













DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 461</h1> <h2>Reducing the impact of Transmission Distribution Charges</h2> <p><b>Date Raised:</b> 13 August 2025</p> <p><b>Proposer Name:</b> Ben Godfrey</p> <p><b>Company Name:</b> NGED</p> <p><b>Party Category:</b> DNO</p>		<div>01 – Change Proposal</div> <div>02 – Consultation</div> <div>03 – Change Report</div> <div>04 – Change Declaration</div>
<p><b>Purpose of Change Proposal:</b></p> <p>To address a growing set of structural, economic, and policy misalignments that are actively hindering the UK's energy transition.</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>DNOs/ IDNOs</p>	
	<p><b>Impacted Clauses:</b></p> <p>Schedule 22</p>	

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Indicative Timeline			Insert name
The Secretariat recommends the following timetable:			 email address.
Initial Assessment Report	13 August 2025		 telephone
Consultation Issued to Industry Participants	November 2025		Other:
Change Report Approved by Panel	18 February 2026		Insert name
Change Report issued for Voting	19 February 2026		 email address.
Party Voting Closes	12 March 2026		 telephone
Change Declaration Issued	17 March 2026		

# 1 Summary

## What?

- 1.1 The current regulatory framework for transmission boundary reinforcement charges creates a significant barrier to the timely and cost-effective connection of new generation and demand customers. Under existing arrangements, Distribution Network Operators (DNOs) are not explicitly funded to cover the costs of transmission reinforcement works triggered by customer connections at connection asset Grid Supply Points (GSPs). As a result, these costs are passed directly and fully to the initiating customer, often requiring substantial upfront capital contributions.

## Why?

- 1.2 A change to the current transmission boundary reinforcement charging arrangements is necessary to address a growing set of structural, economic, and policy misalignments that are actively hindering the UK's energy transition. The current approach to charging for transmission reinforcement at connection asset Grid Supply Points (GSPs) places an unsustainable financial burden on individual customers, particularly those seeking to connect low-carbon generation or large-scale demand. These customers are required to fully fund transmission upgrades upfront, with no mechanism for cost socialisation or recovery from future users. This creates a high-risk environment that deters investment, stalls projects, and leads to inefficient utilisation of the network. The lack of consistency across regions and between infrastructure and connection sites further exacerbates the problem, resulting in a postcode lottery for connection costs. Moreover, the absence of second-comer rules at the transmission level contrasts sharply with established practices in distribution charging, undermining fairness and predictability. Reform is essential to enable strategic, coordinated investment in the grid, support decarbonisation, and ensure that the costs of enabling infrastructure are shared equitably across beneficiaries.

## How?

- 1.3 The variation in regulatory treatment across transmission and distribution customers is creating confusion for customers. A working group should be set up to consider options to improve the customer experience being cognisant of timescales to implement, standardisation across regions and voltage levels, impact of current/future price controls and impact on developer investment confidence.

Existing work has developed a number of options and these should be considered by the working group as a priority:

- Fully socialise via DUoS (with or without High Cost Cap)
- Fully socialise via TNUoS
- MW minimum threshold and Standard Rate above
- Customer apportioned costs with unallocated capacity socialised by DUoS
- Stronger and more consistent guidance for customers

- 1.4 Due to the potential impact on both distribution and transmission codes, parallel code modifications might be needed.

## 2 Governance

### Justification for Part 1 and Part 2 Matter

- 2.1 This CP is likely to impact competition in distribution and transmission electricity and will impact on the charges end users face when requesting a new connection, for example those seeking to connect low-carbon generation or large-scale demand.

### 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 The existing framework places the full cost of transmission reinforcement on the first distribution-connected customer that triggers the need for upgrades—often requiring large, upfront capital contributions. This approach creates a disproportionate financial burden, particularly for low-carbon and community energy projects, and introduces significant investment risk due to the absence of cost-sharing mechanisms or second-comer rules. It also leads to regional inconsistencies, with customers at connection asset GSPs facing vastly different costs than those at infrastructure sites, where reinforcement is socialised.
- 3.2 These distortions hinder the timely connection of new generation and demand, slow progress toward decarbonisation targets, and create a postcode lottery in connection costs. Reform is essential to ensure a fairer, more predictable, and strategically aligned charging regime that supports the energy transition and enables efficient network development.

## 4 Solution and Legal Text

### Legal Text

- 4.1 It is proposed the working group considers in more detail the potential solutions above and develops the legal text for the solution(s) to be taken forward.

## 5 Code Specific Matters

### Reference Documents

- 5.1 This issue has been presented at the DCMDG and Attachment 1 provides some context into what was discussed.

## 6 Relevant Objectives

	<b>DCUSA Charging Objectives</b> <i>(please tick the relevant boxes. <a href="#">[See Guidance Note 10]</a>)</i>	<b>Identified impact</b>
<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 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 checked="" type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	Positive

6.1 The proposer believes that DCUSA Charging Objectives 1, 2, 3, 4 and 6 will be better facilitated by improving consistency between different regions, thus ensuring consumers experiences are consistent regardless of the location of the connection and ensuring no specific region is more attractive than another for a connection of the same type, and charging consumers in a more proportionate way.

## 7 Impacts & Other Considerations

### Consumer impacts

7.1 It is anticipated that the connection costs for in scope consumers will be reduced, however depending on the solution taken forwards this may result in costs be socialised across other consumers.

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

7.2 Consideration may be needed for potential DUoS SCR impacts.

## Does this Change Proposal Impact Other Codes?

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

## Consideration of Wider Industry Impacts

7.3 This CP will potentially have an impact on the CUSC dependent on which solution the working group take forward.

## Confidentiality

7.4 No

## 8 Implementation

### Proposed Implementation Date

8.1 It is proposed that if this CP is approved it is implemented on the next standard DCUSA release following Authority approval.

## 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.*