

## DCUSA Change Proposal (DCP)

# DCP 442

## Aligning enduring flexible connections

**Date raised:** 01/07/2024

**Proposer Name:** Lee Wells

**Company Name:** Northern Powergrid

**Company Category:** DNO

01 – Change Proposal

02 – Consultation

03 – Change Report

04 – Change Declaration

### Purpose of Change Proposal:

The intent of this Change Proposal (“CP”) is to align (and clarify) the two approaches that currently may result in a flexible connection being provided on an enduring basis. A flexible connection on an enduring basis is an arrangement that allows a Customer’s import/export of electricity via a connection to be restricted by a DNO/IDNO Party in perpetuity. This CP proposes that such a connection shall be a Flexible Connection rather than a Curtailable Connection.

### Governance:

The Proposer recommends that this CP should be:






- treated as a Part 1 Matter;
- treated as a Standard Change; and
- proceed to the Working Group phase.

### Impacted Parties:

DNO/IDNOs.

### Impacted Clauses:

Schedule 2D (Clause 7.4, Definitions, and appendix B).  
Schedule 22 (Clause 1.20 and Glossary of Terms).

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Indicative Timeline		 <a href="mailto:DCUSA@electralink.co.uk">DCUSA@electralink.co.uk</a>
<b>The Secretariat recommends the following timetable:</b>		 020 7432 3011
Initial Assessment Report	18/07/2024	Proposer: <b>Lee Wells</b>
Consultation Issued to Parties	01/09/2024	 <a href="mailto:lee.wells@northernpowergrid.com">lee.wells@northernpowergrid.com</a>
Change Report Approved by Panel	20/11/2024	 07885 712226
Change Report issued for Voting	21/11/2024	
Party Voting Closes	12/12/2024	
Change Declaration Issued to Parties	16/12/2024	

# 1 Summary

## What?

- 1.1 A Flexible Connection or a Curtailable Connection may allow a Customer to connect to the Distribution System quicker and/or cheaper than a Non-Curtailable Connection.<sup>1</sup> These connection arrangements allow a DNO/IDNO Party to manage the impact on the Distribution System by restricting a Customer's import/export of electricity.
- 1.2 However, in practice, a Curtailable Connection is very different to a Flexible Connection because:
- A Curtailable Connection can only be offered in situations where the Reinforcement is restricted to that needed to deliver the Minimum Scheme. A Flexible Connection can be offered where the Reinforcement is in excess of that required to deliver the Minimum Scheme.<sup>2</sup>
  - Eligibility for a Curtailable Connection to be offered is prescriptive, including the criteria as set out in DCUSA Schedule 2D 'Curtailable Connections'.<sup>3</sup> A Flexible Connection is not subject to the eligibility criteria for a Curtailable Connection and can, therefore, be offered in a wider range of scenarios.
  - A Curtailable Connection has an associated Curtailment Limit (not to be confused with a forecast of curtailment). If the actual Curtailment exceeds the Curtailment Limit, the DNO/IDNO Party must pay the Customer compensation. A Flexible Connection does not have an associated Curtailment Limit and, therefore, the DNO/IDNO Party is not required to pay any compensation to the Customer.
  - A Curtailable Connection is principally a temporary arrangement to allow a Customer access (or increased access) to the Distribution System whilst Reinforcement work is being completed. A Flexible Connection is generally provided on an enduring basis by default, in lieu of Reinforcement.
- 1.3 The agreement for provision of a Curtailable Connection includes, as standard, a Curtailment End Date, being the date upon which it is agreed with the Customer that the connection will convert to a Non-Curtailable Connection.<sup>4</sup> The Authority's Access SCR final decision (the "Access SCR Decision"),<sup>5</sup> stated:

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<sup>1</sup> Capitalised terms in this document have the meaning given to them in the DCUSA unless otherwise stated.

<sup>2</sup> For example if the Customer requests additional security in excess of the Minimum Scheme, and/or if the connection will be restricted by constraints on the transmission system. However, a Flexible Connection can also be offered (e.g.) in lieu of Reinforcement in accordance with the Minimum Scheme.

<sup>3</sup> <https://document.dcusa.co.uk/dcusa-document/131/507390> [version 16.1 of the DCUSA]

<sup>4</sup> In practice, a Curtailable Connection shall typically automatically convert to a Non-Curtailable Connection once the Curtailment End Date has been reached.

<sup>5</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)

*“4.64. End dates for non-firm arrangements would ensure that network operators invest in network capacity in a timely way and provide certainty to customers on when their connection arrangements are likely to be made firm. An open-ended arrangement provides no incentive on network operators to resolve the constraint and progress with reinforcement or procure flexibility in a timely manner.”*

1.4 However, the Access SCR Decision went on to say (clarity in square brackets added):

*“4.65. However, explicit end dates would not apply where a customer does not explicitly request a firm connection or is unwilling to accept the costs of firming up the connection at the point at which the connection agreement is reviewed. It would also not apply where the connection request triggers the HCC [High-Cost Project Threshold] and the connecting customer does not agree to contribute to reinforcement costs above the cap. In such instances, non-firm arrangements can be made on an enduring basis with no set end date.”*

1.5 DCUSA Schedule 2D was introduced to implement part of the Access SCR Decision, and includes the following text to deliver the intent of the above extract, so allowing for an “enduring Curtailable Connection”:<sup>6</sup>

*“7.4. If the Customer does not request a Non-Curtailable Connection, or does not accept the cost of converting the Curtailable Connection to a Non-Curtailable Connection, the Connection shall continue to be a Curtailable Connection until such a time as the Customer requests a Non-Curtailable Connection and accepts the cost of converting the Curtailable Connection to a Non-Curtailable Connection.”*

1.6 As such, a connection arrangement that is provided on an enduring, flexible basis can manifest as either a Flexible Connection (where the criteria for a Curtailable Connection are not met) or a Curtailable Connection (where the Customer does not want (i) to convert a Curtailable Connection into a Non-Curtailable Connection, or (ii) to pay the Reinforcement costs to do so). However, the differences between a Flexible Connection and a Curtailable Connection create unintended consequences for a DNO/IDNO Party and Customers in terms of both practicality and fairness.

1.7 Therefore, this CP seeks to:

- Align connections provided on an enduring, flexible basis such that all such arrangements are via a Flexible Connection only;
- Clarify the definitions of both Curtailable Connection and Flexible Connection; and
- Clarify that a Non-Curtailable Connection is neither a Curtailable Connection nor a Flexible Connection.

## Why?

1.8 One of the guiding principles of the Access SCR was that “*arrangements support efficient use and development of network capacity*”, and Ofgem considered that its reform to access rights as part of

<sup>6</sup> A similar provision was also included in Clause 1.20 of DCUSA Schedule 22 ‘Common Connection Charging Methodology’:

<https://document.dcusa.co.uk/dcusa-document/131/509636>

the Access SCR Decision would “*support efficient network development in accordance user requirements*”. However, providing a Curtailable Connection on an enduring basis risks adversely impacting efficient network development and, as Ofgem recognised in the extract in paragraph 1.3, “*an open-ended arrangement provides no incentive on network operators to resolve the constraint and progress with reinforcement or procure flexibility in a timely manner*”. However, an effective and efficient, open-ended arrangement can be suitably accommodated via a Flexible Connection, whilst retaining a constraint management approach prior to Reinforcement being completed via a Curtailable Connection.

1.9 Providing a Curtailable Connection on an enduring basis is impractical. The Curtailment Limit is set as standard, and for the lifetime of the Curtailable Connection, at the time the connection offer is made. As capacity on the network is increasingly utilised, the appropriateness of the Curtailment Limit will diminish, resulting in an increased burden on a DNO/IDNO Party after the point in time at which it was intended that the need for the Curtailable Connection would cease. For example:

- Ensuring the Required Capacity is available to the Customer to avoid exceeding the Curtailment Limit;
- Procuring Distribution Flexibility Services potentially at a higher premium;
- In turn, this could increase the Exceeded Curtailment Price paid to the Customer of a Curtailable Connection (if the Curtailment Limit is exceeded);
- Increasing the frequency and magnitude of payments (regardless of an increase in price as above) to the Customer if the Curtailment Limit is exceeded;
- Considering a non-standard periodic resetting of the Curtailment Limit (potentially via an Authority direction); and
- If the DNO/IDNO Party and the Customer have entered into a contract for the provision of a Curtailable Connection with a Curtailment End Date and the Customer elects not to pay the applicable Reinforcement cost, the Customer would be in breach of that contract.

1.10 Providing a Curtailable Connection on an enduring basis risks creating an opportunity for a Customer to “free ride” on Reinforcement paid for by other Customers. Whilst the same could potentially be true of a Flexible Connection:

- A Flexible Connection is more likely to be in an area of the network where it is less practical for the economic development of that area of network to be via Reinforcement rather than, for example, implementing an Active Network Management arrangement;
- A Customer with a Curtailable Connection may consciously elect not to pay the amount required towards the cost of Reinforcement, and would retain the benefit of the Curtailment Limit and potential compensation payments in perpetuity, regardless;
- A Customer with a Flexible Connection who applied for that connection before 1 April 2023 (before which a Curtailable Connection was not available) would need to apply for a new/modified connection to (potentially) be equitable with a Curtailable Connection provided on an enduring basis, e.g. to be eligible for Curtailment Limit related payments. This behaviour should not be incentivised due to the impracticalities noted in paragraph 1.9; and

- Due to the restricted eligibility criteria, a Curtailable Connection may not be available to a Customer with a Flexible Connection such that it may not be a “level playing field”.

1.11 The definitions of Curtailable Connection and Flexible Connection should also be clarified to ensure that they are sufficiently distinct. Clarity should also be given to the definition of a Non-Curtailable Connection to specify that is neither a Curtailable Connection nor a Flexible Connection.

## How?

1.12 The scope of Schedule 2D, and references to a Curtailable Connection potentially being provided on an enduring basis should be amended as follows:

- Insert Clauses 1.6 to 1.8 into Schedule 2D to clarify that, where a Customer (i) does not want a Non-Curtailable Connection or (ii) is not willing to pay the costs of converting a Curtailable Connection to a Non-Curtailable Connection, the connection shall not be a Curtailable Connection, but could be a Flexible Connection (until such time that the Customer requests, and accepts, an offer for a Non-Curtailable Connection);
- Remove Clause 7.4 in Schedule 2D to delete the reference of a Curtailment End Date not applying.
- Amend Annex 1 and Annex 2 of Appendix B in Schedule 2D to remove references to a Curtailment End Date not applying;
- Amend the definition of Curtailment End Date to clarify that a date will always exist; and
- Amend Clause 1.20 in Schedule 22 to reference a Flexible Connection only.

1.13 The definitions of Curtailable Connection, Flexible Connection(s), and Non-Curtailable Connection, should be amended as follows:

- Amend the definition of Curtailable Connection in Schedule 2D and Schedule 22 to explicitly state that it is subject to the provisions of Schedule 2D;
- Insert the definition of Flexible Connection(s) into Schedule 2D (including Annex 2 of Appendix B), and amend the definition in Schedule 22 to explicitly state that it is not subject to the provisions of that Schedule; and
- Amend the definition of Non-Curtailable Connection in Schedule 2D (including Annex 2 of Appendix B) and Schedule 22 to explicitly state that it is a connection that is not a Flexible Connection.

## 2 Governance

### Justification for Part 1 and Part 2 Matter

2.1 This CP satisfies the criteria for a Part 1 Matter as it potentially impacts the interests of electricity consumers and associated commercial activities with the demand/generation of electricity.

## Requested Next Steps

2.2 This CP 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 As set out in paragraphs 1.8 to 1.11, unless the relevant legal text is changed, the current arrangements risk perpetual, impractical and inefficient network development via one form of flexible connection over another and, potentially, at a disadvantage to a Customer with a Flexible Connection.
- 3.2 Further, clarification of the definitions of Curtailable Connection and Flexible Connection (and in turn Non-Curtailable Connection) would provide beneficial clarity to all stakeholders of the clear distinction between the different types of connection arrangement.

## 4 Solution and Legal Text

### Legal Text

4.1 Draft legal text for Schedule 2D is included in Attachment 1 (changes to Schedule 22 are excluded on the basis they are more straightforward and require less context than provided in that Schedule).

4.2 Insert Clause 1.6 into Schedule 2D:

*“If the Company offers a Curtailable Connection to the Customer in accordance with this Schedule 2D (the “Curtailable Offer”) and the Customer does not accept the Curtailable Offer, the Company may:*

- a. Offer a Flexible Connection to the Customer (the “Flexible Offer”); and*
- b. If the Customer accepts the Flexible Offer, provide the Flexible Connection in accordance with the terms of the Flexible Offer until such time as the Customer:*
  - i. Requests that the Company makes an offer of a Non-Curtailable Connection to the Customer (the “Non-Curtailable Offer”);*
  - ii. Accepts the Non-Curtailable Offer; and*
  - iii. Pays the costs of the Non-Curtailable Connection in accordance with the terms of the Non-Curtailable Offer.”*

4.3 Insert Clause 1.7 into Schedule 2D:

*“If the Company and the Customer have entered into a contract under which the Company is to provide a Curtailable Connection and, within a reasonable period of time before the Curtailment*



*End Date, the Customer has not (a) paid the costs of a Non-Curtailable Connection or (b) given the Company written notice that it will pay the costs of a Non-Curtailable Connection in accordance with that contract, Paragraph 1.8 shall apply.”*

#### 4.4 Insert Clause 1.8 into Schedule 2D:

*“Where Paragraph 1.7 applies, the Company and the Customer shall use reasonable endeavours to agree that the contract for the Curtailable Connection shall be varied such that:*

- a. The Curtailment End Date shall not apply;*
- b. A Flexible Connection shall be provided instead of a Curtailable Connection;*
- c. Where the Company needs to install and maintain different system management equipment for a Flexible Connection, the Customer shall be required to pay costs allocated to it in accordance with Schedule 22 (Common Connection Charging Methodology); and*
- d. Where the Company and Customer cannot agree points (a) to (c) above, the matter should be resolved through the dispute process set out in the Curtailable Connection Agreement.*

#### 4.5 Delete Clause 7.4 of Schedule 2D.

#### 4.6 Amend the definition of Curtailment End Date in Schedule 2D as follows:

*“means the date ~~(if any)~~ from which the Company has agreed to make the Curtailable Connection a Non-Curtailable Connection (subject to amendment in accordance with Paragraph 7.2).”*

#### 4.7 Amend the definition of Curtailable Connection in 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~~ whereby the Customer's export and/or import of electricity can be restricted by the Company in accordance with Schedule 2D (Curtailable Connections) ~~(and for which the connection application was received on or after 1 April 2023).~~”*

#### 4.8 Insert the definition of Flexible Connection into Schedule 2D as follows:

*“means a connection to the Company's Distribution System whereby a Customer's export and/or import of electricity can be restricted by the Company other than in accordance with Schedule 2D (Curtailable Connections); on the basis that there is no limit on the extent to which the Company can restrict such export and/or import.”*

#### 4.9 Amend the definition of Non-Curtailable Connection in Schedule 2D as follows:

*“means a connection which is not (i) a Curtailable Connection or (ii) a Flexible Connection.”*

#### 4.10 Amend references to and the definition of Curtailment End Date in Annexes 1 and 2 of Appendix B in Schedule 2D as follows:

- In Annex 1, amend (f)(v) as follows (such that a date is always required):

*“~~[N/A] or~~ DD/MM/YYYY”*

- In Annex 2, amend the definition of Curtailment End Date as follows:



*“means the date ~~(if any)~~ from which the Company has agreed to make the connection a Non-Curtailable Connection, as set in Annex 1 or as otherwise agreed between the Parties (but always subject to Clause 12.18)”*

4.11 Insert the definition of Flexible Connection into Annex 2 of Appendix B in Schedule 2D as follows:

*“means a connection to the Company’s Distribution System whereby a Customer’s export and/or import of electricity can be restricted by the Company other than in accordance with Schedule 2D of the DCUSA; on the basis that there is no limit on the extent to which the Company can restrict such export and/or import.”*

4.12 Amend the definition of Non-Curtailable Connection in Annex 2 of Appendix B in Schedule 2D as follows:

*“means that the connection is not (i) a Curtailable Connection or (ii) a Flexible Connection ~~longer subject to Curtailment.~~”*

4.13 Amend Clause 1.20 of Schedule 22 as follows:

*“If you choose not to pay (i) Reinforcement costs for the Minimum Scheme for a Non-Curtailable Connection or (ii) Reinforcement costs in excess of the High-Cost Project Threshold for a Non-Curtailable Connection, then you can request ~~an enduring Curtailable a Flexible~~ Connection instead ~~(i.e. one which will not convert to a Non-Curtailable Connection in the future)~~. If you subsequently require a Non-Curtailable Connection, then this would require a new connection request which may still be subject to Reinforcement costs, potentially in excess of the High-Cost Project Threshold.”*

4.14 Amend the definition of Curtailable Connection in Schedule 22 as follows:

*“means a connection to the Company’s Distribution System whereby the Customer’s export and/or import of electricity ~~Required Capacity~~ can be restricted by the Company in accordance with DCUSA Schedule 2D (Curtailable Connections) and for which the connection application was received on or after 1 April 2023.”*

4.15 Amend the definition of Flexible Connections in Schedule 22 as follows, including changing the term to Flexible Connection (i.e. singular):

*“~~means a~~ ~~are~~ ~~connection~~ to the Company’s Distribution System ~~arrangements~~ whereby a Customer’s export and/or import of electricity can be restricted by the Company other than in accordance with DCUSA Schedule 2D (Curtailable Connections); ~~is managed (often through real-time control) based upon contracted and agreed principles of available capacity. Flexible Connections typically allow quicker and cheaper connection to the Distribution System but are made~~ on the basis that there is no limit on the extent to which the Company can restrict such export and/or import ~~a user’s access can be interrupted.~~”*

4.16 Amend the definition of Non-Curtailable Connection in Schedule 22 as follows:

*“means a connection which is not (i) a Curtailable Connection or (ii) a Flexible Connection(s).”*

## Text Commentary

- 4.17 The proposed insertion of Clauses 1.6 to 1.8 into Schedule 2D amend the scope of that Schedule by ultimately requiring that a Curtailable Connection shall always have a Curtailment End Date. If the Customer does not agree to the terms of a Curtailable Connection – and where a Curtailable Connection will by default convert to a Non-Curtailable Connection – the DNO/IDNO Party shall not provide a Curtailable Connection. However, the DNO/IDNO Party may provide a Flexible Connection instead (principally when the reason for the Customer rejecting the terms of a Curtailable Connection was the cost of a Non-Curtailable Connection).
- 4.18 Where a DNO/IDNO Party has already entered into a contact with a Customer for a Curtailable Connection, and that Customer breaches/will breach that contract by not paying the costs of a Non-Curtailable Connection, Clause 1.8 of Schedule 2D sets out that the DNO/IDNO Party and the Customer shall use reasonable endeavours to agree the terms of a Flexible Connection instead – and where terms cannot be agreed, the matter shall be resolved via the standard dispute process.
- 4.19 Clause 1.8 of Schedule 2D also sets out that the Customer may be liable for costs associated with the DNO/IDNO Party providing a different technical solution to manage the Flexible Connection (in accordance with Schedule 22). For example, a DNO/IDNO Party may choose to utilise a cheaper (potentially manual) solution to manage a Curtailable Connection on a short-term basis, but such an arrangement may not be appropriate on an enduring basis.
- 4.20 The proposed removal of Clause 7.4 of Schedule 2D deletes the reference to a Curtailment End Date not applying.
- 4.21 The proposed amendments to Annex 1 and Annex 2 of Appendix B of Schedule 2D clarify that a Curtailment End Date shall always be required in a Connection Agreement for a Curtailable Connection. For the avoidance of doubt, where a DNO/IDNO Party has entered into a contact with a Customer for a Curtailable Connection, and that Curtailable Connection shall default to a Flexible Connection, a new Connection Agreement will be required setting out the terms of that Flexible Connection (i.e. not in accordance with Schedule 2D).
- 4.22 The proposed amendments to Clause 1.20 of Schedule 22 clarify that a Flexible Connection can be considered where the Connection Charge is not accepted by the Customer, but a Curtailable Connection is not applicable in these circumstances.
- 4.23 The proposed amendments to definitions across Schedule 2D (plus Appendix B of that Schedule) and Schedule 22 (i) always require that a Curtailable Connection has a Curtailment End Date; (ii) clarify the difference between a Curtailable Connection and a Flexible Connection; and (iii) clarify that a Non-Curtailable Connection is neither a Curtailable Connection nor a Flexible Connection.

## 5 Code Specific Matters

### Reference Documents

5.1 Links to reference documents are included in footnotes throughout.

## 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 checked="" 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	Positive
<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 checked="" type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<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

- 6.1 This CP will better facilitate General Objectives 1 to 4, with no/neutral impact on General Objective 5.
- 6.2 General Objectives 1 and 3 will be better facilitated by reducing the potential adverse impact on the efficient development of the Distribution System of providing a Curtailable Connection on an enduring basis.
- 6.3 General Objectives 1 and 2 will be better facilitated by clarifying that a flexible connection arrangement provided on an enduring basis in the circumstances contemplated by this CP is a Flexible Connection, and is not subject to the eligibility criteria applicable to a Curtailable Connection and is, therefore, more widely available.
- 6.4 General Objective 4 will be better facilitated by clarifying the distinction between a Curtailable Connection and a Flexible Connection and, in turn, a Non-Curtailable Connection, and aligning Schedule 2D and Schedule 22 in the process.

## 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 No.

### Does this Change Proposal Impact Other Codes?

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

### Consideration of Wider Industry Impacts

7.2 The issue which this CP seeks to remedy has been discussed at the ENA Connections Commercial Operations Group ("Connections COG").

### Confidentiality

7.3 Non-confidential.

## 8 Implementation

### Proposed Implementation Date

8.1 This CP should be implemented at the earliest opportunity once approved by the Authority.

## 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.*