




DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 461A</h1> <h2>Reducing the impact of Transmission Distribution Charges - Transmission Connection Asset Works Related Charges</h2> <p>Date Raised: 13/01/2026</p> <p>Proposer Name: Brian Hoy</p> <p>Company Name: SP Electricity North West</p> <p>Party Category: DNO</p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<h3>Purpose of Change Proposal</h3> <p>That distribution connecting customers have a consistent charging outcome for transmission costs irrespective of the classification of the transmission assets in the transmission charging regime.</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; and progressed to the Working Group phase (to continue development within the existing DCP 461 Working Group). <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties</p> <p>[Suppliers/DNOs/IDNOs/CVA Registrants/Gas Suppliers/OTSO Party]</p>	
	<p>Impacted Clauses</p> <p>Schedule 22</p>	

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Any questions?

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Indicative Timeline

The Secretariat recommends the following timetable:

Initial Assessment Report

18 February 2026

Consultation Issued to Industry Participants

February 2026

Change Report Approved by Panel

15 April 2026

Change Report issued for Voting

16 April 2026

Party Voting Closes

11 May 2026

Change Declaration Issued

13 May 2026

1 Summary

What?

- 1.1 Section 14 (Charging Methodologies) of the CUSC sets out how transmission system costs are recovered. In simple terms cost-recovery varies depending on whether the assets are 'connection assets' or 'infrastructure assets':
 - 1.1.1 Connection assets are recovered via connection charges to a single user in accordance with the CUSC. A DNO is seen as a single user (even if there are multiple embedded customers connected to that DNO's connection to the transmission network) and relate to assets solely required to connect that user to the transmission system; and
 - 1.1.2 Infrastructure assets are recovered via TNUoS charges and relate to assets shared (or sharable) by multiple transmission connected users.
- 1.2 The treatment of how DNOs deal with these charges for connection assets needs to be changed.

Why?

- 1.3 Whether or not the DNO is exposed to any charges therefore first depends on the categorisation of the transmission assets at a GSP. Based on information provided by NESO, the two categories (Connection Site and Infrastructure Site) are split around half and half across England and Wales but in some areas, Infrastructure Sites currently represent up to 60% of GSPs (and therefore no charge made to the DNO where transmission work is needed).
- 1.4 Whether a DNO receives charges is therefore out of the control of both the DNO and the connecting customer (as it is determined by the classification of the transmission assets). This results in different costs being incurred depending on the classification. This change is to remove this anomaly and provide more consistent charging outcomes.

How?

- 1.5 The legal text relating to NESO charges would be changed so that NESO charges for connection assets would not be passed through to the connecting distribution customer. This might include drafting to set out exceptions.

2 Governance

Justification for Part 1 or Part 2 Matter

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

Requested Next Steps

2.2 This Change Proposal should:

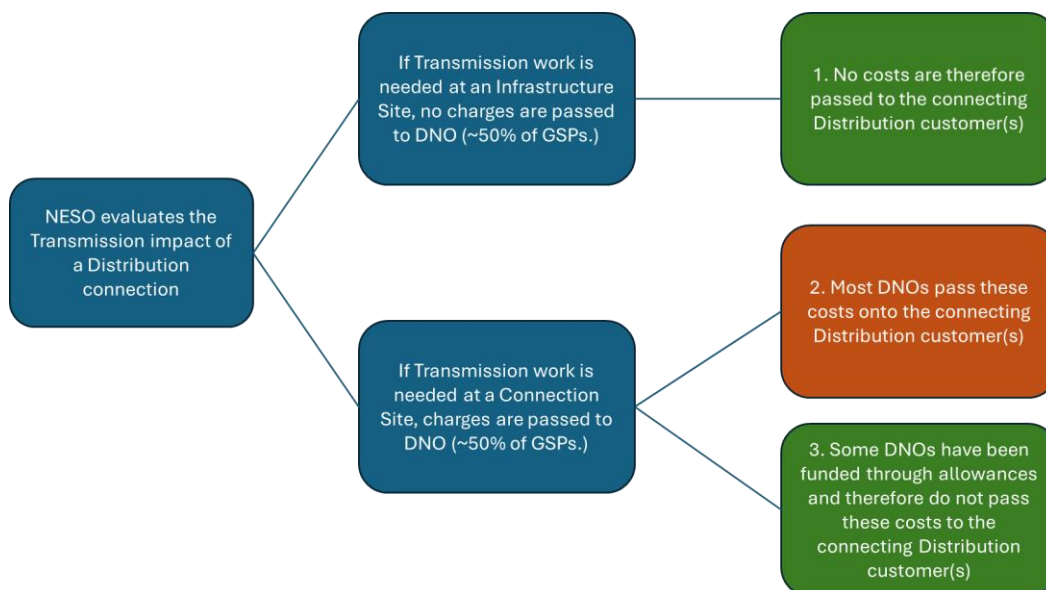
- be treated as a Part 1 Matter;
- be treated as a Standard Change; and
- proceed to the Working Group phase (to continue development within the existing DCP 461 Working Group).

2.3 This change proposal identifies one of the issues identified in DCP 461 and provides solutions for it. It is associated with two other related Changed Proposals, which are mutually exclusive but are being consulted concurrently to aid stakeholders.

3 Why Change?

3.1 The existing arrangements can result in very different commercial situations for distribution connecting customers depending on the categorisation of the transmission assets. The connecting customer cannot influence the substation they are connected to and the DNO cannot influence the categorisation of the transmission assets.

3.2 This leads to very different outcomes for the connecting customer. The diagram below shows the different charging outcomes that can arise:



3.3 If the transmission assets are infrastructure, then the DNO is not charged and so costs are not passed onto the distribution connecting customer (box 1).

3.4 If the transmission assets are connection assets, then in most instances, DNOs will pass on these charges to the connecting customer or customers (box 2). It is these charges that this change proposal seeks to remove from connection charges. The issues around how these charges are shared and the risk of the charges changing and being borne by the 'last man standing' are explored further in DCP 461B.

- 3.5 If the transmission assets are connection assets, in some cases, DNOs have been funded for these costs and therefore the connecting customer is therefore not exposed to any charges in their connection charges (box 3). There is therefore a precedent for the costs to not be charged.

4 Solution and Legal Text

Legal Text

- 4.1 The draft legal text is attached to this Change Proposal form as attachment 1.

5 Code Specific Matters

Reference Documents

- 5.1 Not applicable.

6 Relevant Objectives

	DCUSA Charging Objectives	Identified impact
<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 This Change Proposal removes a charging anomaly and ensures more consistent outcomes for customers. It therefore has a positive impact in terms of competition and avoiding discriminations and

promoting more efficient use of the network. It ensures consistency of charging outcome for customers irrespective of the categorisation of the GSP they are connected to. It also ensures consistent of outcome across DNOs irrespective of whether DNOs have been funded for transmission work in their price control. The charge removes the need for complex charging arrangements and making changes to connection offers if the number of contracted customers at a GSP changes which has a positive impact on objective 6.

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 being socialised across other consumers.

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

- 7.2 Consideration may be needed for potential DUoS SCR impacts.

Impacts on other Codes

- 7.3 Insert text here.

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

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 were identified.

Are there any wider industry impacts?

- 7.5 It is not believed that this CP impacts upon wider industry.

8 Implementation

Proposed Implementation Date

- 8.1 It is proposed to implement this in the DCUSA to take effect one month 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.

Part C: Guidance Notes for Completing the Form

Ref	Section	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	Governance	<p>A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.</p> <p><u>Part 1 Matter</u></p> <p>A change Proposal is considered a Part 1 Matter if it satisfies one or more of the following criteria:</p> <ul style="list-style-type: none"> • it is likely to have a significant impact on the interests of electricity consumers; • it is likely to have a significant impact on competition in one or more of: <ul style="list-style-type: none"> ○ the generation of electricity; ○ the distribution of electricity; ○ the supply of electricity; and ○ any commercial activities connected with the generation, distribution or supply of electricity; • it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties); • it is directly related to the safety or security of the Distribution Network; and • it concerns the governance or the change control arrangements applying to the DCUSA; and • it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A. <p><u>Part 2 Matter</u></p> <p>A CP is considered a Part 2 Matter if it is proposing to change any actual or potential provisions of the DCUSA which does not satisfy one or more of the criteria set out above.</p>
3	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.

4	Proposed Solution and Draft Legal Text	<p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.</p> <p>The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>
5	Proposed Implementation Date	<p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes into consideration the minimum notice periods for publishing tariffs. These are:</p> <ul style="list-style-type: none"> • 15 months, for DNOs acting within their Distribution Services Areas; or • 14 months, for IDNOs and DNOs acting outside their Distribution Services Area. <p>Please select an implementation date that provides sufficient time for the Change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected in future tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p>
6	Impacts & Other Considerations	<p>Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.</p>
7	Environmental Impact	<p>Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance.</p>
8	Confidentiality	<p>Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem</p>
9	DCUSA General Objectives	<p>Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.</p>

10	Detailed Rationale for DCUSA Objectives	Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
11	DCUSA Charging Objectives	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal.
12	Defining 'Material' for Charging Methodology Changes	In respect of proposals to vary one or more of the Charging Methodologies, such proposals shall be deemed to be "material" if they might reasonably be expected to have a significant impact on the tariffs calculated under one or more of the methodologies.