

DCUSA Change Report		At what stage is this document in the process?				
<h1 data-bbox="150 309 614 398">DCP 418:</h1> <h2 data-bbox="150 439 849 501">Access SCR alignment</h2> <p data-bbox="150 524 580 560"><i>Date raised:</i> 03 January 2023</p> <p data-bbox="150 580 547 616"><i>Proposer Name:</i> Lee Wells</p> <p data-bbox="150 636 689 672"><i>Company Name:</i> Northern Powergrid</p> <p data-bbox="150 692 533 728"><i>Company Category:</i> DNO</p>		<table border="1"> <tr> <td data-bbox="1038 275 1382 392">01 – Change Proposal</td> </tr> <tr> <td data-bbox="1038 392 1382 508">02 – Consultation</td> </tr> <tr> <td data-bbox="1038 508 1382 624">03 – Change Report</td> </tr> <tr> <td data-bbox="1038 624 1382 741">04 – Change Declaration</td> </tr> </table>	01 – Change Proposal	02 – Consultation	03 – Change Report	04 – Change Declaration
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02 – Consultation						
03 – Change Report						
04 – Change Declaration						
<p data-bbox="150 775 561 810"><b>Purpose of Change Proposal:</b></p> <p data-bbox="150 837 1362 1061">The intent of this Change Proposal (CP) is to ensure that relevant legal text is aligned with the Authority’s policy decision on the Access and Forward-Looking Charges Significant Code Review (the “Access SCR”). Specifically, this CP is to ensure that a Curtailable Connection applies only where a connection application is received by a DNO/IDNO Party on or after 1 April 2023 only.</p>						
	<p data-bbox="248 1102 1353 1173">This document is issued in accordance with Clause 11.20 of the DCUSA, and details <i>DCP 418 ‘Access SCR alignment’</i>.</p> <p data-bbox="248 1196 1331 1312">Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by 19 January 2023.</p> <p data-bbox="248 1335 1369 1451">The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.</p> <p data-bbox="248 1473 1407 1581">If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3008.</p>					
	<p data-bbox="248 1621 1136 1657"><b>Impacted Parties:</b> DNOs, IDNOs, Suppliers CVA Registrants.</p>					
	<p data-bbox="248 1738 963 1774"><b>Impacted Clauses:</b> Schedule 2D and Section 2B.</p>					

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Timetable	
The timetable for the progression of the CP is as follows:	
<b>Change Proposal timetable</b>	
Activity	Date
Initial Assessment Report	03 January 2023
Change Report Approved by Panel	05 January 2023
Change Report issued for Voting	05 January 2023
Party Voting Closes	19 January 2023
Change Declaration Issued to Parties	23 January 2023
Implementation	01 April 2023

 Any questions?

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# 1 Executive Summary

## What?

- 1.1 DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'<sup>1</sup> and DCP 405 'Access SCR: Managing Curtailable Connections between Licensed Distribution Networks'<sup>2</sup> were raised to implement certain aspects of the Authority's Access SCR final decision (the "Access SCR Decision"),<sup>3</sup> specifically paragraphs 18 to 22 of the Authority's direction to implement the Access SCR Decision (the "Access SCR Direction").<sup>4</sup> These paragraphs set out the basis of a Curtailable Connection.
- 1.2 Curtailable Connection is defined in the new Schedule 2D 'Curtailable Connections' via DCP 404 and amendments to Section 2B 'Distributor to Distributor/OTSO Relationships' via DCP 405. Both definitions limit applicability to where the DNO/IDNO Party has "made" a "connection offer" on or after 1 April 2023.
- 1.3 Both DCP 404 and DCP 405 were approved by the Authority on 15 December 2022.<sup>5 6</sup>
- 1.4 However, the Access SCR Decision made it clear that the policy changes "should not affect the rights or reinforcement contributions required from connection applications made prior to the implementation of our reforms in April 2023".<sup>7</sup>
- 1.5 This was an oversight in the development of the DCP 404 and DCP 405 solutions and therefore changes are needed to ensure that the definition of Curtailable Connection applies only where a connection "application" is "received" on or after 1 April 2023.

## Why?

- 1.6 If a connection application is received prior to 1 April 2023, but the connection offer is made on or after 1 April 2023, the DNO/IDNO Party should not be required to offer terms of a Curtailable Connection, where applicable, given the reform (and therefore provisions of a Curtailable Connection) will not be implemented until 1 April 2023; in line with the Access SCR Decision and Access SCR Direction.

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<sup>1</sup> <https://www.dcusa.co.uk/change/access-scr-changes-to-terms-of-connection-for-curtailable-customers/>

<sup>2</sup> <https://www.dcusa.co.uk/change/access-scr-managing-curtailable-connections-between-licensed-distribution-networks/>

<sup>3</sup> [https://www.ofgem.gov.uk/sites/default/files/2022-05/Access\\_SCR\\_Final\\_Decision.pdf](https://www.ofgem.gov.uk/sites/default/files/2022-05/Access_SCR_Final_Decision.pdf)

<sup>4</sup> [https://www.ofgem.gov.uk/sites/default/files/2022-05/Access\\_SCR\\_DCUSA\\_Direction.pdf](https://www.ofgem.gov.uk/sites/default/files/2022-05/Access_SCR_DCUSA_Direction.pdf)

<sup>5</sup> <https://www.ofgem.gov.uk/publications/decision-dcp404-access-scr-changes-terms-connection-curtailable-customers>

<sup>6</sup> <https://www.ofgem.gov.uk/publications/decision-dcp405-access-scr-managing-curtailable-connections-between-licensed-distribution-networks>

<sup>7</sup> Paragraph 3.90 of the Access SCR Decision under "Treatment of existing and in-flight connection applications".

- 1.7 This CP is needed to align with the Access SCR Decision and therefore to ensure that an “in-flight” and “flexible connection” is not a Curtailable Connection when a connection application is received prior to 1 April 2023.
- 1.8 Further (at the time of submitting this CP) DCP 406 ‘Access SCR: Changes to CCCM’<sup>8</sup> and DCP 407 ‘Access SCR: Speculative Development’<sup>9</sup> await an Authority decision.<sup>10</sup> Whilst it is expected that DCP 406 and DCP 407 will be implemented from 1 April 2023, the proposed changes to connection charging will only apply to connection applications received on or after 1 April 2023. Therefore, for a connection application received prior to 1 April 2023, but the associated connection offer made on or after 1 April 2023, different connection charging rules will apply than if the application was received on or after 1 April 2023.
- 1.9 This may impact the decision by the Customer to accept a Curtailable Connection or seek a Non-Curtailable Connection (e.g. which may be cheaper like-for-like for an application received on or after 1 April 2023). The policy did not intend for such a decision to be necessary as this is distinct from e.g. a “flexible connection” that is not a Curtailable Connection etc (and where e.g. a “flexible connection” application would need to cancel and reapply from 1 April 2023 to potentially benefit from the policy changes implemented from 1 April 2023).

## How?

- 1.10 The definition of Curtailable Connection in Schedule 2D and Section 2B should be amended to refer to a connection “application received” rather than “offer made” on or after 1 April 2023.

## 2 Governance

### Justification for treating as a Part 2 Matter

- 2.1 This CP will not satisfy the criteria set out in Clause 9.4 of the DCUSA beyond the extent of that which has already been approved via DCP 404 and DCP 405, but it will correct the oversight in those CPs by aligning with the policy intent set out in the Access SCR Decision. Therefore, this CP should be a Part 2 Matter.
- 2.2 This CP should also be treated as an Urgent Change Proposal because:
- in accordance with Clause 10.7.1, it may have a significant commercial impact on Parties, where currently the legal text could apply the provisions of a Curtailable Connection to a connection application received prior to 1 April 2023, and where proposed changes to

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<sup>8</sup> <https://www.dcusa.co.uk/change/access-scr-changes-to-cccm/>

<sup>9</sup> <https://www.dcusa.co.uk/change/access-scr-speculative-development/>

<sup>10</sup> The Authority sent back DCP 406 (and DCP 406A) to the Working Group due to a procedural concern and this will be re-submitted to the Authority for a decision in due course: <https://www.ofgem.gov.uk/publications/dcp406-and-dcp406a-access-scr-changes-cccm-authority-decision-send-back>

connection charging<sup>11</sup> will not apply to connection applications received before this date (i.e. two identical applications may be treated differently all other things being equal other than the date of application); and

- in accordance with Clause 10.7.3, DNOs and IDNOs may otherwise be in breach of the Relevant Instrument (i.e. the Distribution Licence in this case), as the legal text does not fully deliver the intent set out in the Access SCR Decision.

### Requested Next Steps

- 2.3 The Panel considered that the Proposer has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 418.
- 2.4 The DCUSA Panel recommends that this CP be issued to Parties for voting.

## 3 Why Change?

- 3.1 As set out in paragraphs 1.6 to 1.8, unless the relevant legal text is changed, the Access SCR Decision will not be implemented in line with policy intent and it may influence a Customer's choice between a Curtailable Connection and a Non-Curtailable Connection, in a way that the Access SCR Decision does not intend.

## 4 Solution

- 4.1 The proposed solution is for the definition of Curtailable Connection in Schedule 2D and Section 2B to be amended to refer to a connection "application received" rather than "offer made" on or after 1 April 2023.

## 5 Code Specific Matters

### Reference Documents

- 5.1 Links to reference documents are included in footnotes throughout.

## 6 Relevant Objectives

### Assessment Against the DCUSA Objectives

- 6.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the DCUSA.
- 6.2 The Proposer considers that the following DCUSA General Objectives are better facilitated by DCP 418.

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<sup>11</sup> In accordance with the Access SCR Decision and Access SCR Direction.

<b>DCUSA General Objectives</b>		<b>Identified impact</b>
Please tick the relevant boxes. <a href="#">(See Guidance Note 9)</a>		
<input type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.	Neutral
<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

6.3 This CP will better facilitate General Objective 3, with a neutral impact on the others with the exception of General Objective 5, which has no impact.

6.4 General Objective 3 will be better facilitated by ensuring that a DNO/IDNO Party is compliant with licence requirements in relation to implementing the Access SCR Decision via the Access SCR Direction, by properly implementing the policy intent in relation to when a connection application can become a Curtailable Connection.

## 7 Impacts & Other Considerations

### Impacts on any Significant Code Review (SCR) or other significant industry change projects

7.1 This CP seeks to amend the solution proposed by DCP 404 and DCP 405 which were approved by the Authority on 15 December 2022 and which implement parts of the Access SCR Decision. The SCR phase of the Access SCR has ended, and this CP does not impact any other SCRs.

### Consideration of Wider Industry Impacts

7.2 The Access SCR and to whom/when the reform applies has been discussed and consulted on throughout the process of implementing and developing the Access SCR Decision.

### Impacts Other Codes

- BSC.....  MRA.....
- CUSC.....  SEC.....
- Grid Code.....  REC.....

Distribution Code..  None.....

## Confidentiality

7.3 Non-confidential.

## 8 Implementation

8.1 As the intent of this CP is to amend legal text introduced by DCP 404 and DCP 405, it should be implemented on the same date as those CPs, being 01 April 2023.

## 9 Legal Text

### Legal Text

9.1 Amend the definition of Curtailable Connection in Paragraph 9.2 of Schedule 2D as follows:

“means a connection to the Company's Distribution System which is made on the basis that it is expressly subject to Curtailment (and for which the ~~Company's-Customer's~~ connection ~~offer application~~ was ~~made~~ received on or after 1 April 2023).”

9.2 Amend the definition of Curtailable Connection in Clause 38A.11 of Section 2B as follows:

“means a connection to the User's System which is made on the basis that it is expressly subject to Curtailment (and for which the connection ~~offer-application~~ was ~~made-received~~ on or after 1 April 2023).”

### Text Commentary

The proposed solution is simply to refer to a connection “application received” rather than “offer made” on or after 1 April 2023

## 10 Recommendations

### Panel's Recommendation

10.1 The Panel approved this Change Report on 05 January 2023. The Panel considered that the Proposer has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 418.

10.2 The Panel have recommended this report be issued for voting and DCUSA Parties should consider whether they wish to submit views regarding this CP. The voting form acts as Attachment 2 to this Change Report.

## 11 Attachments

- Attachment 1 – DCP 418 Legal Text
- Attachment 2 – DCP 418 Voting Form

- Attachment 3 – DCP 418 Change Proposal Form