

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 404:</h1> <h2>Access SCR Changes to Terms of Connection for Curtailable Customers</h2> <p>Date Raised: 6th May 2022</p> <p>Proposer Name: Tom Selby</p> <p>Company Name: Electricity North West</p> <p>Party Category: DNO</p>	<p>01 – Change Proposal</p>	
	<p>02 – Consultation</p>	
	<p>03 – Change Report</p>	
	<p>04 – Change Declaration</p>	
<p>Purpose of Change Proposal:</p> <p>The purpose of this change proposal (CP) is to implement parts of Ofgem’s Access SCR Decision in respect of Non-firm Access Rights. This CP seeks to address paragraphs 18 to 22 of the Access SCR Direction. The full Access SCR implementation will also change other parts of the DCUSA and other industry documents</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> • Treated as a Part 1 Matter; • Treated as an Urgent Change; • Treated as an Authority Change; and • Progressed to the definition phase and for a Working Group to further refine the proposed solution. <p>The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>	
		<p>Impacted Parties:</p> <p>Suppliers, DNOs, IDNOs and CVA Registrants</p>
<p>Impacted Clauses:</p> <p>New Schedule (Curtailable Connections), Schedule 22 (Common Connection Charging Methodology)</p>		

Contents		?	Any questions?
1	Summary	3	Contact: Code Administrator
2	Governance	4	 DCUSA@electralink.co.uk
3	Why Change?	5	 020 7432 3011
4	Solution and Legal Text	7	Proposer: Tom Selby
5	Code Specific Matters	8	 tom.selby@enwl.co.uk
6	Relevant Objectives	8	 07824321980
7	Impacts & Other Considerations	9	Other: Tony McEntee
8	Implementation	10	 tony@bettisfieldconsulting.onmicrosoft.com
9	Recommendations	10	 07456618222
Indicative Timeline			
The Secretariat recommends the following timetable:			
Initial Assessment Report	11 May 2022		
Consultation Issued to Industry Participants	TBC		
Change Report Approved by Panel	21 September 2022		
Change Report issued for Voting	23 September 2022		
Party Voting Closes	14 October 2022		
Change Declaration Issued to Parties	18 October 2022		
Change Declaration Issued to Authority	18 October 2022		
Authority Decision	November 2022		

1 Summary

What?

- 1.1 On 3rd May 2022 Ofgem published their final decision (the 'Access SCR Decision') and direction (the 'Access SCR Direction') regarding the Access and Forward-Looking Charges Significant Code Review (the 'Access SCR'). Ofgem believe the Access SCR reforms will be an enabler of Ofgem's strategic priorities, including enablement of investment in low carbon infrastructure at a fair cost, and the delivery of a more flexible electricity system. The Access SCR Decision focuses on two main areas: changes to the connection charging boundary for demand and generation distribution network connections; and changes to better define non-firm access arrangements at distribution.
- 1.2 Specifically, this CP seeks to implement the necessary changes to the DCUSA to deliver the obligations placed on DNOs in the Access SCR Direction with regard to:-
 - the definition of curtailment;
 - setting curtailment limits;
 - Obligations on the network operator if curtailment is required above accepted limits; and
 - End dates for curtailable access.

Why?

- 1.3 The Access SCR Direction places an obligation on DNOs to bring forward the necessary code changes to implement the decision. Failure to implement the decision may lead to DNOs breaching their licence ('Distribution Licence') obligations.

How?

- 1.4 The implementation of the Access SCR Decision requires changes to a number of industry documents. Whilst the main parts of the decision will be implemented through changes to the DCUSA, other aspects of the decision will be implemented through amendments to the model form of the DNO Statements of Methodology and Charges for Connection, the Distribution Licence, and the Electricity Connection Charge Regulations (ECCR).
- 1.5 Non-firm access options for distribution connected users are not available to Small Users or unmetered users. Small Users are defined as "households and non-domestic users that are billed on an aggregated and non-site-specific basis or who are metered directly using whole current meters". Therefore, changes to the connection terms are needed for users affected by the Access SCR Decision. These terms are currently documented in Schedule 2B Section 3 (National Terms of Connection) and Schedule 2C (Suggested Bespoke Connection Agreement).
- 1.6 Whilst the Access SCR Decision refers to arrangements for 'non-firm' access, it is proposed to use terms Curtailable and Non-Curtailable in this CP. This is to aid clarity as the term 'non-firm' has different meanings in different situations.
- 1.7 The new DCUSA Schedule will focus on the following areas:-

- the Bilateral Arrangements between Distributors and Customers to reflect the curtailment arrangements:
 - the methodology for determining the curtailment limits; and
 - the methodology for setting the price where a distributor exceeds the maximum curtailment hours.
- 1.8 The CP also includes minor changes to Schedule 22 (Common Connection Charging Methodology) to ensure the costs of any equipment needed to manage the curtailment are borne by the customer.
- 1.9 The impact of the Access SCR Decision on the Connections Application process will be addressed in changes to Sections 1 to 3 of the DNO Statements of Methodology and Charges for Connection. Each DNO is required to publish such a statement and the form of this statement is approved by Ofgem. DNOs have collectively developed the current form of the statement and it is used by all DNOs. DNOs will collectively amend the form of the statement as required and seek form approval from Ofgem. This is out of scope of this CP.
- 1.10 The Access SCR Decision will also need to be reflected in connection offer terms made by DNOs (and IDNOs) to customers. For competition reasons these terms are specific to each distributor and not agreed collectively. Each distributor will therefore be responsible for amending their own terms and this is out of scope of this CP.
- 1.11 The changes to access arrangements will be the same regardless of whether a customer connects to a DNO or IDNO network and this is covered by this CP. There will however need to be changes to the bilateral arrangements between DNOs and IDNOs which are set out in Section 2B (Terms and Conditions) and Schedule 13 (Bi-lateral Connection Agreement). A separate CP covering these changes will be raised.
- 1.12 The other major aspect of the Access SCR Decision is changes to the Connection Charging Boundary. Implementation of these changes will require significant modification to Schedule 22 (Common Connection Charging Methodology). As this is a charging modification, this will be progressed as a separate charging modification, however there will need to be close liaison as both changes are impacting the same sections of DCUSA.

2 Governance

Justification for Part 1 or Part 2 Matter

Requested Next Steps

2.1 This Change Proposal should:

- Be treated as a Part 1 Matter as it meets a number of the criteria set out in Clause 9.4, namely:-
 - 9.4.1 it is likely to have a significant impact on the interests of electricity consumers;
 - 9.4.2 it is likely to have a significant impact on competition in one or more of:

(A) the generation of electricity;

(B) the distribution of electricity; and

(D) any commercial activities connected with the generation, distribution or supply of electricity; and

- 9.4.6 it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A.
- Be treated as an Urgent Change and an Authority Change. The implementation date directed in the Access SCR Decision is 1 April 2023 to align with the start of the RIIO-ED2 Price Control Period. The time available from the Access SCR Decision to this implementation date is therefore short. This therefore meets criteria under Clause 10.7 (A Change Proposal should be treated as urgent if it relates to a current or imminent issue that if not urgently addressed may cause one or more Parties to be in breach of the Relevant Instruments or other law) as failure to meet the implementation could put DNOs at risk of being in breach of a Relevant Instrument (i.e. the distribution licence in this case); and
- Proceed to the Working Group phase. Whilst the CP has included draft legal text designed to implement the Access SCR Decision, it is important that this is given wider scrutiny by other stakeholders.

2.2 This CP cannot be withdrawn without the Authority's consent to do so.

2.3 In accordance with Clause 11.9A, the Authority may also, by direction, specify and/or amend the relevant timetable to apply to each stage of the Assessment Process, and where it has determined the implementation date to be 1 April 2023.

2.4 It is important that the change is submitted to Ofgem for approval by October 2022 to allow DNOs to meet the obligation placed on them in the Access SCR Direction.

3 Why Change?

3.1 As noted this CP has been prepared in response to specific requirements set out in the Access SCR Direction, and modifications to the DCUSA are needed where it does not cover the non-firm arrangements set out in the Access SCR Decision. Specifically, this change has been raised to address paragraphs 18 to 22 of Ofgem's Access SCR Direction, which have been set out below for reference:

Non-firm Access Rights

18) *Reforms to the definition and choice of access rights are explained under 'Details of our Decision' in Chapter 4 of the Access SCR Decision - Decision on Access Rights (in the case for change section), specifically in the following sections:*

i) *'The definition of curtailment', paragraphs 4.35 – 4.44*

ii) *'Setting curtailment limits', paragraphs 4.45 – 4.47*

iii) *'Obligations on the network operator if curtailment is required above accepted limits',*

paragraphs 4.48 – 4.62

- iv) *'End dates for curtailable access', paragraphs 4.63 – 4.75*
- 19) *The Proposal(s) must set out a definition of Curtailment which captures any action taken by the network operator to restrict a user's access to the distribution system, explicitly excluding interruptions caused by a fault or damage to the distribution system which results in loss of supply to the customer, and excluding distribution network actions resulting from constraints on the transmission network.*
- 20) *The Proposal(s) should include restrictions on the circumstances in which a connection offer can include a provision for Curtailment, referred to here as a Curtailable Connection. Those circumstances must include:*
 - i) *A Curtailable Connection is only offered where the network operator has identified a requirement for Reinforcement to facilitate a connection*
 - ii) *A Curtailable Connection is not available to small users, which should capture households and non-domestic users that are billed on an aggregated and non-site-specific basis or who are metered directly using whole current meters, and is not available to unmetered users.*
 - iii) *A Curtailable Connection offer should be accompanied by supporting information on the expected costs of the counterfactual non-Curtailable Connection, to enable the customer to make an informed decision.*
- 21) *The Proposal(s) should set out a standardised approach to the application of parameters which would apply to connection offers for Curtailable Connections, including:*
 - i) *The capacity that is curtailable, which could be anything up to and including the full capacity requested by the customer ("Curtailable Capacity").*
 - ii) *Calculating the number of hours for which a customer has been subject to Curtailment, as the number of hours the customer has been curtailed multiplied by proportion of Curtailable Capacity which was Curtailed ("Curtailment Hours")*
 - iii) *Setting a limit on the maximum number of Curtailment Hours ("Curtailment Limit") which should:*
 - a) *be applied in respect of Curtailment Hours over a rolling 12-month period.*
 - b) *be set by the DNO via a defined process on the basis of maximising network benefit, taking into account network availability and forecast time-profiled levels of demand/generation associated with the relevant network constraint, as well as a probabilistic assessment of the level of Curtailment required.*
 - c) *be applied consistently across all network operators.*
 - iv) *The steps the network operator must take in order to avoid exceeding the Curtailment Limit, namely the provision of required network capacity or the procurement of flexibility in line with the requirements of Electricity Distribution Standard Licence Condition 31E.*
 - v) *The steps which will be taken if the network operator is unable to avoid exceeding the Curtailment Limit, including specifying requirements for notifications from the network operator to the customer prior to exceeding the Curtailment Limit, and payments to the customer at a set price ("Exceeded Curtailment Price") when the Curtailment Limit is exceeded. The Exceeded Curtailment Price should:*
 - a) *be sufficiently high so that network operators are disincentivised to exceed the Curtailment Limit.*
 - 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.*

5 Code Specific Matters

Reference Documents

5.1 Access SCR Decision¹ and Access SCR Direction².

6 Relevant Objectives

	DCUSA General Objectives	Identified impact
<input checked="" type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive
<input type="checkbox"/>	2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Neutral
<input checked="" type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
<input type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	Neutral
<input type="checkbox"/>	5. Compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

	DCUSA Charging Objectives	Identified impact
<input type="checkbox"/>	1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	None
<input type="checkbox"/>	2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
<input type="checkbox"/>	3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	None

¹ <https://www.ofgem.gov.uk/sites/default/files/2022-05/Access%20SCR%20-%20Final%20Decision.pdf>

² <https://www.ofgem.gov.uk/sites/default/files/2022-05/Access%20SCR%20-%20DCUSA%20Direction1651572952655.pdf>

<input type="checkbox"/>	4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	None
<input type="checkbox"/>	5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and	None
<input type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

6.1 The Access SCR proposals are designed to facilitate more efficient development of the electricity distribution systems and hence implementing these will have a positive impact on General Objective 1. As these changes are the result of an SCR and DNOs have received the Access SCR Direction to implement the necessary code changes, this CP has a positive impact on General Objective 3.

7 Impacts & Other Considerations

7.1 There are no cross-code impacts of this CP.

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

7.2 This CP is part of a suite of changes that will implement the Access SCR Decision, therefore the SCR phase shall be treated as having ended.

Does this Change Proposal Impact Other Codes?

BSC..... MRA.....
 CUSC..... SEC.....
 Grid Code..... REC.....
 Distribution Code.. None.....

Consideration of Wider Industry Impacts

7.3 The issue has been subject to a number of industry consultations as part of the Access SCR process. In addition, at the time of submitting this CP, the ENA has held one briefing session for parties interested in joining a DCUSA working group on these changes and plans to hold another prior to the formal change process commencing.

Confidentiality

7.4 No parts of this CP are confidential.

8 Implementation

Proposed Implementation Date

8.1 The proposed implementation date is 1 April 2023.

9 Recommendations

The Code Administrator will provide a summary of any recommendations/determinations provided by the Panel in considering the initial Change Proposal. This will form part of a Final Change Report.