

DCUSA Change Declaration	At what stage is this document in the process?
<p>DCP 418:</p> <p>Access SCR alignment</p> <p>Proposer Name: Lee Wells</p> <p>Proposing Party: Northern Powergrid</p> <p>Party Category: DNO</p> <p>Date: 03 January 2023</p>	<p>01 – Change Proposal</p> <hr/> <p>02 – Consultation</p> <hr/> <p>03 – Change Report</p> <hr/> <p>04 – Change Declaration</p>
<p>Purpose of Change Proposal:</p> <p>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>DCUSA Parties have voted on DCUSA Change Proposal (DCP) 418 with the outcome being a decision on whether or not the Change Proposal (CP) is to be accepted and the proposed variation to the DCUSA made accordingly.</p> <p>The DCUSA Parties consolidated votes are provided as Attachment 2.</p>
	<p>For DCP 418, DCUSA Parties have voted to:</p> <ul style="list-style-type: none"> • Accept the proposed variation (solution); and • Accept the implementation date.
	<p>Impacted Parties: DNOs, IDNOs, Suppliers, CVA Registrants.</p>
	<p>Impacted Clauses: Schedule 2D and Section 2B.</p>

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Timetable

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

Change Proposal timetable

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	20 January 2023
Implementation	01 April 2023



Any questions?

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1 Summary

What?

- 1.1 DCP 404 'Access SCR: Changes to Terms of Connection for Curtailable Customers'¹ and DCP 405 'Access SCR: Managing Curtailable Connections between Licensed Distribution Networks'² were raised to implement certain aspects of the Authority's Access SCR final decision (the "Access SCR Decision"),³ specifically paragraphs 18 to 22 of the Authority's direction to implement the Access SCR Decision (the "Access SCR Direction").⁴ 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.^{5 6}
- 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".⁷
- 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

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

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

³ https://www.ofgem.gov.uk/sites/default/files/2022-05/Access_SCR_Final_Decision.pdf

⁴ https://www.ofgem.gov.uk/sites/default/files/2022-05/Access_SCR_DCUSA_Direction.pdf

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

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

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

Connection) will not be implemented until 1 April 2023; in line with the Access SCR Decision and Access SCR Direction.

- 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’⁸ and DCP 407 ‘Access SCR: Speculative Development’⁹ await an Authority decision.¹⁰ 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.

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

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

¹⁰ 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>

2 Governance

Justification for treatment 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 connection charging¹¹ 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.

Next Steps

- 2.3 DCUSA Parties voted to accept DCP 418 and as such, it will be implemented in line with Section 8 below.

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.

¹¹ In accordance with the Access SCR Decision and Access SCR Direction.

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.

	DCUSA General Objectives	Identified impact
<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.

Does this Change Proposal Impact Other Codes?

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

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.

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 Commentary

- 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

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

10 Voting

10.1 The 418 Change Report was issued to DCUSA Parties for Voting on 05 January 2023.

Part 2 Matter: Authority Decision is not Required

DCP 418 Proposed Variation (Solution) Decision

10.2 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the proposed variation was more than 65% of the total number of Groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was more than 65%

10.3 DCUSA Parties have voted to **accept** the proposed variation (solution) of DCP 418.

DCP 418 Implementation Date Decision

10.4 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the implementation date was more than 65% of the total number of groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 65%.

10.5 DCUSA Parties have voted to **accept** the implementation date of DCP 418.

The table below sets out the outcome of the votes that were received in respect of the DCP 418 Change Report that was issued on 05 January 2023 for a period of 15 working days.

DCP 418	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANT	GAS SUPPLIER
CHANGE SOLUTION	Accept	Accept	No votes received	No votes received	N/A
IMPLEMENTATION DATE	Accept	Accept	No votes received	No votes received	N/A

11 Recommendations

DCUSA Parties

11.1 DCUSA Parties have voted on DCP 418, with the outcome being a decision to accept the Change Proposal and thus the proposed variation to the DCUSA will be made accordingly.

12 Attachments

- Attachment 1: DCP 418 Legal Text
- Attachment 2: DCP 418 Consolidated Party Votes
- Attachment 3: DCP 418 Change Proposal Form