









| DCUSA Consultation | | At what stage is this document in the process? |
|--|--|--|
| <h2>DCP 464:</h2> <h3>IDNO Connection Applications: Treatment of Existing Assets</h3> <p>Date Raised: 08 September 2025</p> <p>Proposer Name: Rob Gladstone</p> <p>Company Name: Scottish & Southern Energy 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>The intent of the Change Proposal (CP) is to clarify the Common Connection Charging Methodology (CCCM) applied to Distribution network asset(s) for IDNO applications when the IDNO is the sole user of specific network asset (s).</p> | | |
|  | <p>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 464.</p> <p>Parties are invited to consider the questions set in section 09 and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by 22 January 2026.</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP) to the Change Report phase.</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>Impacted Parties:</p> <p>DNOs/IDNOs</p> | |

**Impacted Clauses:**

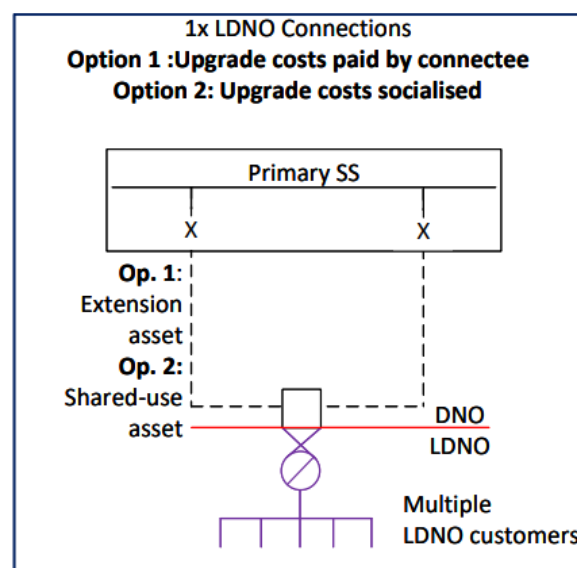
Schedule 22

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| Indicative Timeline | | | | | | | | | | | | | | | | | | | |
| <div><div>The Secretariat recommends the following timetable:</div><table><tr><td>Initial Assessment Report</td><td>17 September 2025</td></tr><tr><td>Consultation Issued to Industry Participants</td><td>22 December 2025</td></tr><tr><td>Change Report Approved by Panel</td><td>18 February 2026</td></tr><tr><td>Change Report issued for Voting</td><td>19 February 2026</td></tr><tr><td>Party Voting Closes</td><td>12 March 2026</td></tr><tr><td>Change Declaration Issued to Parties</td><td>13 March 2026</td></tr><tr><td>Change Declaration Issued to Authority</td><td>13 March 2026</td></tr><tr><td>Authority Decision</td><td>TBC</td></tr></table></div> | | | Initial Assessment Report | 17 September 2025 | Consultation Issued to Industry Participants | 22 December 2025 | Change Report Approved by Panel | 18 February 2026 | Change Report issued for Voting | 19 February 2026 | Party Voting Closes | 12 March 2026 | Change Declaration Issued to Parties | 13 March 2026 | Change Declaration Issued to Authority | 13 March 2026 | Authority Decision | TBC | |
| Initial Assessment Report | 17 September 2025 | | | | | | | | | | | | | | | | | | |
| Consultation Issued to Industry Participants | 22 December 2025 | | | | | | | | | | | | | | | | | | |
| Change Report Approved by Panel | 18 February 2026 | | | | | | | | | | | | | | | | | | |
| Change Report issued for Voting | 19 February 2026 | | | | | | | | | | | | | | | | | | |
| Party Voting Closes | 12 March 2026 | | | | | | | | | | | | | | | | | | |
| Change Declaration Issued to Parties | 13 March 2026 | | | | | | | | | | | | | | | | | | |
| Change Declaration Issued to Authority | 13 March 2026 | | | | | | | | | | | | | | | | | | |
| Authority Decision | TBC | | | | | | | | | | | | | | | | | | |

1 Summary

What?

- 1.1 Independent Distribution Network Operators (IDNOs) can apply to increase the Maximum Import and/or Export Capacity as specified in the Bilateral Connection Agreement (BCA) for an existing embedded IDNO connection.
- 1.2 Throughout this document, the consultation refers to Licenced Distribution Network Operators (LDNOs) in order to be consistent with the legal text contained with Schedule 22 of the DCUSA (Common Connection Charging Methodology). For the avoidance of doubt, LDNO can refer to IDNO parties, or to DNO parties namely the holder of a Licence to distribute electricity.
- 1.3 A glossary of other key terms is provided at Appendix A.
- 1.4 In some cases, to satisfy the LDNOs Capacity increase, the existing Distribution System may need to be upgraded, and/or additional security may need to be provided.
- 1.5 Paragraph 1.17 of DCUSA Schedule 22 (CCCM) states “Reinforcement is defined as assets installed that add capacity (network or fault level) to the existing shared use Distribution System.”
- 1.6 Where an LDNO with multiple customers’ requests an increase in its Maximum Capacity and no other DNO Customers are connected to that section of the existing Distribution System , DNOs currently interpret the CCCM such that the LDNO is treated as the sole user. In this scenario, any upgrades to the existing Distribution System are classified as extension assets rather than reinforcement. Consequently, the full cost of these upgrades is charged to the LDNO rather than socialised by the DNO.
- 1.7 As existing charging policy through the CCCM is open to interpretation, this change seeks to clarify whether or not assets utilised by the existing LDNO connection with multiple customers, as set out in the scenario above, should be considered as sole or shared use. For illustrative example, please see below.



Why?

1.8 The scenario described in section 1.1 - 1.6 has occurred and is likely to occur more frequently as the LDNO market share continues to grow.

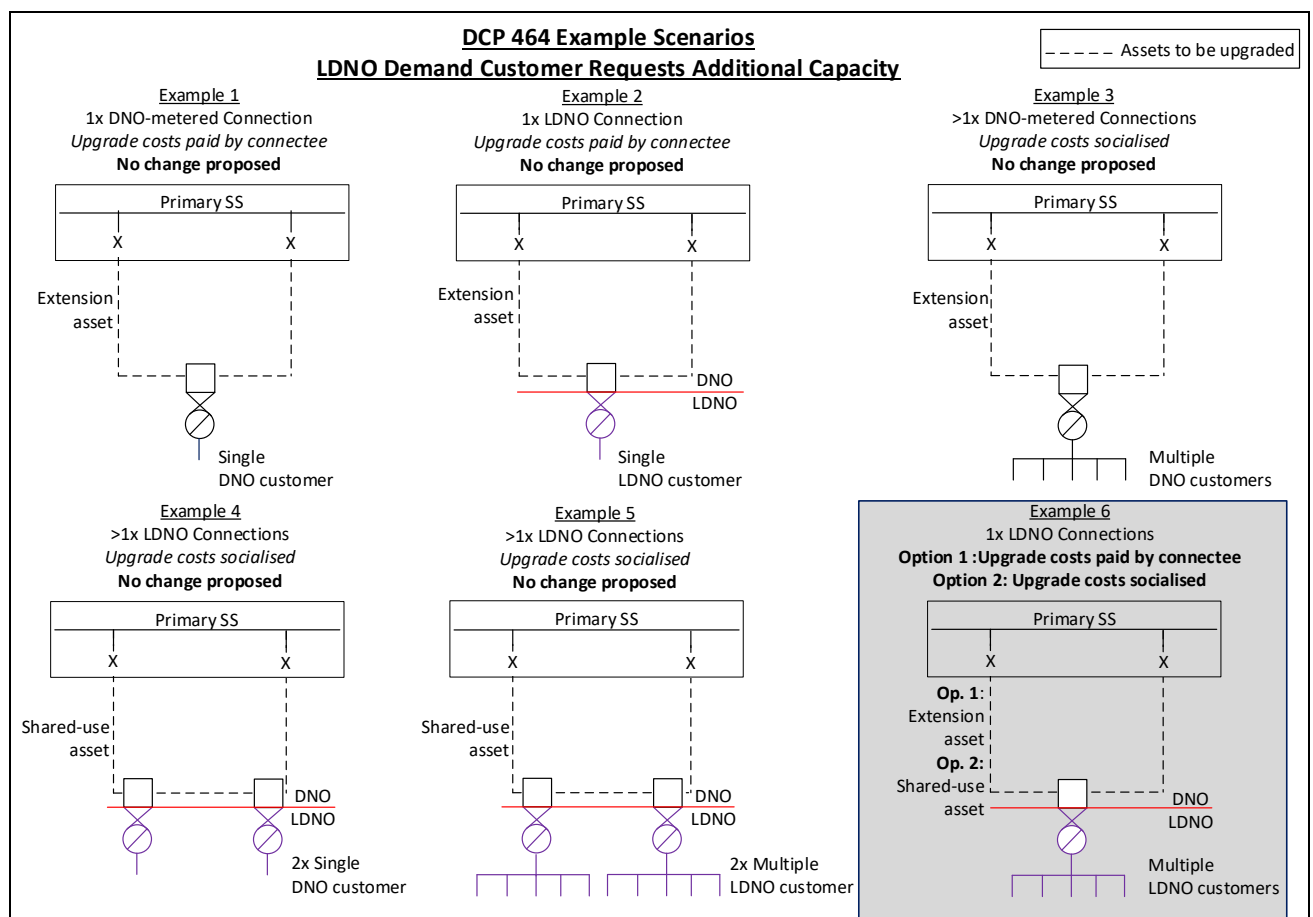
How?

1.9 This Change Proposal provides two options to address the scenario described in section 1.1 - 1.6, and points for consideration:

1.10 **Option 1:** The DNO assets to be upgraded shall continue to be treated as extension assets as they do not meet the definition of Reinforcement and therefore network upgrades are to be fully funded by the LDNO.

1.11 **Option 2:** Where the LDNO has more than one customer within this embedded network, the DNO assets to be upgraded will be treated as shared, therefore meeting the definition of Reinforcement as described in the CCCM, with the DNO fully funding the Reinforcement.

1.12 Please see the below illustrations of six examples of scenarios. Neither option would impact on the first five examples, with all upgrades in these examples continuing to be treated as they are today. The treatment of the upgrades in Example 6 would differ depending on whether Option 1 or Option 2 was chosen.



2 Governance

Justification for Part 1 Matter

2.1 This CP will impact the connection charges levied to LDNO by DNOs and therefore shall be treated as a Part 1 matter.

Current Next Steps

2.2 This Change Proposal should:

- Be treated as a Part 1 Matter;
- Be treated as a Standard Change; and

3 Why Change?

Background

3.1 As set out in paragraph 1.7, unless the relevant legal text is changed, there risks a situation arising that Schedule 22 does not address.

Q1: Do you understand the intent of DCP 464?

Q2: Are you supportive of the principles of DCP 464?

4 Working Group Assessment

Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 464. This Working Group consists of Supplier, DNO, IDNO representatives and other interested industry participants. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk
- 4.2 The Proposer outlined that the intent of this Change Proposal (“CP”) is to clarify and align the DNO approach to the charging methodology applied to network asset(s) for LDNO applications when the LDNO is the sole user of specific network asset(s).
- 4.3 It was explained that Paragraph 1.17 of DCUSA Schedule 22 (CCCM) states “Reinforcement is defined as assets installed that add capacity (network or fault level) to the existing shared use Distribution System.”
- 4.4 Where an LDNO with multiple customers’ requests an increase in its Maximum Capacity and no other DNO Customers are connected to that section of the existing Distribution System upstream of the LDNO point of connection, the LDNO could be considered as the sole user and therefore not meet the above shared use criterion meaning they could be charged the full cost of any upgrade works.

- 4.5 The proposer stated that there are potentially two solutions to this which are outlined in paragraphs 1.8 to 1.10 of this consultation.
- 4.6 An alternative approach was discussed within the Working Group for scenario 6 in that the LDNO is provided with a mechanism to socialise upgrade costs via their own DUoS. This approach would mirror the current treatment (pending the outcome of [DCP 461 'Reducing the Impact of Transmission Distribution Charges'](#)) of DNO's via TSO's in that the TSO sees the DNO as a single customer despite having multiple downstream customers.
- 4.7 An IDNO Working Group member confirmed that currently, if they are liable for upgrade costs, there is no mechanism to recover this via DUoS. In addition, another concern was raised regarding this option, suggesting it may be unfair between IDNOs and their different size portfolios to socialise costs.
- 4.8 It was agreed that this approach would need to be considered as a change that sits outside of the scope of this change proposal, and also the DCUSA.

Q3:- Which of the two solutions referenced within this change proposal do you prefer? Please give supporting reasons

Q4:- Are there any other potential solutions on offer that are not referenced within this consultation?

Q5:- Are there any other impacts to customers that need to be considered that haven't been mentioned already in this consultation?

- 4.9 Members discussed the interpretation of 'shared use' and noted that while 'Distribution System' is a defined term, 'shared use' is not. A Working Group member provided examples such as multiple Customers downstream of an LDNO and need for multiple GSoP payments as suggestions of how 'shared use' arrangements already exist in practice.
- 4.10 Further clarification was provided that the Distribution System must be owned and operated by the DNO, but that sharing can still occur between downstream Customers. The group discussed how the term 'shared use' could be interpreted as referring to systems used by multiple Customers, even if this is not capitalised or formally defined.
- 4.11 It was suggested whether 'shared asset' could be a defined term as part of the solution and make reference to how many MPANs there are – as part of the Portfolio Billing process, if there is more than one MPAN, then that would be a shared asset as DUoS is being recovered (this would conflict with treating LDNO as a single Customer).

Q6- Do you believe that 'shared asset' should be a defined term within the DCUSA and if so, do you have a view on what the definition could be?

- 4.12 It was mentioned that if option 2 was progressed, there may need to be changes made to the distribution licence.
- 4.13 It was confirmed that if this CP was to be approved by the authority, the Authority would consider if changes to the distribution licences were required and take the appropriate action.

Customer Impacts

- 4.14 There are no impacts to customers in scenarios 1 to 5 as these will continue to be treated in the same way.

4.15 For scenario 6, the impact to Customers will vary dependent on the chosen option. Under option 1, upgrade costs are paid by the LDNO. The LDNO may or may not have a mechanism by which to pass this on to its connection customer and so connection customers, or LDNOs will bear the costs of the upgrades to the network. The LDNO currently has no mechanism to pass it on to suppliers through DUoS. Under option 2, the DNO will fund the upgrades and recover the costs through its wider DUoS customers. This has the potential to increase DUoS for customers in those DNO regions, dependent on the volume and size of the upgrade work undertaken.

4.16 A DNO Working Group member asked how many times the IDNO Parties had been charged for upgrades as it has been determined to be a sole use asset. From that, the socialisation costs could be determined.

4.17 Five Working Group members from IDNO Parties advised that their companies had not been subject to DNO reinforcement costs so far. However, this does not mean that this may not occur over the coming years.

4.18 Another Working Group member from an IDNO party advised that they'd seen four examples of this issue occurring.

Q7:- IDNOs only- 'In regard to example 6, how many times have you been charged for upgrade works when they have been treated as extension assets? Please provide both the volumes and value of these instances.

4.19 It was queried whether this scenario could only arise for DNO and IDNO parties. The Working Group would like to seek industry views to help shape their understanding.

Q8:- Is this a scenario that can only impact DNO and IDNO Parties? If other Party Categories can be impacted, please provide rationale as to how and why.

5 Legal Text

Solution Overview

5.1 On agreement of Option 1, Option 2, or if a different preferred Option is agreed upon, the non-selected options will be removed from this section.

5.2 Option 1: CCCM 1.17 to read "Reinforcement is defined as assets installed that add capacity (network or fault level) to the existing shared use Distribution System. *For the purposes of assessing whether the existing Distribution System is shared use, any IDNO connection shall be treated as a single connected customer.*"

¹ Please see the diagram below paragraph 1.6 for an explanation and illustration of this example.

5.3 Option 2: CCCM 1.17 to read “Reinforcement is defined as assets installed that add capacity (network or fault level) to the existing shared use Distribution System. *For the purposes of assessing whether the existing Distribution System is shared use, any IDNO connection shall be treated based on the number of connections to the IDNO Distribution System.*”

Legal Text Commentary

5.4 Option 1 adds clarity to the treatment of assets in these scenarios by considering the LDNO as a single connected customer and does not consider customers connected to the LDNO under separate connection arrangements.

5.5 Option 2 adds clarity to the treatment of assets in these scenarios by considering the number of LDNO connected customers and considers those connections as part of the shared use network if there is more than one LDNO customer.

Q9: - Do you have any comments on the draft legal text?

6 Relevant Objectives

6.1 The Proposer’s view as to which of the DCUSA Objectives would be better facilitated by the implementation of this Change Proposal is set out below.

6.2 The Working Group agreed that this CP would be assessed against the Charging 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) | Neutral |
| <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 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 checked="" type="checkbox"/> | 6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration. | Positive |
|-------------------------------------|--|----------|

6.3 The proposer believes that Charging Objective 3 will be better facilitated by ensuring that a DNO party applies a consistent approach to the application of reinforcement charges.

6.4 The proposer believes that Charging Objective 6 will be better facilitated by ensuring that a DNO party applies a consistent approach to the application of reinforcement charges.

Q10:- Do you consider that the proposal better facilitates the DCUSA Charging Objectives?

If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons.

If not, please provide supporting reasons.

7 Impacts & Other Considerations

7.1 This issue has been discussed on the ENA Connections Commercial Operating Group (COG) and also presented to Ofgem for consideration and/or guidance. No further guidance has been provided.

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

7.2 We do not believe that this CP impacts upon any current SCR or other significant industry change projects at this time.

Impacts on Other Codes

7.3 We have considered whether any other industry codes might be impacted as a result of this Change Proposal, and our view is that there is no impact on any other industry 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"/> |

Impacts on DCUSA Owned Data Flows

7.4 The Working Group does not believe that this change will require any amendments to DCUSA owned data flows or data items.

Consumer Impacts

7.5 We do not believe that this change will impact consumers directly.

Environmental Impacts

7.6 In accordance with DCUSA Clause 10.4.5A, we have assessed whether there would be a material impact on greenhouse gas emissions if this CP were implemented and have come to the conclusion that it won't.

Q11: -Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

8 Implementation

Proposed Implementation Date

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

Q12: Do you agree with the proposed implementation date?

Q13: - Do you have any other comments on DCP 464

9 Consultation Questions

9.1 The Working Group is seeking industry views on the following consultation questions:

| Number | Questions |
|--------|--|
| 1 | Do you understand the intent of DCP 464? |
| 2 | Are you supportive of the principles of DCP 464? |
| 3 | Are there any other potential solutions on offer that are not referenced within this consultation? |
| 4 | Which of the two solutions referenced within this change proposal do you prefer? Please give supporting reasons. |
| 5 | Are there any other impacts to customers that need to be considered that haven't been mentioned already in this consultation? |
| 6 | Do you believe that 'shared asset' should be a defined term within the DCUSA and if so, do you have a view on what the definition could be? |
| 7 | IDNOs only- How many times have you been charged for upgrades when they have been determined to be extension assets? |
| 8 | Is this a scenario that can only impact DNO and IDNO Parties? If other Party Categories can be impacted, please provide rationale as to how and why. |
| 9 | Do you have any comments on the draft legal text? |

| | |
|----|--|
| 10 | Do you consider that the proposal better facilitates the DCUSA Charging Objectives? If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons. |
| 11 | Are you aware of any wider industry developments that may impact upon or be impacted by this CP? |
| 12 | Do you agree with the proposed implementation date? |
| 13 | Do you have any other comments on DCP 464? |

10 Attachments

- Attachment 1 – DCP 464 Consultation Response Form
- Attachment 2 – DCP 464 Change Proposal Form

Appendix A Glossary of Terms

| Term | Meaning |
|---|--|
| Act | The Electricity Act 1989 (as amended) |
| Asset | Either Electric Lines or Electric Plant which is used for carrying electricity to or from an Exit/ Entry Point |
| Bilateral Connection Agreement (BCA) | An agreement between one LDNO and another LDNO setting out the terms and conditions under which an embedded network shall be entitled to be and remain connected to the Distribution System. |
| Customer | The person requesting the connection. |
| Distribution Network Operator (DNO) | Holds a Distribution Licence in which Section B of the standard distribution licence conditions has effect, whether or not that Party is also engaged in the supply or generation of electricity. |
| Distribution System | The system (as defined in the Licence) consisting (wholly or mainly) of electric lines owned or operated by a DNO and used for the distribution of electricity. |
| Distribution Use of System Charges (DUoS) | Charges levied by Distribution Network Operators (DNOs) for the use of their distribution networks. These charges are incurred for the delivery of electricity from between Entry and Exit Points. |
| Embedded Network | A Distribution System owned by one LDNO contained within a Distribution System owned by a different LDNO |
| Entry/ Exit Point | A point at which electricity, whether metered or unmetered, enter or exit our Distribution System. |
| Extension Assets | Assets installed to connect a party or parties to the existing distribution network, but which exclude Reinforcement asset |
| Guaranteed Standards of Performance (GSoP) | The standards of service set out in the Electricity (Standards of Performance) Regulations 2015 (as amended from time to time) |
| Independent Connections Provider (ICP) | A person with sufficient accreditation to carry out all or part of the Contestable Work. |

| | |
|---|---|
| Independent Distribution Network Operator (IDNO) | Holds a Distribution Licence in which Section B of the standard distribution licence conditions does not have effect, whether or not that Party is also engaged in the supply or generation of electricity. |
| Licensed Distribution Network Operators (LDNO) | The holder of a Licence to distribute electricity. Can refer to IDNO parties, or to DNO parties. |
| Maximum Capacity | Can refer to either Maximum Import Capacity or Maximum Export Capacity. In relation to any connection, it means the maximum amount of electricity, as agreed with the DNO and expressed in kW or kVA, that can be imported from or exported onto the Distribution System. |

