

DCUSA Issues Form (DIF)

This form should be used by parties to submit matters for consideration to DCUSA Standing Issues Group (SIG). The completed form should be issued to DCUSA@electralink.co.uk

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**Assigned by DCUSA Secretariat*

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Nature of Issue
<p>In 2022, UK Power Networks raised DCP411, in order to facilitate charging DUoS for de-energised sites. A working group was formed that consulted and accommodated the wishes of a number of parties, which resulted in the solution incorporating a long-winded process of customer engagement and prioritisation, and moving away from the original proposal, which was to charge all de-energised customers.</p> <p>Ofgem rejected DCP411.</p> <p>In their decision, Ofgem highlighted</p> <ol style="list-style-type: none"> 1. DCP115 as a solution (p1, p7) 2. The complexity of the engagement process (p4) 3. Supplier difficulty in passing on charges, leading to distortions (p5) 4. The solution encouraging more disconnections that are temporary in nature (p6) 5. Unresponsive customers causing other customers to bear costs (p6) 6. Cross-subsidy (p8)

In practice there is already a cross subsidy as de-energised customers are permitted to retain a connection for free while everyone else pays for their own connection and for the costs of maintaining those de-energised ones.

This is further complicated with new connection requests needing to assess the network capability where customers are not currently using their capacity but could do at any future date.

This can lead to a need to reinforce the network, the costs of which will be borne by all other customers.

However, if the de-energised customer had to make commercial decisions about whether to continue to pay for something they do not use, they might reduce capacity or disconnect and save those other customers bearing the reinforcement costs.

DCP115 gives a process that can lead to disconnection of de-energised customers if the company reasonably considers that it is not required to maintain the connection under the Electricity Act i.e. where it is not reasonable in all the circumstances to maintain the connection.

We have written to a number of customers pursuant to the DCP115 process. The reasonableness test is very difficult.

Customers often cite planning permission on the site or business plans for redevelopment etc.

We have also seen customers being charged capacity charges by their supplier and saying it is unreasonable for the distributor to disconnect capacity that they are paying for (despite the distributor not receiving any revenue from these customers).

At the time of drafting the original DCP411 proposal, I was on one of the MHHS Development groups, designing the content of market messages, notably my interest being DUoS billing data

I argued to add a count of de-energised sites into the aggregated billing message REP-002 in order that if we did charge de-energised sites, the aggregated data would accommodate it.

In implementing that design, that field has been used to identify consuming de-energised sites only, which had been intended to be included in the “energised” count, as they are not truly de-energised (and which is consistent with the single customer count in the D0030).

When questioned, with a view to adding a new field for non-consuming de-energised sites, the MHHS programme suggested they did not have a count of non-consuming de-energised MPANs. [It’s not clear how an overall control check is undertaken by settlement i.e. to confirm that 100% of MPANs are considered.]

This means that any proposal to now charge de-energised sites could, without a change to the REP-002, only apply to site-specific billed customers and could be discriminatory. So that is another consideration.

There has been much publicised recently about standing charges. BBC News reported that “All households pay the fixed daily charges covering the costs of connecting to a gas and electricity supply.” This is a misunderstanding - households pay the fixed daily charges covering the costs of connecting themselves to an electricity supply, as well as paying for de-energised customers who get it for free.

It should also be noted that Ofgem’s draft Strategic Direction Statement includes objectives which may be relevant, such as –

Objective 1: Ensure fair prices

Objective 6: Expand electricity networks

Objective 9: Network performance and connections

Fundamentally, this issue is around the approach to customers who sit on large capacities for free, causing other customers to bear higher use of system charges and potentially reinforcement costs, and if necessary, determining

in what circumstances it may be considered not “reasonable to maintain in all the circumstances”, under the Electricity Act.

Solution Overview – If Known

Solution Description	<p>Continue with the cross-subsidy of de-energised sites by other connected users.</p> <p>Amend National Terms of Connection to set import/export capacity to zero after three (?) years of de-energisation or 36 months of de-energisation within the last 60 months (trying to avoid gaming). However this feels much more draconian than making de-energised customers pay their fair share of network costs to retain the capacity.</p> <p>Re-raise original charge but with no leeway to result in anything other than charging DUoS to all de-energised customers.</p>
Lead Time For Implementation	None