-UK</b>		Yes, this is the most sensible solution to amending the NTC only where it is necessary for curtailable connection customers.	Noted.
<b>EDF</b>		Yes.	Noted.
<b>ENWL</b>		Yes, we agree with the proposed approach.	Noted.
<b>ESP</b>		Yes.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Yes.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.
<b>SPEN</b>		Yes, we agree with the proposed approach.	Noted.
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.

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<b>SSEN</b>		Yes.	Noted.
<b>UKPN</b>		Yes, we are happy with amendments of the applicable NTC section being included into Appendix 2.	Noted.
<b>WPD</b>		Yes	Noted.
<b>Working Group Conclusions:</b> Summary - All in agreement			

Company	Confidential/ Anonymous	29. Do you agree that a Customer subject to a Curtailable Connection should be required to fund any end control equipment as is applicable to arrangements for Flexible Connections in accordance with Schedule 22? Please provide your rationale.	Working Group Comments
<b>BU-UK</b>		Yes, we believe that this approach is equitable to existing customers who have opted for flexible connections.	Noted.
<b>EDF</b>		Yes, it seems unreasonable that other consumers would have to fund this cost if it is solely for the use of a connecting customer. The connecting customer should make it part of their investment decision.	Noted.

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<b>ENWL</b>		Yes, we agree that customers who request Non-Curtailable connections should fund additional costs as they currently would for a Flexible Connection, otherwise these costs would be borne by customers in general.	Noted.
<b>ESP</b>		Additional clarity is required to outline the costs involved for a typical connection and the treatment of control equipment at the curtailment end date. On principle of existing precedent, it would be consistent for customers to fund control equipment.	Noted.
<b>INA</b>		Additional clarity is required to outline the costs involved for a typical connection and the treatment of control equipment at the curtailment end date. On principle of existing precedent, it would be consistent for customers to fund control equipment.	Noted.
<b>NPg</b>		Yes, this is consistent with existing treatment of a flexible connection in Schedule 22 ('Common Connection Charging Methodology').	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Noted.
<b>OPN</b>		There may be circumstances where a customer wishes to install equipment at their cost to manage the impact of a curtailable connection, in which case this proposal is appropriate. However, this may need further consideration.	Noted.
<b>Sembcorp Energy</b>		Yes.	Noted.

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<b>SPEN</b>		Yes, we agree with the proposed approach which is consistent with current provisions for funding of control equipment for flexible connections.	Noted.
<b>SSEG</b>		We do not have any comments at this point in time.	Noted.
<b>SSEN</b>		Yes, where any equipment is installed for the sole-use of the connecting customer they should fund similar to other traditional extension assets.	Noted.
<b>UKPN</b>		Yes, this follows the same principles as for electrical costs i.e. the connecting customer pays for “sole-use” assets. This also aligns with the CCCM provision under paragraph 1.32A of Schedule 22 in DCUSA for cost allocation of equipment for flexible connections.	Noted.
<b>WPD</b>		Yes, the customer should pay for all sole use equipment that will allow them an expedited connection. This is currently the case for ANM customers in that the customer pays for the connection control panel and comms equipment.	Noted.
<b>Working Group Conclusions:</b>  Summary:  - Two/Three respondents request further clarity on cost of control equipment and what impact would be if a customer wishes to install equipment at their own cost to manage curtailment (this later point may need further discussion as it is not obvious to me what this point means) – working group to discuss whether further clarity is needed in legal text.  Yes – 9  Yes, but – 2			

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- Additional clarity is required to outline the costs involved for a typical connection and the treatment of control equipment at the curtailment end date (ESP, INA)
- There may be circumstances where a customer wishes to install equipment at their cost to manage the impact of a curtailable connection, in which case this proposal is appropriate. However, this may need further consideration (OPN)

Company	Confidential/ Anonymous	<p>30. Do you consider that the proposal better facilitates the DCUSA General Objectives?</p> <p>If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons.</p> <p>If not, please provide supporting reasons.</p>	Working Group Comments
<b>BU-UK</b>		Yes we agree the proposal better facilitates the general objectives as stated in the consultation.	<b>Noted.</b>
<b>EDF</b>		Yes,  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	<b>Noted.</b>
<b>ENWL</b>		Yes, we agree that the proposals better meet objectives 1 and 3 for the reasons set out in the consultation.	<b>Noted.</b>

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<b>ESP</b>		Yes, we agree with the reasoning provided that the proposal better facilitates the stated objectives.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		We agree with the view set out in the consultation.	Noted.
<b>Octopus</b>		Octopus will not comment on this question.	Do we know why?
<b>OPN</b>		Yes.	Noted.
<b>Sembcorp Energy</b>		Yes, against 1) and 3) for the reasons stated in the report.	Noted.
<b>SPEN</b>		<p>We do not agree that DCUSA General Objective one is better facilitated due to the proposal to use the highest flexibility market price of the DNO licence area as this is not economical.</p> <p>We agree that the proposed changes better facilitate DCUSA General Objective three as they allow for the efficient discharge of obligations imposed upon DNOs / IDNOs.</p>	<p>The Ofgem Direction is clear that:          'The Exceeded Curtailment Price should:</p> <p>a) be sufficiently high so that network operators are disincentivised to exceed the Curtailment Limit.</p> <p>b) be markedly higher than contracted market prices of flexibility in the licence area under the requirements of SLC 31E, or the cost of Reinforcement required to provide a connection</p>

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			<p>where contracted market prices are unavailable.</p> <p>c) be calculated consistently across all network operators.'</p> <p>Is there an alternative option that the workgroup has not considered?</p>
<b>SSEG</b>		<p>1. The development, maintenance and operation by the DNO Parties and IDNO</p> <p>Parties of efficient, co-ordinated, and economical Distribution Networks Impact: positive - the proposal to create (mainly temporary) curtailable connection agreements encourages the efficient, co-ordinated and economical development and operation of distribution networks.</p> <p>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 Impact: neutral. However, if the codification of the transparency (in accordance with the work (see Question 33 below) of the Energy Data Taskforce) of all the information introduced by this proposed change is achieved (in the way we have set out in our answers to this consultation), then positive in terms facilitating effective competition.</p> <p>3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences Impact: positive, e.g. by supporting the distributors meeting their obligations in respect of SLC 31E (Procurement and use of Distribution Flexibility Services).</p>	<p>Noted.</p>



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		<p>4. The promotion of efficiency in the implementation and administration of the</p> <p>DCUSA Impact: neutral</p> <p>5. Compliance with the EU Internal Market Regulation and any relevant legally</p> <p>binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators. Impact: If in</p>	
<b>SSEN</b>		Yes, 1 and 3 as identified in this consultation	Noted.
<b>UKPN</b>		Yes, we agree that the proposal positively impacts objective 1 – the DNOs'/IDNOs' ability to manage their networks efficiently, co-ordinated across the industry, and economically; and objective 3 where the proposal has positively impacted the DNOs' and IDNOs' ability to discharge their licence obligations.	Noted.
<b>WPD</b>		Yes, as outlined in 5.1	Noted.
<p><b>Working Group Conclusions:</b></p> <p>All bar 1 responder agreed that the principles better facilitate the DCUSA General Objectives.</p> <p>SPEN agreed that it better facilitates General Objective 3, however, do not agree that it better facilitates General Objective 1 due to the proposal to use the highest flexibility market price of the DNO licence area as this is not economical. The Working Group agree that this would extend the definition of Curtailment, and therefore will be outside of scope of this CP. The Working Group agreed to address and note this within the Change Report.</p>			

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Company	Confidential/ Anonymous	31. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
<b>BU-UK</b>		Aside from the other Access SCR CP's, no.	Noted.
<b>EDF</b>		No.	Noted.
<b>ENWL</b>		Yes, Ofgem needs to consider funding mechanisms via RIIO-ED2 proposals.	Noted that this is outside of the SCR scope and covered by RIIO-ED2.
<b>ESP</b>		None.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		We recognise that this CP is one of four CPs raised to implement the Access SCR Decision. The interaction between the four CPs should be considered to ensure consistency where necessary.	Noted.
<b>Octopus</b>		The development of DSO incentives in the ED period, as mentioned in our response to question 16.	Octopus response to Q.16 copied below.  'Octopus is not currently confident that the DSO Incentive that has been proposed by Ofgem in their Draft Determinations is enough to incentivise DNOs to accelerate the development of flexibility markets and DSO responsibilities that are necessary

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			<p>to develop in the ED2 period. We, therefore, have concerns that if the DSO Incentive is not strong enough to encourage DNOs to procure flexibility services (particularly on their LV networks), and in combination the Exceeded Curtailment Price is not high enough then DNOs may opt to curtail generators in most situations where the network is likely to be constrained. It is wasteful to curtail generators by preference, rather than allow markets to develop which allow storage to import this surplus or for consumers to shift demand to these high generation periods. Therefore it is crucial that we ensure the incentives and disincentives are strong enough to drive the right behaviours.'</p> <p>Noted that this is outside of the SCR scope and covered by RIIO-ED2.</p>
<b>OPN</b>		No.	Noted.
<b>Sembcorp Energy</b>		No.	Noted.

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<b>SPEN</b>		<p>Open Networks, Workstream 1A Product 5 Primacy Rules, may impact how DSOs utilise flexibility services.</p> <p>In the same way that transmission constraints are excluded, if National Grid issue an instruction to the DNO that impacts on the management of curtailment through flexibility services, these should be excluded from the Exceeded Curtailment calculations.</p>	<p>Is this a new issue and should we revisit the Exceeded Curtailment calculations?</p>
<b>SSEG</b>		<p>We understand that in order to fully implement the Access policies, Ofgem considers that in addition to the four DCUSA change proposals, further Electricity Distribution Licence and legislative change may be necessary. We are keen to see the details of this.</p> <p>As outlined in our response to q. 17, we consider that the EU Clean Energy Package may apply in the context of this change proposal.</p>	<p>In their response to Q.17 SSEG state:</p> <p>As such, we propose that a provision to this effect is added to the proposed legal text along the lines of: "In accordance with Article 13, Paragraph (7), of the Clean Energy Package, (CEP Reg 2019/943), the distributor will also perform the CEP calculations. Where this results in a price larger than the price calculated in paragraph (9), then the CEP calculated price will be paid. Where the CEP calculated price is less than or equal to the value calculated in paragraph (9), then the value in paragraph (9) will be paid."</p> <p>Should we make this amendment?</p>

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<b>SSEN</b>		None that have not already been identified by DCUSA, ECCR, Licence or DNO specific changes	Noted.
<b>UKPN</b>		The RIIO-ED2 Price Control – the cost impact of the proposals contained within this DCP and associated DCPs (DCP 45, DCP 406 and DCP 406) must be reflected in the RIIO-ED2 price control settlement. This matter is being managed through the RIIO-ED2 process.	Noted that this is outside of the SCR scope and covered by RIIO-ED2.
<b>WPD</b>		No.	Noted.
<b>Working Group Conclusions:</b> 7 responders were unaware of wider industry impacts of this CP. 6 responders noted areas that be impacted by this CP.			

Company	Confidential/ Anonymous	32. Do you have any comments on the proposed legal text?	Working Group Comments
<b>BU-UK</b>		Nothing that hasn't already been considered in responses to other questions.	Noted.
<b>EDF</b>		No.	Noted.
<b>ENWL</b>		We have no additional comments on the legal text as we have been actively involved in the Working Group.	Noted.

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<b>ESP</b>		No comments.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		<p>We have proposed some amendments for the working group to consider which are appended to this response. We do not believe that the proposed amendments alter the intent.</p> <p>In relation to paragraph 1.2, we consider that 'network benefit' should be defined as this is key to determining when a DNO/IDNO Party must offer a Curtailable Connection in line with the Access SCR Decision. We propose that the working group discusses with Ofgem's its view of said benefit in deciding its policy intent.</p>	Should 'network benefit' be defined?
<b>Octopus</b>		No.	Noted.
<b>OPN</b>		No.	Noted.
<b>Sembcorp Energy</b>		No.	Noted.
<b>SPEN</b>		No further comments	Noted.
<b>SSEG</b>		We have made several suggestions for the amendment of the proposed legal text in our responses to various other questions.	Flexibility Market Price determination: The proposed changes appear to add clarity.

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		<p>In addition, we have the following suggestions to aid clarity / understanding (as well as transparency) for all parties as to what, exactly, is meant by reference to a simple, illustrative, 'worked' example:</p> <p>Flexibility Market Price determination</p> <p>Para 6: From 01 April 2023, and then on the first of each April and October, the Company shall determine, and publish on its website, the maximum contracted utilisation price. The Flexibility Market Price shall be the highest of any Distribution Flexibility Services for contracts applicable to that Company in the current regulatory year and the two previous regulatory years. Thus, for example, the 1st April 2023 figure, shall be for 2023/24 and also 2022/23 and 2021/22 and likewise for the 1st October 2023 figure, it shall be for 2023/24 (updated for any contracts entered into since 1st April 2023 for 2023/24) and also 2022/23 and 2021/22. If the price is in £/MWh the Company shall convert to £/MVAh by dividing by an assumed [0.95] power factor.</p> <p>Curtailable Connection End Date</p> <p>a) We consider that para 7.3 should include a provision to ensure that distributors must inform Customers in a timely manner of their intent to move a Curtailment End Date.</p> <p>b) We would like to see a provision in the legal text which refers to how the Curtailable Connection End Date should be set. This should be in line with Ofgem's decision, whereby they "consider that end dates should only consider wider, known developments. [...] [Ofgem] therefore conclude that end dates should be clearly linked to the specific work required to deliver the user's connection and any other known or anticipated connections and wider demands in the area served by the network."</p>	<p>Curtailable Connection End Date: The proposed changes appear to add clarity.</p>
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<b>SSEN</b>		No further comments.	Noted.
<b>UKPN</b>		<p>Our responses to some of the questions in this consultation would require changes to the legal text if addressed and/or adopted. Where possible we have tried to be clear what changes would be required within those responses.</p> <p>One final comment is we would like to include in the legal text a statement that allows for DNOs/IDNOs to provide additional curtailment assessments for the customer's own benefit where applicable. These would be supplementary and would not supersede the curtailment limit. This point is particularly important to us as we are in the process of developing solutions to connections that are held off by transmission constraints and would like to provide customers with foresight on when transmission and distribution constraints might occur. We are aware customers will likely apply for a curtailable connection and would like to be able to provide alongside the curtailable connection an estimation of transmission constraints, despite not being liable for the curtailment due to these constraints.</p>	The addition of the legal text that allows for DNOs/IDNOs to provide additional curtailment assessments for the customer's own benefit, where applicable, seems reasonable.
<b>WPD</b>		No.	Noted.
<p><b>Working Group Conclusions:</b></p> <p>NPG state that, in relation to paragraph 1.2, they consider that 'network benefit' should be defined as this is key to determining when a DNO/IDNO Party must offer a Curtailable Connection in line with the Access SCR Decision. The Working Group noted that this term has numerous definition and it is not possible to define it within this MOD. The Working Group agreed to note in the Change Report that Network benefit is a key factor in determining the curtailment offer, if it is not defined by OFGEM then it may leave it open to interpretation.</p>			



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UKPN would like to include in the legal text a statement that allows for DNOs/IDNOs to provide additional curtailment assessments for the customer's own benefit where applicable. The Working Group agree that this is not a Legal text issue as the legal text addresses the case requirement of the MOD. Anything above or beyond the requirements of the mod falls under DNO customer service. Change report comment required to reflect this.

SSEG make numerous recommendations for legal text change. Working Group agreed to review these alongside their Legal Text review.

Company	Confidential/ Anonymous	33. Do you have any other comments on DCP 404?	Working Group Comments
<b>BU-UK</b>		No.	Noted.
<b>EDF</b>		No.	Noted.
<b>ENWL</b>		No.	Noted.
<b>ESP</b>		No comments.	Noted.
<b>INA</b>		N/A	
<b>NPg</b>		Not at this point in time.	Noted.
<b>Octopus</b>		No.	Noted.
<b>OPN</b>		We would like to raise that the time allowed for this consultation, considering its importance and that it was issued during the holiday period,	The feedback is noted. Unfortunately the delivery timescale for these

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		is too short. This gives limited opportunity for scrutiny of the change proposals, and risks the proposals not being subjected to adequate review.	changes did not allow for a longer than standard consultation period.
<b>Sembcorp Energy</b>		No.	Noted.
<b>SPEN</b>		<p>Levels of Curtailment:</p> <p>The measured / contracted level of curtailment may not reflect the true level of curtailment the customer experiences e.g. under N-1 or greater conditions, or due to transmission constraints. Consideration should be given to how customers are best presented with information relating to the practical level of curtailment they are likely to experience.</p> <p>Measurement of Curtailment:</p> <p>The process of measuring curtailment quarterly on a 12-month rolling basis will result in instances where multiple exceedance payments may need to be made in relation to the same curtailment event(s) – potentially up to 4 exceedance payments related to a single quarter. This becomes more prominent if the connection is located in a section of network that is affected by significant seasonal curtailment. We strongly recommend that consideration be given to performing curtailment exceedance calculations on a fixed annual basis or the payment calculation be adjusted accordingly.</p> <p>End Date:</p> <p>It is SPEN's view allowance should be made for reviewing the End Date should the solution identified in the Connection Offer no longer represent a</p>	<p>Measurement of Curtailment:</p> <p>the process of measuring curtailment quarterly on a 12-month rolling basis was the intent.</p> <p>End Date:</p> <p>The Ofgem Direction states <i>'The date by which the provisions of the Curtailable Connection will cease ("End Date"), and at which point the user will be provided firm access on their full requested capacity. If the customer requests enduring non-firm access, then the Curtailable Connection arrangements will endure.'</i></p> <p>I don't see any scope in this for reviewing the End Date.</p>

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		<p>cost effective solution for UK customers. This scenario was reached in the South West of Scotland where the ESO determined that the reinforcement solution identified to allow all contracted generation to connect was evaluated as not being cost effective. The recommended solution was a lower capacity reinforcement alongside ongoing load management. In short it is our view that a full unconstrained connection for all connecting customers does not necessarily represent best value for all customers and should be an ongoing assessment.</p> <p>The legal text is not clear on whether an offer can be provided without an End Date (e.g. when the customer requests an enduring Curtailable Connection). Item 7.2 of the legal text states scenarios where the End Date shall be 'void', however we request that the text includes clarity on where a Curtailable Connection offer can be provided without an End Date.</p>	<p>We should review the legal text on the enduring option (i.e. no End Date) and amend if not clear.</p>
<b>SSEG</b>		<p>The curtailment merit order</p> <p>a. Whilst we recognise that the curtailment process itself is not in scope of Ofgem's Direction, we would welcome clarity and expect transparency on the common methodology (to be applied consistently by all distributors) that distributors use to determine the curtailment merit order, and how that methodology ensures equity amongst their curtailable users (e.g. by rotation of the order from one event to the next).</p> <p>b. In that context, we note that the provision of Recital (5) of the CEP should apply (to that curtailment merit order), namely that: "Electricity from renewable sources from small power-generating facilities should be granted priority dispatch either via a specific priority order in the dispatching</p>	<p>The curtailment merit order:</p> <p>Is this out of scope? If not, can we agree a common methodology and as part of this do we need to consider CEP?</p> <p>Should additional transparency be driven by RIIO-ED2 and therefore out of the SCR scope?</p>

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		<p>methodology or via legal or regulatory requirements for and market operators to provide this electricity on the market.”</p> <p>c. For the avoidance of doubt, we consider that the curtailment merit order should include distributor sites in the same way as all other customer sites are treated.</p> <p>d. We expect the distributors, collectively, to publish the common methodology for the curtailment merit order.</p> <p>2. Clarity on additional curtailment parameters In order to strengthen the benefits and transparency to network users of the change proposal, we would welcome an express requirement in the curtailable connection agreement to set out the parameters around curtailment, e.g. the timing of day, seasonal timing, duration, frequency etc.</p> <p>3. Public reporting by distributors on their curtailment activities</p> <p>We note that individual customers will be receiving regular reports on their curtailment, as per section 4. of the proposed legal text. (Note that in our response to q. 10, we suggest various additions to those requirements.) We also note that in their Access decision document (at 2.49 and 4.52 in particular), Ofgem have committed to introducing reporting requirements through RIIO-ED2 on network operators to report on curtailment events and curtailment limit breaches. We look forward to seeing the detail of these requirements. We consider that public reporting of actual curtailment activities, in real time, by each distributor is essential for delivering the UK Government’s and Ofgem’s joint intent to improve the transparency of energy sector data (as per the work of the Energy Data Taskforce and the subsequent Modernising Energy Data programme) and the efficiency of energy markets.</p>	
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		<p>We consider that the public reporting requirements would be strengthened by being set out in the DCUSA as well as the RIIO-ED2 requirements. Setting out this transparency requirement right from the very start (in this proposal) ensures that from the moment when the IT systems are first being developed by distributors, that they incorporate transparency of this energy data at the very core of the system solutions. Delaying this until a later point in time runs the risk that transparency of data is (regrettably) overlooked right from the start.</p> <p>We would expect the granularity of the reports to reflect the level of detail at which distributors gather the data, as per the customer reporting requirements set out in this proposal. We note that at transmission level, such information is already provided, in real time (or close to)2. In light of the work of the Energy Data Taskforce, we fully expect (and the Energy Data Taskforce requires) that the distributors justify why publication is not warranted in the case of distribution level.</p> <p>For the avoidance of doubt, in our view the real time publication of this information (at distribution and transmission levels) will provide the following benefits:</p> <ul style="list-style-type: none"><li>• Data Visibility: Understanding the data that exists, the data that is missing, which datasets are important, and making it easier to access and understand data.</li><li>• Infrastructure and Asset Visibility: Revealing system assets and infrastructure, where they are located and their capabilities, to inform system planning and management.</li><li>• Operational Optimisation: Enabling operational data to be layered across the assets to support system optimisation and facilitating multiple actors to participate at all levels across the system.</li></ul>	
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		<ul style="list-style-type: none"> <li>• Open Markets: Achieving much better price discovery, through unlocking new markets, informed by time, location and service value data.</li> <li>• Agile Regulation: Enabling regulators to adopt a much more agile and risk reflective approach to regulation of the sector, by giving them access to more and better data.</li> </ul> <p>Over and above the transparency benefits that the Energy Data Taskforce has identified, we'd add that such public reporting would also improve efficiency of network use through network users having greater visibility of constrained areas, resulting in more efficient investment decision making (i.e. long-term decisions).</p>	
<b>SSEN</b>		No.	Noted.
<b>UKPN</b>		No.	Noted.
<b>WPD</b>		No.	Noted.
<p><b>Working Group Conclusions:</b></p> <p>OPN state that they like to raise that the time allowed for this consultation, considering its importance and that it was issued during the holiday period, is too short. The Working Group agreed to note this in Change Report.</p> <p>SPEN raise additional information on level curtailment and ask that consideration should be given to how customers are best presented with information relating to the practical level of curtailment they are likely to experience. The Working Group agreed that this is beyond scope and should fall under DNO customer service. This should be noted in Change Report.</p>			

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SPEN note that allowance should be made for reviewing the End Date should the solution identified in the Connection Offer no longer represent a cost-effective solution for UK customers. The Working Group agreed that this is covered by the exceptional circumstances clause and will point SPEN to this in the Change Report.

SPEN note that where an offer is made with no end date the Legal Text does not make provision for this. The Working Group agreed to review legal text to understand if changes are required to be made.

SSEG ask that curtailment merit order be published. The Working Group agreed this is out of scope and this will be noted in the change report. SSEG ask that clarity be given on additional curtailment parameters In order to strengthen the benefits and transparency to network users of the change proposal, we would welcome an express requirement in the curtailable connection agreement to set out the parameters around curtailment. It was agreed that this is out of scope, however it will be noted that this is an aspiration that should be worked towards.

SSEG ask for public reporting by distributors on their curtailment activities. Working Group state that this is out of scope and will ensure it is noted in the Change Report.