




DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 465</h1> <h2>NFD Generator and Battery Capacity Charges</h2> <p><b>Date Raised:</b> 7 October 2025</p> <p><b>Proposer Name:</b> Dave Wornell</p> <p><b>Company Name:</b> National Grid Electricity Distribution</p> <p><b>Party Category:</b> DNO</p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<p><b>Purpose of Change Proposal</b></p> <p>The CDCM differs from the EDCM in that it does not treat generation sites differently to demand sites when determining the Capacity charge. This change proposal is to align The Differential In Generator and Battery Capacity charges between the two methodologies and therefore reduce the capacity charges for CDCM Generators and Batteries</p>		
	<p><b>Governance:</b></p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> <li>• Treated as a Part 1 Matter</li> <li>• Treated as a Standard Change</li> <li>• Progressed to the Working Group phase</li> </ul> <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>	
	<p><b>Impacted Parties:</b></p> <p>Suppliers/DNOs/IDNOs/CVA Registrants</p>	
	<p><b>Impacted Clauses:</b></p> <p>Schedule 16</p>	

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Any questions?

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The Secretariat recommends the following timetable:

Initial Assessment Report

15 October 2025

Consultation Issued to Industry Participants

January 2026

Change Report Approved by Panel

15 April 2025

Change Report issued for Voting

16 April 2025

Party Voting Closes

11 May 2025

Change Declaration Issued to Parties

13 May 2025

Change Declaration Issued to Authority

13 May 2025

# 1 Summary

## What?

- 1.1 Following the access SCR and zeroing of the customer contributions the Capacity charge in the CDCM has increased to a level that sites with a high import capacity, such as Batteries, may find difficult for commercial operation.
- 1.2 The CDCM differs from the EDCM in that it does not treat generation sites differently to demand sites when determining the Capacity charge.

## Why?

- 1.3 This creates a disparity between the two different methodologies creating boundaries and cliff edges and pricing differentials depending on the level of connection. This may lead to non-optimal behaviour.

## How?

- 1.4 All generated dominated sites in the EDCM are given minimum NUFs (Network use factors) whereas demand dominated sites are given actual NUFs. This reduces the Capacity charge for Generation dominated sites.
- 1.5 Before the TCR there was no way to identify Generation dominated sites in the CDCM. However, there is now a way to identify these as they are now Non-Final Demand.
- 1.6 A potential method is to set the Demand dominated NUFs in the EDCM to use the minimum NUFs and compare the average price differential and then apply this to the CDCM NFD customers. See table below:

	EMEB	MIDE	SWAE	SWEB
Count of demand customers	54	32	45	42
Average capacity price using actual NUFs p/kva/day	1.77	1.99	3.00	2.49
Average capacity price using minimum NUFs p/kva/day	1.35	1.48	1.85	1.85
% Diff	76%	74%	62%	74%

- 1.7 The effect on the CDCM capacity charges for Non-Final Demand customers can be seen in the table below:

Current CDCM Capacity Charges For 2026/27

p/kva/day	EMEB	MIDE	SWAE	SWEB
CDCM Capacity price LV	7.68	10.66	10.49	12.18
CDCM Capacity price LV Sub	7.4	9.18	10.07	10.47
CDCM Capacity price HV	8.57	9.26	10.43	10.06

Proposed Generator and Battery CDCM Capacity charges with the change made

p/kva/day	EMEB	MIDE	SWAE	SWEB
CDCM Capacity price LV	5.85	7.91	6.48	9.02
CDCM Capacity price LV Sub	5.64	6.81	6.22	7.75
CDCM Capacity price HV	6.53	6.87	6.44	7.45

- 1.8 The impact analysis is that the capacity revenue would reduce for Non-Final Demand customers and be added to residual. Please see table below for the amounts.

Value added on to residual

£m	EMEB	MIDE	SWAE	SWEB
CDCM Capacity price LV	0.03	0.02	0.02	0.02
CDCM Capacity price LV Sub	0.00	0.00	0.00	0.01
CDCM Capacity price HV	0.24	0.21	0.09	0.24
Total	0.27	0.23	0.11	0.28

## 2 Governance

### Justification for Part 1

- 2.1 This CP is likely to be a Part 1 matter as it will reduce prices for the import MPANs of generators and Batteries in the CDCM, which in turn will increase residual charges and therefore the prices of other CDCM customers.

### 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 This Change proposal seeks to corrects a disparity between the two different methodologies. Therefore, bringing in to line the differences between demand and generation in the CDCM and EDCM.

## 4 Solution and Legal Text

### Legal Text

- 4.1 The Proposed solution is to align the approach in the CDCM with the approach in the EDCM.

- 4.2 The legal text is to be developed by the Working Group, once an agreed solution has been decided upon.

## 5 Code Specific Matters

### Reference Documents

- 5.1 This issue was discussed at DCMDG meeting 90. The paper presented in included with the CP as attachment 1.
- 5.2 DW presented an overview of the issue to the DCMDG (see attachment 1) and explained that a customer had raised a query that CDCM capacity charges are very high making it difficult for them to operate batteries. DW explained that capacity charges had risen a lot following the Access SCR, as a result of the zeroing of the customer contributions, and that National Grid had investigated whether there is a disconnect between the EDCM and CDCM.
- 5.3 DW explained that the EDCM makes a provision for generation customers (including batteries) and these customers are put onto minimum Network Use Factors (“NUFs”) whereas demand sites are charged actual NUFs. DW explained that the CDCM does not treat generation sites differently to demand sites, so there is a difference in the import capacity charges for generation and demand customers in the EDCM, which is not replicated in the CDCM.
- 5.4 DW presented some analysis to determine what the benefit to generation and battery customers is in the EDCM, which came out at around a 75% difference.
- 5.5 DW stated that following the TCR, there is now a means to identify generation dominated sites in the CDCM, as these are now classed as non-final demand, and the same benefits can be applied to them.
- 5.6 DW explained that he’d assessed what would happen to capacity charges if the benefits to the EDCM generation and battery customers was to be applied to those under the CDCM, on page 2 of his overview.
- 5.7 DW noted that by applying the same benefits to customers under the CDCM, this would align the approach between the two methodologies.

## 6 Relevant Objectives

	DCUSA Charging Objectives	Identified impact
<input 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	None
<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 checked="" 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	Positive
<input checked="" 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	Positive
<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 The Proposer believes that DCUSA charging objective 2 will be better facilitated as competition will be improved as a CDCM generator or battery will have less of a disadvantage against an EDCM generator or battery for the import charge.
- 6.2 The Proposer believes that DCUSA charging objective 3 will be better facilitated as the charges will be more cost reflective.
- 6.3 The Proposer believes that DCUSA charging objective 4 will be better facilitated as this DCP will continue to help the drive towards Net Zero which is fundamental to the DNOs business.

## 7 Impacts & Other Considerations

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

- 7.1 This change proposal does not impact on the SCR but represents an improvement to solve a defect or inequality in the current charging methodology.

## Impacts on other Codes

7.2 This CP is not expected to impact upon the other codes.

Grid Code..... ☐ SEC..... ☐ CUSC..... ☐  
 Distribution Code... ☐ REC..... ☐ BSC..... ☐  
 None..... ☒

## Consumer Impacts

7.3 This CP will reduce prices for the import MPANs of generators and Batteries in the CDCM which in turn will increase residual and therefore prices of other CDCM customers.

## Environmental Impacts

7.4 In accordance with DCUSA Clause 10.4.5A, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if this CP were implemented. No impacts on greenhouse gas emissions were identified.

## Are there any wider industry impacts?

7.5 None.

## 8 Implementation

### Proposed Implementation Date

8.1 The proposed implementation date is 01<sup>st</sup> April 2028.

## 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.*

## 10 Attachments

10.1 Attachment 1 - NGED DCMDG Paper