

DCP 407 'Access SCR: Speculative Development'

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	1. Do you understand the intent of DCP 407?	Working Group Comments
BU-UK		Yes.	Noted.
EDF		Yes.	Noted.
ENWL		Yes.	Noted.
ESP		Yes.	Noted.
INA		N/A	
NPg		Yes.	Noted.
Optimal Power Networks		Yes.	Noted.
SPEN		Yes.	Noted.
SSEN		Yes.	Noted.
UKPN		Yes, having been involved in the DCUSA Working Group we have a good understanding of the intent of DCP 407.	Noted.
WPD		Yes.	Noted.

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Working Group Conclusions:

5.3 The Working Group noted that all respondents that answered the question (10) confirmed that they understood the intent of the CP.

Company	Confidential/ Anonymous	2. Are you supportive of the principles of DCP 407?	Working Group Comments
BU-UK		Yes.	Noted.
EDF		Yes.	Noted.
ENWL		Yes.	Noted.
ESP		Yes.	Noted.
INA		N/A	
NPg		Yes	Noted.
Optimal Power Networks		Yes.	Noted.
SPEN		Yes.	Noted.
SSEN		Yes.	Noted.
UKPN		Yes, we are fully supportive of the principles of DCP 407 to provide greater consistency to the methodology to be used to determine whether a customer's application for a Connection Offer is deemed to be speculative.	Noted.

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WPD		Yes.	Noted.
<p>Working Group Conclusions:</p> <p>5.4 All respondents that answered the question (10) confirmed that they are supportive of the principles of this CP.</p>			

Company	Confidential/ Anonymous	3. Do you agree the proposed criteria of whether a development is speculative or not? If not, please provide your rationale.	Working Group Comments
BU-UK		<p>Yes, we believe that most of the criteria which have been proposed are generally reasonable to determine whether a development is speculative. We believe that there should be further clarity about the application of the criteria to sites with mixed loads (i.e does the commercial apply, the domestic apply, or both).</p> <p>We do have reservations about the use of financial commitment to determine whether a development is speculative. We are concerned that the application of O&M charges to demonstrate financial commitment could result in double recovery of costs where a customer subsequently pays DUoS for the assets which have been installed. Customers who are faced with a decision to fully fund the reinforcement as a speculative application or pay 20% and score two points in the non-speculative category may utilise this as a cheaper way of funding the reinforcement. We also question how this criterion would work in practice for connections being constructed by an ICP. Would the DNO have sight of any financial commitment of the assets being installed by the ICP? ICPs (and the distributor adopting the assets) should have the opportunity to confirm that the sizing of the extension assets is appropriate for the full load to demonstrate this criterion.</p>	Noted

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EDF		Yes, the criteria seem appropriate.	
ENWL		<p>We have the following comments on the proposed criteria.</p> <p>We note that the stated intentions in 4.13 are <i>“The intention of the criteria is to enable applications to be reviewed clearly, consistently and objectively by each DNO”</i> and <i>“This approach is considered to be clear and comprehensive for consistent application.”</i></p> <p><u>Criterion 1</u></p> <p>We are concerned that the proposed industry guidelines are not clear and obviously available. The links in the consultation take you to two websites and do not clearly identify the guidelines that will be used. These need to be clearly visible to customers and without cost. As 4.19 also states that other reference material may be considered by the DNO we are unclear how this meets the stated intent of consistency.</p> <p>The criterion only applies to commercial premises and whilst other criterion explicitly cover domestic premises, the inference is that there are no specific criteria that cover industrial connections. This needs to be considered in terms of introducing a mechanism that in its design creates any discrimination between classes of customers.</p> <p>This criterion would also necessitate changes to the information that we would routinely get and this will have an impact both on customers and the timescales for us to issue connection offers. For example, 4.17 requires the “basis of calculation of the requested capacity” to be provided, this is not something that is routinely provided. Also our understanding is that the industry guidelines are based on load per m2, if this becomes a key</p>	Noted

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		<p>consideration then this would need to be provided as part of the application process.</p> <p><u>Criterion 2</u> The timescales of two years from time of initial application to completion is quite a short time period. It can take up to three months for connection offers to be issued and our acceptance period is six months. So whilst this timescale will cover smaller connections, most larger ones will take longer than this timescale.</p> <p>Our understanding is that the criterion would be met by the provision of a "clear phasing plan" for the development. This would appear to be easily met and therefore we would expect few instances where the criterion is not met.</p> <p><u>Criterion 3</u> It is unclear from the description, how IDNO applications to a DNO would be treated if they were for domestic premises. Does this criterion apply to what is being connected to the IDNO network? If it does then this might necessitate additional information being provided for these types of application. This needs careful consideration so that a market distortion is not introduced.</p> <p><u>Criterion 4</u> Further clarity on what a "capacity ramped profile" is required. Particularly in the second option in 4.29, this appears to be similar to the "clear phasing plan" required in criterion 2. Again, this would appear to be easily provided.</p> <p><u>Criterion 5</u></p>	
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		<p>Again this criterion needs further clarity.</p> <p>Whilst the first bullet in 4.35 is appropriate in principle, in practice it is unlikely that this will be identifiable when the application is made. This needs further consideration as to how it could be used in practice.</p> <p>Clarification of the second bullet is required as it states the payment is for the “complete development” whereas normally Operations and Maintenance charges would only be applied to incremental costs above the Minimum Scheme.</p> <p>The third bullet appears similar to the first option from criterion 4 in 4.29, so this needs clarifying so that it is not duplicated.</p> <p><u>Criterion 6</u> Again further clarity is needed to define the “first construction phase”. Again, whilst the criterion may be appropriate in principle, the practical application is unclear. The delineation between what are considered phases becomes critical in this assessment. For example, would the establishment of a building site constitute a first phase? If the intent is not clear then the terminology with a phasing plan could simply be to call all stages of construction to be the first phase.</p> <p><u>Criterion 7</u> Many connections are applied for before planning permission is sought or granted so it is unclear how applicable this criterion will be for some types of connection.</p>	
ESP		Yes.	Noted

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INA		Broadly yes.	Noted
NPg		<p>Our views on the various criteria are as follows:</p> <ol style="list-style-type: none"> 1) We are concerned over the lack of clarity as to what the guidelines are. Assessing the how speculative an application is against unknown guidelines will result in uncertainty and potential challenge, therefore further clarity is needed. With further clarity, we agree this should be a high significance criterion. However, if this criterion is to be retained, as a minimum, we consider that (i) it should provide the Customer with the opportunity to present additional information to the DNO/IDNO Party in support of its application, and (ii) the weighting may need to be lowered – please see response to question 4 for more information. 2) We are comfortable with this criterion however there is a risk that a DNO/IDNO Party will interpret “clear plan” differently. 3) We are comfortable with this criterion for housing only. 4) We are comfortable with this criterion. 5) We are comfortable with this criterion with the exception of the Customer providing a commitment to paying DUoS charges relative to the maximum capacity required. It is unclear to us how the Customer provides this commitment beyond accepting a Connection Offer. How much that Customer pays in relation to DUoS charges is subject to its contract with an Energy Supplier, with how much that Energy Supplier pays a DNO/IDNO Party being subject to the DCUSA. 6) We are comfortable with this criterion. 7) We are comfortable with this criterion. 	Noted
Optimal Power Networks		Largely the criteria suggested, taken in the round, may be a good indicator of whether a development should be classified as speculative. We would like to	Noted

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		see evidence as to why 2 years and 100 dwellings have been chosen as the thresholds for defining projects as “speculative”.	
SPEN		Yes.	Noted
SSEN		No - the guidance on capacity ramping - criteria 4 suggests that the customer must enter into an agreement for the payment of DUOS charges in relation to the ramped (full) capacity at the assessment stage of the application. If the criteria stated only "A capacity ramp profile is provided which gives forward notice of ramped capacity". In our opinion this would suffice.	Noted
UKPN		Yes, we agree the proposed criteria are logical and consistent with the high-level principles currently used. However the addition of including a Scoring Matrix approach will make it easier for customers to identify which characteristics of their application may lead to it being considered speculative.	Noted
WPD		Yes.	Noted
<p>Working Group Conclusions:</p> <p>Of the 11 respondents four agreed the criteria was appropriate as consulted on but the majority proposed changes/requested additional clarification. The Working Group has set out the points raised specific to each criterion below.</p> <p>Criterion 1 – Industry Guidelines</p> <p>Two respondents stated that the proposed industry guidelines were not clear and that those identified by the Working Group require a fee to access the documents therefore making it difficult for customers to find and provide. One respondent stated that the guidelines should be clearly visible to customers and without cost and expressed concern over a consistent application where other guidelines may be provided to the DNO/IDNO Party.</p>			

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One respondent considered that the lack of clarity will result in uncertainty and potential challenge and suggested that if this criterion is to be retained, it should (i) provide the customer the opportunity to present the information to the DNO/IDNO Party in support of its application (i.e., not a prescribed set of guidelines), and (ii) which would support lowering the weighted significance of the criterion.

One respondent stated that this criterion would necessitate changes to the information received as part of the connection application process which would impact the timescales for providing offers.

Two respondents believed that further clarity was needed to differentiate domestic, commercial and industrial sites.

Another respondent believed that further clarity may be needed about how to differentiate between mixed sites (i.e., split domestic and commercial usage).

The Working Group's conclusions to the above points can be found in paragraphs 6.3 to 6.6 of the Change Report.

Criterion 2 - development is phased over a period of time

One respondent commented that the timescales of two years from time of initial application to completion is quite a short time period as it can take up to three months for connection offers to be issued and its acceptance period is six months. The respondent considered that the two-year period may cover smaller connections, but most larger ones will take longer.

The Working Group's response to this can be found in paragraph 6.4 to 6.5 of the Change Report.

One respondent understanding is that the criterion would be met by the provision of a "clear phasing plan" for the development. They believed this would appear to be easily met and therefore predicted that they would expect few instances where the criterion is not met. One respondent considered that "clear plan" could be interpreted differently, which would risk a consistent application.

The Working Group's conclusions to the points raised for criterion 2 can be found in paragraphs 6.7 to 6.8 of the Change Report.

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Criterion 3 - The development is phased over a period of time and the timing of the phases is unclear (housing developments only).

One respondent stated that it is unclear from the criterion description, how IDNO applications to a DNO would be treated if they were for domestic premises, and whether it applied to the connection to the IDNO network and noted a need for careful consideration to avoid introducing a market distortion.

The Working Group's conclusions to this point can be found in paragraphs 6.10 of the Change Report.

One respondent requested evidence as to why two years and 100 dwellings were chosen as the thresholds.

The Working Group's response to this can be found in paragraph 6.11 to 6.12 of the Change Report.

Criterion 4 - capacity ramp profile

One respondent stated further clarity on what a "capacity ramped profile" is will be required and considered that – in the context of the second option set out in paragraph 4.31 - that it appears to be similar to the "clear phasing plan" requirement in criterion 2.

The Working Group's response to this point can be found in paragraph 6.13 to 6.16 of the Change Report.

Criterion 5 - financial commitment

One of the respondents stated that they had reservations about the use of financial commitment to determine whether a development is speculative. They were concerned that the application of O&M charges to demonstrate financial commitment could result in double recovery of costs where a customer subsequently pays DUoS for the assets which have been installed. Customers who are faced with a decision to fully fund the reinforcement as a speculative application or pay 20% and score two points in the non-speculative category may utilise this as a cheaper way of funding the reinforcement. The respondent also questioned how this criterion would work in practice for connections being constructed by an independent connections provider (ICP).

The Working Group's response to this can be found in paragraph 6.17 of the Change Report.

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One respondent stated that, whilst the first bullet in paragraph 4.37 is appropriate in principle, it considered that it would be unlikely to be identifiable in the connection application, and therefore proposed further practical consideration is needed.

The Working Group's response to this can be found in paragraph 6.17 to 6.19 of the Change Report.

The same respondent stated that clarification of the second bullet in paragraph 4.37 is required as it states the payment is for the "complete development" whereas normally O&M charges would only be applied to incremental costs above the Minimum Scheme.

The Working Group's response to this can be found in paragraph 6.17 to 6.19 of the Change Report.

The same respondent considered that the third bullet in paragraph 4.37 to be similar to the first option in criterion 4 in paragraph 4.30, and this therefore needs clarifying to avoid duplication.

The Working Group's response to this can be found in paragraph 6,17 to 6.19 of the Change Report.

Another respondent commented that they are comfortable with this criterion with the exception of the Customer providing a commitment to paying DUoS charges relative to the maximum capacity required. It is unclear to the respondent how the Customer provides this commitment beyond accepting a Connection Offer, as how much that Customer pays in relation to DUoS charges is subject to its contract with an Energy Supplier, and with how much that Energy Supplier pays a DNO/IDNO Party being subject to the DCUSA. Another respondent raised concern with this element of the criterion as well in relation to a customer entering into an agreement to pay DUoS charges based on the full capacity at the assessment stage, and proposed clarity is added via revised wording.

The Working Group's response to this can be found in paragraph 6.17 to 6.19 of the Change Report.

Criterion 6 - % connections in first phase

One respondent stated that further clarity is needed to define the "first construction phase". They felt that, whilst the criterion may be appropriate in principle, the practical application is unclear.

The Working Group's response to this can be found in 6.20 of the Change Report.

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Criterion 7 -Planning permission

One respondent noted that many connections are applied for before planning permission is sought or granted so it is unclear how applicable this criterion will be for some types of connection.

The Working Group's response to this can be found in paragraph 6.21 of the Change Report.

Company	Confidential/ Anonymous	4. What other industrial guidelines should be considered under Criterion 1? Please provide your rationale.	Working Group Comments
BU-UK		We are unaware of any specific industry guidance which could be used under Criterion 1, but we agree with the aspiration for something standard. In order to only apply this to commercial premises, we believe that further clarity (and possible definition) should be given to differentiate commercial and industrial.	Noted
EDF		None that we can think of.	Noted
ENWL		Whatever guidelines are proposed they need to be visible and transparent.	Noted
ESP		We have not identified any other guidelines for consideration.	Noted
INA		No other guidelines have been identified.	Noted

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NPg		<p>None that we are aware of at this time, but we welcome customers' views on this issue.</p> <p>Unless the DNO/IDNO Party will apply clear and consistent guidelines when assessing each application – which is transparent to the Customer prior to making its application – it may be more appropriate that this criterion is relative to supporting evidence provided by the Customer only.</p> <p>As such, we would propose that the weighting of this criterion is reduced to avoid overly penalising a Customer for not providing guidelines that the working group itself has not identified. It may be appropriate to weight a Customer providing this information as a higher significance than not i.e. this criterion would be weighted more in favour of supporting a non-speculative application.</p>	Noted
Optimal Power Networks		<p>Criterion 1 may lead to projects being incorrectly classified as Industrial rather than Commercial in order to avoid assessment under this Criterion.</p> <p>Additionally, consideration should be given to setting criteria around future policy and technology changes so that consistent assumptions can be made for future load growth requirements.</p>	Noted
SPEN		<p>No further guidelines identified at this point in time.</p>	Noted
SSEN		<p>The CIBSE and BSRIA are relevant industry guidelines however they are not readily accessible unless these documents are paid for. Therefore, the guidelines may not be sufficient for all applicants.</p>	Noted
UKPN		<p>The Chartered Institution of Building Services Engineers and the Building Services Research and Information Association are proffered as examples of</p>	Noted

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		<p>industry guidelines that could be used, but this does not preclude the use of other published information that is deemed to be relevant to the customer's application. For example, if new technology for more efficient solar panels was developed in the future and relevant designer information was published, then this should be considered as acceptable evidence of compliance with industry guidance. In summary, any relevant published guidelines provided by the customer should be considered, where it is reasonable to do so.</p>	
<p>WPD</p>		<p>None known.</p>	<p>Noted</p>
<p>Working Group Conclusions:</p> <p>The majority of respondents (10) were not aware of any additional industry guidelines for criterion 1.</p> <p>However, some respondents commented on the need for standard and transparent guidelines and the need to differentiate between commercial and industrial customers.</p> <p>One respondent reiterated its view that unless the DNO/IDNO Party applies clear and consistent guidelines, which is transparent to the customer prior to making its application, it may be more appropriate that this criterion is (i) relative to supporting evidence provided by the customer only and (ii) weighted as a lower significance to avoid penalising a customer for not providing guidelines that the Working Group itself has not provided. The same respondent considered that it may be appropriate to weight a customer providing this information as a higher significance than not i.e. weighted more in favour of supporting a non-speculative application.</p> <p>The Working Group's response to these points can be found in paragraph 6.3 to 6.6 of the Change Report.</p> <p>5.40 One respondent suggested some consideration around future policy and technology changes so that consistent assumptions can be made for future load growth requirements should be made</p> <p>5.41 The Working Group's response this point can be found in paragraph 6.3 to 6.6 of the Change Report.</p>			

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Company	Confidential/ Anonymous	5. What other criteria do you believe should be used to determine whether an application is speculative? Please provide your rationale.	Working Group Comments
BU-UK		We do not believe that there are other criteria which should be applied to determine if an application is speculative.	Noted
EDF		None that we can think of.	Noted
ENWL		In order to reduce the assessment burden we think some sort of materiality threshold should be applied. The intent of having a different treatment for speculative connections is to protect DUoS customers and therefore prioritising where there are potentially large costs should be the focus.	Noted
ESP		We have not identified any other criteria for consideration.	Noted
INA		No other criteria have been identified.	Noted
NPg		None at this time.	Noted
Optimal Power Networks		Suitable criteria for defining speculative builds have been captured, although there may be scope to further refine the definitions.	Noted
SPEN		None.	Noted

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SSEN		There could be a simple criterion whereby the applicant states upfront that they are a speculative project, negating the need to make any assessment. However, we are unsure if that would be used	Noted
UKPN		<p>Proposal</p> <p>The proportion of the Connection Offer price that a customer is prepared to pay in advance should be considered as another suitable criterion. For example, currently some very high value £m's projects can be accepted with a relatively modest first stage payment of £k's. Intuitively, if a customer was to agree to make the first stage payment of equal to or greater than 75% of the total Connection Offer price, then this should be accepted as a suitable financial commitment to the project as a whole that may enable it to be considered non-speculative and priced accordingly.</p> <p>Rationale</p> <p>The rationale for this is that once a project has been accepted and a payment made to the DNO, this enables the DNO to commence the detailed design work, to place on order electrical equipment and plant with long lead times and specialist machinery such as high lifting capacity cranes, to dig trial holes and undertake other route proving exercises, land surveys, commence legal negotiation of easements, leases and to mobilise the first stage of the construction phase. All such costs incurred by the DNO plus the Assessment & Design Charge due are all allowable costs that can be deducted from any refund of monies paid in advance, should the project subsequently be cancelled. As extension assets are fully chargeable regardless of whether a project is considered speculative, combined with the normal practice of constructing extension assets prior to reinforcement</p>	Noted

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		<p>assets, this seems to be a very high level of financial commitment from the customer that should be considered as an acceptable additional criterion.</p> <p>The proposed threshold of 75% is suggested because this is consistent with the quantum already considered to be a reasonable line of demarcation by the DCUSA Working Group for the application of criterion 6.</p> <p>This same principle could therefore be added to Criterion 5 and applied to all customer applications that would be subject to the Speculative Scoring Methodology.</p>	
<p>WPD</p>		<p>We aren't aware of any other criteria that should be used.</p>	<p>Noted</p>
<p>Working Group Conclusions:</p> <p>Eight respondents stated they weren't aware of any additional criteria that could be used and three respondents proposed additional considerations.</p> <p>One respondent suggested using a proportional cost payable up front would be a useful criterion. The respondent suggested payment of 75% of the total project costs would demonstrate a suitable financial commitment.</p> <p>The Working Group's response to this can be found in paragraph 6.19 of the Change Report.</p> <p>One respondent suggested that a materiality threshold should be applied to reduce the assessment burden and would prioritise where the material risks are largest.</p> <p>The Working Group's view on this can be found in paragraph 6.28 of the Change Report.</p> <p>One respondent suggested that if the project was clearly speculative then the customer should be able to declare this up front to save going through the scoring process as it would save time.</p>			

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The Working Group's views on customers wanting to self-declare can be found in paragraph 6.29 of the Change Report.

Company	Confidential/ Anonymous	6. Do you agree that the specific criteria are appropriately weighted in terms of their significance? If not, please provide your rationale.	Working Group Comments
BU-UK		Yes, we do.	Noted.
EDF		Yes	Noted.
ENWL		Depending on how Criterion 4 is eventually assessed, it may need to be reduced to Low if it is simply the provision of a ramped capacity profile to be consistent with the weighting assigned to criterion 2.	Needs consideration WG agree further discussion needed.
ESP		Yes, but this should be kept under regular review based on decisions reached and any challenges brought forward.	Noted.
INA		Yes, but this should be kept under regular review based on decisions reached and any challenges brought forward.	Noted.
NPg		Notwithstanding our response to question 4, yes, we believe the criteria are appropriately weighted.	Noted.
Optimal Power Networks		Yes, the weighting of the criteria seems reasonable.	Noted.

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SPEN		Yes	Noted.
SSEN		Yes	Noted.
UKPN		Yes, the weighting and the reasons set out in the consultation to justify the rationale assigned to them seem appropriate.	Noted.
WPD		Yes, they appear to be appropriately weighted.	Noted.
<p>Working Group Conclusions:</p> <p>Ten respondents agree the weightings are appropriate however one respondent recognised its proposal to lower the significance of criterion 1 if it was relative to information provided by the customer only.</p> <p>One respondent suggested criterion 4 may need to be reduced to low significance depending on how it is assessed, this would keep it consistent with criterion 2 if that is the intention.</p> <p>The Working Group's response to this can be found in paragraph 6.15 of the Change Report.</p> <p>Another respondent suggested that this process should be kept under regular review based on decisions reached and any challenges brought forward.</p> <p>The Working Group noted this comment, their views to this can be found in paragraph 6.30 of the Change Report.</p>			

Company	Confidential/ Anonymous	7. For criteria 1,2,3 & 6 do you agree with the quantitative values of the measures used? If not, please suggest alternative values and provide your rationale.	Working Group Comments
BU-UK		We agree with the quantitative values in criterion 1, 2 and 6. We believe that, in criterion 3, the definition needs clarifying. Our reading is that if a	Noted

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		development had 600 houses which were connected to two permanent substations downstream of the POC then this would receive points in the non-speculative column. i.e. it is 100 dwellings or up to two substations. We think that this is reasonable approach to this criterion.	
EDF		Yes	Noted
ENWL		These appear reasonable	Noted
ESP		Yes, we do not have any other alternative values to propose.	Noted
INA		Yes, there is little rationale for selecting any alternative values.	Noted
NPg		We are comfortable with the proposed values.	Noted
Optimal Power Networks		We would like to see the evidence for the values used, particularly with regard to criteria 2 and 6. Planning approvals and Point of Connection works (especially if reinforcement is required) may extend a build to beyond 2 years from the point of application, therefore a longer period may be justified.	Noted
SPEN		Yes	Noted
SSEN		Criteria 1 - more than double industry guidelines is a significant value - while we agree that it should definitely be speculative at these ranges - if say the load is 50% or higher over the agreed industry guidelines, that could also be	Noted

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		considered speculative. Since the guidelines have been determined externally then it may be considered that 50% is significantly over the industry guidelines and as such deemed speculative	
UKPN		Yes, the quantitative values of the measures used, and the rationale assigned to them seem appropriate.	Noted
WPD		Yes, the values seem reasonable.	Noted
<p>Working Group Conclusions:</p> <p>Nine respondents agree with the values of the measures used although one of the nine suggests that criteria three could use more clarity and these clarifications have been made throughout the change report.</p> <p>One respondent would like to see evidence for the values used, particularly with regards to criterion 2 and criterion 6.</p> <p>In relation to criterion 1, one respondent believes that more than double industry guidelines is significant and suggests that 50% is significantly over industry guidelines.</p> <p>The Working Group's response this point can be found in paragraph 6.3 to 6.6 of the Change Report.</p>			

Company	Confidential/ Anonymous	8. Do you agree with the Working Groups decision to not take forward the criteria identified in Section 4.60 of this consultation? If not, please provide your rationale.	Working Group Comments
BU-UK		Yes, we agree that these criteria are not necessarily related to the development (i.e. they are network related) or too difficult to quantify to take forward.	Noted

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EDF		Yes	Noted
ENWL		In some cases the rationale for not including are attributed to arbitrary threshold however some of the criteria proposed also seem to have arbitrary thresholds. As per our response to question 5, consideration of a materiality threshold should be considered.	Noted
ESP		Yes	Noted
INA		Yes	Noted
NPg		Yes, for the reasons outlined in the consultation.	Noted
Optimal Power Networks		Yes. The criteria proposed are sufficient to establish a reasonable definition.	Noted
SPEN		Yes	Noted
SSEN		Yes	Noted
UKPN		Yes, we agree with the criteria identified in Section 4.60 not being taken forward for the reasons stated against each of these within that section.	Noted
WPD		Yes	Noted

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Working Group Conclusions:

Ten respondents agreed not to take forward the criteria identified in paragraph 4.62 of the Change Report.

One respondent believes a materiality threshold should be considered which the respondent also raised in response to question 5.

Company	Confidential/ Anonymous	9. Do you agree with the Working Group that a change is needed to Schedule 32? If not, please provide your rationale.	Working Group Comments
BU-UK		<p>We are sympathetic to this change and agree that this is something which is desirable but we do not necessarily believe that this change should be delivered within the context of this change proposal as it has limited bearing on the definition of speculative development.</p> <p>We are concerned that this change proposal has broader impacts (i.e. DUoS) than this change proposal is seeking to put in place and there may be parties who are not involved or close to DCP 407 who would be impacted by this change so we believe that this amendment warrants its own Change Proposal.</p>	Noted
EDF		Yes	Noted
ENWL		Yes	Noted
ESP		Yes	Noted

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INA		N/A	
NPg		Yes, for the reasons outlined in the consultation.	Noted
Optimal Power Networks		Yes.	Noted
SPEN		Yes	Noted
SSEN		Yes	Noted
UKPN		Yes, again the Working Group have explained the rationale for this which appears to be logical and achieve a fair and equitable balance across all customer groups.	Noted
WPD		Yes	Noted
<p>Working Group Conclusions:</p> <p>Nine respondents agree that a change is needed to Schedule 32, with one respondent of the view that a separate CP should be raised and one respondent did not answer.</p> <p>One respondent noted that this CP will have wider implications to DUoS charges that will need to be addressed with a sperate CP.</p> <p>The Working Groups response to this can be found in paragraph 6.31 of the Change Report.</p>			

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COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	10. Do you have any comments on the proposed legal text for Schedule 32?	Working Group Comments
BU-UK		See answer to question 9.	Noted.
EDF		No	Noted.
ENWL		No	Noted.
ESP		No comments.	Noted.
INA		N/A	
NPg		Notwithstanding our response to question 13, no.	Noted.
Optimal Power Networks		No.	Noted.
SPEN		No.	Noted.
SSEN		Yes	Noted.
UKPN		We support the proposed legal text that is proposed in Schedule 32, noting that the inclusion of the concept of a Phased Capacity Site is an important addition.	Noted.

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WPD		No	Noted.
<p>Working Group Conclusions:</p> <p>No additional comments – other than those received in relation to other questions – were received from any respondent.</p>			

Company	Confidential/ Anonymous	11. Overall, do you agree that the draft legal text delivers the intent of the Ofgem direction? If not, please provide your rationale.	Working Group Comments
BU-UK		Yes, we believe that this legal text adds clarity and certainty to the definition of speculative.	Noted.
EDF		Yes	Noted.
ENWL		Yes	Noted.
ESP		Yes	Noted.
INA		N/A	
NPg		In general, yes. However, 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.	Noted.

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Optimal Power Networks		No.	Noted.
SPEN		Yes	Noted.
SSEN		Yes	Noted.
UKPN		Yes, we agree that the draft legal text delivers the intent of the Ofgem direction.	Noted.
WPD		Yes, it appears to align with the direction.	Noted.
<p>Working Group Conclusions:</p> <p>Nine respondents said they agree with the draft legal text.</p> <p>One respondent stated in general it did agree, but it proposed some amendments for the Working Group to consider without altering the intent.</p> <p>One respondent didn't provide a response, and another said they did not agree with the legal text but provided no context as to why they didn't agree with the legal text.</p>			

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Company	Confidential/ Anonymous	<p>12. Do you consider that the proposal better facilitates the DCUSA Charging Objectives?</p> <p>If so, please detail which of the Charging Objectives you believe are better facilitated and provide supporting reasons.</p> <p>If not, please provide supporting reasons.</p>	Working Group Comments
BU-UK		<p>Yes, we agree with the consultation that this positively impacts objective 1. We also believe that this change positively impacts objective 6 as the clarity that it brings will enable fewer challenges and debates about the application of speculative to connection applications so it will promote efficiency.</p>	Noted.
EDF		<p>Yes,</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</p>	Noted.
ENWL		<p>Yes, Objective 1 as this change is complying with an Ofgem direction.</p>	Noted.
ESP		<p>Yes, we agree that DCUSA Charging Objective 1 is better facilitated by the proposal.</p> <p>As the proposal introduces a consistent set of criteria for the assessment of speculative developments, we believe Charging Objective 6 is also better facilitated.</p>	Noted.

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INA		N/A	
NPg		<p>We agree that DCP 407 better facilitates Charging Objective 1 as it has been raised following an SCR and a direction on us to implement it.</p> <p>We do not agree that DCP 407 has a negative impact on Charging Objective 6. Whilst we agree the Access SCR will introduce additional complexities, we believe that the legal text is sufficiently concise and efficient.</p> <p>We do not believe the other Charging Objectives are impacted.</p>	Noted.
Optimal Power Networks		We agree with the Working Group's assessment that this facilitates Objective 1 but does not necessarily better facilitate the other Objectives.	Noted.
SPEN		Yes	Noted.
SSEN		<p>Charging objectives;</p> <p>6) introducing a methodology to determine whether a project is speculative or not directly supports the Access SCR direction to provide further clarity on speculative developments. However initially this may slow down the process to issue quotations if further clarity is required from either customer or DNO</p>	Noted.
UKPN		<p>Yes, we agree that the proposal better facilitates the DCUSA Charging Objectives for the reasons set out below.</p> <p>Charging Objective 1</p>	Noted.

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		<p>Implementing the proposals outlined within this consultation will enable each DNO party to be able to comply with the Charging Methodologies and discharge the obligations imposed on it under the Act and by its Distribution Licence by being able to apply a more consistent approach to the identification and pricing of speculative applications. The proposal promotes a process that will assist DNOs' compliance with standard licence condition 19.</p> <p>This is also a desired outcome of the Ofgem direction that is in the interest of all stakeholders.</p> <p>Charging Objective 2</p> <p>The implementation of a more structured and consistent approach such as the Speculative Scoring Methodology better supports this objective by reducing the risk of any unintended distortion of the treatment of customers speculative connection applications between DNOs and between different geographical areas within a DNO.</p> <p>Charging Objective 3</p> <p>This DCUSA objective 3 will also be better served by these proposals as a result of the charges levied to customers more accurately reflecting the chargeable costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business.</p> <p>Charging Objective 4</p> <p>This DCUSA objective 4 is better served by these proposals as criterion 1 allows customers to provide alternative industry guidance documentation that may enable the consideration of future improvements in low carbon technology by the DNO.</p>	
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WPD		We agree with the assessment in the DCP 407 Consultation in that the change directly supports Charging Objective 1 but the Charging Objective 6 could be negatively impacted.	Noted.
<p>Working Group Conclusions:</p> <p>Nine respondents agreed that this CP has positive impacts to the DCUSA Charging Objectives, particularly Charging Objective 1. However, not all respondents agreed strictly in line with the view of the Proposer in the consultation.</p> <p>In line with the Proposer's view set out in the consultation, three respondents believe that there may be a negative impact to Charging Objective 6. However, one respondent did not state any positive impacts to any other Charging Objective.</p> <p>Two respondents stated the view that Charging Objective 6 would be better facilitated, whereas one respondent did not agree that it would be negatively impacted (but did not say it would be positively impacted).</p> <p>Two respondents stated the view that Charging Objective 2 would be better facilitated.</p> <p>One respondent did not answer the question.</p>			

Company	Confidential/ Anonymous	13. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
BU-UK		No.	Noted.
EDF		No	Noted.
ENWL		No	Noted.

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ESP		No	Noted.
INA		N/A	
NPg		<p>DCP 389 'TCR – Clarification on Exceptional Circumstances and Allocation Review for 'New' Sites' is awaiting an Authority decision. If approved, DCP389 will introduce paragraphs 6.5 to 6.11 to Schedule 32 for the Annual Allocation Review. Whilst it is very unlikely that a Phased Capacity Site would be captured by the Annual Allocation Review – which seeks to reassess the allocation of a 'new' site to a residual charging band e.g. based on an estimated capacity – we believe paragraph 6.5 (as proposed by DCP 389) would benefit from clarity that it does not apply to a Phased Capacity Site, to avoid such a site being reallocated to a charging band unnecessarily. Further, if DCP 389 is approved, the proposed insertion of paragraph 6.5 to Schedule 32 via this CP will need to be renumbered e.g. to paragraph 6.4A.</p> <p>We also recognise that this CP is one of four CPs raised to implement the Access SCR Decision.</p>	Noted
Optimal Power Networks		<p>Ofgem's proposed DUoS SCR will have material interactions with this CP, given the potential impact on network charges of the cost of reinforcement.</p> <p>Potential changes to energy systems governance may also affect decision making around future energy network planning, which could add further complexity to the process.</p>	Noted.
SPEN		No	Noted.

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SSEN		No	Noted.
UKPN		At the time of responding, we are not aware of any wider industry developments that may impact upon or be impacted by this CP other than those already identified within this consultation.	Noted.
WPD		No	Noted.
<p>Working Group Conclusions:</p> <p>Nine respondents said they were unaware of any other industry developments that could be impacted by this CP.</p> <p>One respondent noted that DCP 389 is with the authority for a decision and may need a change after this DCP is released due to this CP and DCP 389 changing the same paragraphs in Schedule 32.</p> <p>The Working Group's response can be found in paragraph 6.22 to 6.23 of the Change Report.</p> <p>Another response cited that the DUoS SCR changes will interact with this change.</p> <p>The Working Group noted this response and that it was out of scope to the Access SCR changes as per their response in paragraph 6.31 of the Change Report.</p>			

Company	Confidential/ Anonymous	14. Do you agree with the Working Group's proposed implementation date? If not, please provide your rationale.	Working Group Comments
BU-UK		Yes.	Noted.
EDF		Yes	Noted.

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ENWL		Yes but the change will require two charging methodologies to be in use for a period of time. This needs to be considered and the implementation details refined.	Noted
ESP		Yes	Noted.
INA		N/A	
NPg		Yes	Noted.
Optimal Power Networks		Yes.	Noted.
SPEN		Yes	Noted.
SSEN		Yes	Noted.
UKPN		Yes, this is the beginning of the RIIO-ED2 period so 1 April 2023 is an entirely appropriate commencement date for this change proposal.	Noted.
WPD		Yes as this aligns with the introduction of the Access SCR direction.	Noted.
<p>Working Group Conclusions:</p> <p>All respondents that answered the question (one did not) agreed with the implementation date however one respondent noted that the change will require two charging methodologies to be in use for a period of time. This issue also applies to DCP 406.</p>			

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The Working Groups response to this can be found in paragraph 6.32 to 6.33. of the Change Report.

Company	Confidential/ Anonymous	15. Do you have any other comments?	Working Group Comments
BU-UK		No.	Noted.
EDF		No	Noted.
ENWL		No	Noted.
ESP		No comments.	Noted.
INA		N/A	
NPg		Not at this point in time.	
Optimal Power Networks		<p>Given that the DNO may need to make subjective judgements on certain aspects of the development, there should be an appeals process whereby the developer can challenge the decision.</p> <p>We would also 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. This gives limited opportunity for scrutiny of the change proposals, and risks the proposals not being subjected to adequate review.</p>	Noted

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<p>SPEN</p>		<p>In regard to the scoring instructions detailed under items 4.51 to 4.58, we believe that a minimum number of scored criteria should be considered for the score to be deemed conclusive. As the application is identified as non-speculative if the “total value of ‘points’ for the ‘Non-Speculative’ column are equal to or greater than the ‘Speculative’ column”, then this may be attained by the applicant only providing relevant information to satisfy a single criterion. Therefore, we propose setting a minimum number of criteria that must be satisfied for the Speculative Score to be deemed acceptable. We suggest that the minimum number of criteria that must be satisfied is set to three or four.</p> <p>In regard to Criterion 4, we believe that a capacity ramp profile on its own may not be sufficient to demonstrate an application as non-speculative. Such a document can be easily produced, cannot be demonstrated and is unlikely to be bound by contract. We suggest that the wording is expanded to “A capacity ramp profile is provided which aligns with the accepted phasing plan and gives forward notice of ramped capacity (see paragraphs 4.44 to 4.49).”</p> <p>We note that this change in approach is likely to result in less applications being deemed as Speculative Developments, potentially resulting in an increased likelihood of stranded assets.</p>	<p>Noted.</p>
<p>SSEN</p>		<p>No</p>	<p>Noted.</p>
<p>UKPN</p>		<p>We endorse the proposed changes set out in this consultation and urge Ofgem to approve them at the earliest opportunity. This will better enable us to modify our systems, revise processes and train staff in sufficient time</p>	<p>Noted.</p>

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		to ensure a smooth and efficient implementation of the proposals in readiness for the proposed implementation date.	
WPD		No	Noted.
<p>Working Group Conclusions:</p> <p>There were new comments/queries i.e., ramped profiles which the Working Group have answered throughout section 6 of the Change Report.</p> <p>One response noted in regard to the scoring instructions detailed under items 4.53 to 4.61, they believe that a minimum number of scored criteria should be considered for the score to be deemed conclusive. This was discussed by the Working Group and was rejected, because the proportion of applications that would meet this minimum number of criteria was considered to be so small, it would undermine the process.</p> <p>One respondent stated that there should be an appeals process whereby the developer can challenge the decision. The same respondent would also 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. This gives limited opportunity for scrutiny of the change proposals, and risks the proposals not being subjected to adequate review.</p> <p>The Working Groups response to the comment in last paragraph above can be found in paragraph 6.34 of the Change Report.</p>			