

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 443:</h1> <h2>Excess Capacity</h2> <p>Date Raised: 09/07/2024</p> <p>Proposer Name: Peter Waymont</p> <p>Company Name: Eastern Power Networks</p> <p>Party Category: DNO</p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<p>Purpose of Change Proposal:</p> <p>To drive the correct customer behaviour regarding exceeding capacity.</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 a Standard Change • Progressed to the Working Group phase <p>The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties:</p> <p>Suppliers/DNOs/IDNOs/CVA Registrants</p>	
	<p>Impacted Clauses: Schedules 16/17/18</p>	

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Indicative Timeline		 020 7432 3011														
The Secretariat recommends the following timetable:		Proposer: Peter Waymont														
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1 Summary

What?

- 1.1 To amend the CDCM such that excess capacity charges are set in order to drive the correct customer behaviours.

Why?

- 1.2 Customer behaviour may be sub-optimal as a result of the existing processes.

How?

- 1.3 To set the daily exceeded capacity charge to give the right messages/cost signals to influence optimal customer behaviour.
- 1.4 One solution might be using the highest MD in the preceding 12 months, for which we have provided draft legal text. This is how we charged excess capacity for at least 16 years prior to CDCM.
- 1.5 Alternatively calculating the exceeded capacity to be double the capacity charge (which is broadly the difference between the two charges when Customer Contributions was utilised) would be an alternative approach.

2 Governance

Justification for Part 1 and Part 2 Matter

- 2.1 This is Part 1 as it impacts the methodologies.

Requested Next Steps

- 2.2 This Change Proposal should:
 - Be treated as a Part 1 Matter;
 - Be treated as a Standard Change; and
 - Proceed to the Working Group phase.

3 Why Change?

- 3.1 There was a change to the Connection and Access arrangements where some costs were removed. The input into the DUoS charging model which calculated the excess capacity charge is defined by these arrangements, as a result the value was set to zero, which resulted in the excess charge being the same as the capacity charge.
- 3.2 As a result we have seen a consultant state “With the capacity and excess capacity charges being the same, there is little incentive for the customers to increase their capacities, especially if there are “costs to do this.”.

- 3.3 We have seen a customer email us and tell us that they will exceed their capacity for two weeks this summer and will be happy to pay the excess.
- 3.4 We have also had dialogue with a Customer who stated that as excess capacity charges will be the same as standard capacity charges, a consumer will no longer be penalised at a higher rate for exceeding capacity, which is not the cost reflective message the charges should be showing.
- 3.5 A customer has contacted us to request a reduction in their capacity on the basis they will pay the excess when they do exceed.
- 3.6 Where a customer properly applies for an upgrade in their capacity, they are not allowed to reduce it again for 12 months (Schedule 16 Paragraph 149). This creates a discrimination/disincentive between those who behave properly as compared to those who do not.
- 3.7 The National Terms of Connection (NTC) give certain rights to the Distributor when a customer exceeds their capacity but in practice this can be a long-winded process, that endures long after the event and leaves the distributor with no real sanctions.
- 3.8 Taking an excess capacity is not an agreement to that capacity being available and the NTC still apply to the MIC/MEC.

4 Solution and Legal Text

Legal Text

4.1 Amend Schedule 16 Paragraph 153 as follows

153. Where a customer takes additional capacity over and above the MIC without authorisation, the excess will be classed as exceeded capacity. The exceeded portion of the capacity will be charged at the exceeded capacity rate (p/kVA/day). The exceeded capacity will be charged for ~~the duration of the month in which the breach occurs~~ based on the month in which the breach occurs and derived as follows:

Exceeded capacity (kVA) = max (0, Chargeable capacity – MIC)

Where:

Chargeable capacity = max (actual capacity utilised in any of the preceding 12 months), as set out below

MIC = Maximum Import Capacity

4.2 Amend Schedule 17 and Schedule 18, Paragraphs 20.6, 20.7, 20.9 as follows

20.6 For Connectees other than those that have an agreement with the DNO, the terms of which require them, for the purposes of P2/6 compliance, to export power during supergrid transformer (SGT) outage conditions, the exceeded portion of the export capacity is charged at the same rate as the capacity that is within the Maximum Export Capacity. This is charged for the duration of the month ~~in which the breach occurs~~ based on the highest excess in that month or in the preceding 11 months.

- 20.7 For Connectees other than those with DSM agreements, the exceeded portion of the import capacity is charged at the same rate as the capacity that is within the Maximum Import Capacity. This is charged for the duration of the month ~~in which the breach occurs~~ based on the highest excess in that month or in the preceding 11 months.
- 20.8 Sites subject to DSM arrangements would normally pay the DSM-adjusted capacity charge for capacity usage up to their Maximum Import Capacities.
- 20.9 If sites with DSM agreements were to exceed their maximum import capacities, the exceeded portion of the capacity will be charged at a different rate. This will be charged for the duration of the month ~~in which the breach occurs~~ based on the highest excess in that month or in the preceding 11 months. This charge for exceeded capacity (in p/kVA/day) would be determined as follows;

$$[\text{Exceeded capacity charge in p/kVA/day}] = [\text{Import capacity charge p/kVA/day}] + (([\text{FCP capacity charge p/kVA/day}] + ([\text{FCP super-red rate p/kWh}] * [\text{Average kW/kVA adjusted for part year}] * [\text{number of super-red hours connected}] / ([\text{days in Charging Year}] - [\text{Days for which not a customer}]))) * (1 - ([\text{chargeable capacity}] / [\text{Maximum Import Capacity}])))$$

Where:

The FCP super-red unit rate and FCP capacity charges in the equation above are the charges before any adjustments for DSM have been made.

4.3 Amend Schedule 17 and Schedule 18, Tables 21.1 and 21.2 as follows:

- 21.1 Table 21.1 summarises the method of application of import charge components.

Table 21.1 Application of EDCM import charge components

Tariff component	Unit	Application
Import fixed charge	p/day	Applied as a fixed charge.
Import capacity charge	p/kVA/day	Applied to the Maximum Import Capacity.
Exceeded import capacity charge	p/kVA/day	Applied to exceeded capacity for the duration of the month in which the breach occurs based on the highest excess in that month or in the preceding 11 months (except for sites which operates subject to grid code requirements for generation)
Import super-red unit rate	p/kWh	Applied to active power units consumed during the DNO Party's super-red time band.

- 21.2 Table 21.2 summarises the method of application of export charge components.

Table 21.2 Application of EDCM export charge components

Tariff component	Unit	Application
Export fixed charge	p/day	Applied as a fixed charge.
Export capacity charge	p/kVA/day	Applied to the Chargeable Export Capacity.
Exceeded export capacity charge	p/kVA/day	Applied to exceeded capacity for the duration of the month in which the breach occurs based on the highest excess in that month or in the preceding 11 months (except for sites which operates subject to grid code requirements for generation)
Export super-red unit rate	p/kWh	Applied to active power units exported during the DNO Party's super-red time band.

Text Commentary

4.4 This reinforces that the excess capacity change is based on the highest MD in a 12 month period.

5 Code Specific Matters

Reference Documents

5.1 N/A.

6 Relevant Objectives

	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	None
<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	None
<input type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	None
<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 checked="" 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	Positive
<input checked="" 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)	Positive
<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
<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 We believe that DCUSA Charging Objective 1 is better facilitated as Condition 7A of the Distribution Licence is concerned with the efficient and economic operation of the total system, and Objective 2 is better facilitated by this change as it would send a strong signal to Customers that where they exceed their capacity they will face higher charges, it would also ensure that the network is more effectively utilised.

7 Impacts & Other Considerations

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

7.1 This Change Proposal may impact upon the DUoS SCR but should proceed as it is a relatively simple change that can and should be dealt with now, rather than waiting for the outcome of the DUoS SCR, which may still be some way from being known.

Does this Change Proposal Impact Other Codes?

7.2 No.

BSC....	<input type="checkbox"/>	Grid Code.....	<input type="checkbox"/>	SEC...	<input type="checkbox"/>	None...	<input checked="" type="checkbox"/>
CUSC..	<input type="checkbox"/>	Distribution Code..	<input type="checkbox"/>	REC...	<input type="checkbox"/>		

Consideration of Wider Industry Impacts

7.3 No.

Confidentiality

7.4 None.

8 Implementation

Proposed Implementation Date

8.1 1 April 2026.

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.