

DCP 452 Collated Consultation Responses

Response	1. Do you understand the intent of DCP 452?	Working Group Comments
SSE Gen	<ul style="list-style-type: none"> Partially. Our understanding is that the CP seeks to remove FCP locational charges/credits ('Charge 1') from directly GSP-connected customers at non-interconnected GSPs on the basis that these customers don't drive costs for thermal reinforcement downstream of their connection but are currently charged for it under the EDCM. However, we don't think that the impacts of this proposal across the affected tariffs have been set out sufficiently clearly, especially for storage battery assets, and as such, it is difficult to fully understand the intent of the proposal in terms of what it is trying to achieve for the target group. See our further comments under question 8. 	Noted – for this respondent, they only partially confirmed their understanding of the intent. The Working Group will respond to the points around the impact assessment under question 8.
SSEN	Yes.	Noted
SPEN	Yes	Noted
UKPN	Yes.	Noted
NGED	Yes. The intent is to correct the flaw in the FCP variant of the EDCM whereby Category 0000 customers directly connected to non-interconnected GSPs face locational charges/credits for downstream reinforcement they cannot drive, by excluding them from the relevant FCP Network Group and setting the FCP elements to zero.	Noted
Field	<p>Yes.</p> <p>The intent of DCP452 is clear - it seeks to correct an apparent oversight in the distribution charging methodology which results in a small subset of customers who connect directly to a GSP facing a forward-looking cost signal in respect of thermal reinforcement of downstream networks they will never influence.</p>	Noted

WORKING GROUP CONCLUSIONS:

Overall, the majority of respondents (five of six) understood of the CP, recognising that the targeted subgroup of EHV users should not incur charges for thermal reinforcement below the GSP level, as they do not contribute to these costs. However, some concerns were raised by the remaining respondent, regarding a perceived lack of sufficient impact analysis.

The Workgroup Group has considered the impact assessment in more detail following evaluation of responses; see notes in relation to question 8 below for details.

Response	2. Are you supportive of the principles that support this CP, as set out in the consultation?	Working Group Comments
SSE Gen	<ul style="list-style-type: none">• We understand the underlying principle to be that the specific subgroup of EHV users targeted by this proposal doesn't drive the need for thermal reinforcement below the GSP level, and hence shouldn't be liable for some 'Charge 1' charges (i.e. the super-red rate and the import capacity charges), or in the case of generators, be entitled to 'Charge 1' super-red credits.• However, we also note that there are considerable impacts on the wider EHV charging base as set out in section 9.13, table 3, with residual charges shown to increase by 27, 50 and close to 70% in three affected areas. We don't consider that this magnitude of increases for EHV customers at large has been, or can be, justified.	Respondent noted that they understand the underlying principle but voiced concerns related to the impact assessment to which the proposer acknowledged the need to justify increase in charges for EHV customers. The workgroup has included a more detailed impact assessment in the change report.
SSEN	In part.	Note – supports 'in part'
SPEN	Yes, we agree with the principle of this CP.	Noted – supportive
UKPN	Yes.	Noted – supportive
NGED	Yes. NGED supports charging that is cost-reflective and based on cost causation.	Noted – supportive
Field	Yes.	Noted – supportive

Both the FCP and LRIC approaches to the EDCM clearly establish that users should face forward-looking cost signals in respect of thermal reinforcement which their activity may drive. DCP452 corrects an oversight in the methodology which results in that forward-looking cost signal being applied to users who will never contribute to the need for that reinforcement, contrary to the principles of the EDCM.

It is also clear that the CP does not seek to exempt impacted customers from making a fair contribution to DNO costs - the contribution of impacted customers to the DNO's direct costs, indirect costs, business rates, transmission exit charges and demand residual remain unchanged - with only the erroneously applied FCP charge removed.

The CP also resolves a significant disparity between the FCP and LRIC methods - 0000 customers at a non-interconnected GSP will always have zero LRIC charge but may have very high FCP charge. Hence DCP452 eliminates a significant "postcode lottery" whereby only 0000 customers in FCP regions (all of Scotland, East and West Midlands, Southern and Manweb) face the risk of significant non-cost-reflective charges.

WORKING GROUP CONCLUSIONS:

Overall, the majority of respondents (four of six) expressed support for the principles underpinning the CP, recognising that the targeted subgroup of EHV users should not incur charges for thermal reinforcement below the GSP level, as they do not contribute to these costs. Those that expressed support indicated clear or strong support, with several highlighting that the proposal would address current inconsistencies between methodologies (FCP and LRIC) and remove unfair, non-cost-reflective charges that disproportionately affect certain customers. Respondents also noted that the CP does not exempt affected users from making a fair contribution to other DNO costs.

However, some concerns were raised by the remaining two respondents, with one regarding the potential for significant increases in residual charges for the wider EHV charging base, as detailed in the consultation, and the perceived lack of sufficient justification for these impacts. Whilst the other indicated partial support, suggesting that while the underlying principle is sound, there are reservations about the broader implications and the need for a more detailed impact assessment.

In response, the workgroup has developed a more detailed impact assessment for inclusion in the change report (see question 8 for detail).

Response	3. Do you have any views on the counterarguments put forward with respect to the concepts of the FCP methodology and how they interact with the proposed approach of DCP 452?	Working Group Comments
SSE Gen	We have no comments.	Noted - no comments
SSEN	<p>There are several issues that we would still want to emphasise:</p> <ol style="list-style-type: none"> 1. This DCP challenges the “zonal” principle of FCP charging methodology i.e. customers in the same network group should incur the same FCP cost. 2. The DCP focuses to address an issue for a small number of customers (i.e. 0000 customers). However, the same arguments could be extended to other customers across EDCM 3. Implementing this change could result in a higher FCP charge 1 (£/kVA/year) for other customers within the same FCP network group, and higher FCP remote charge 1 (£/kVA/year) to other customers of the downstream groups. 4. This DCP may introduce network distortion issue (i.e. customers who are already directly connected to a location which may potentially require reinforcements would prefer to connect at different parts of the network so to avoid contributing to that network costs. 5. A network in current state could have no interconnection, but it may have interconnection in future due to security requirements which could be driven by large load increase contributed by 0000 or other groups of customers. 	<p>Noted respondent voiced 5 specific concerns, which were mostly in line with the counter arguments set out in the consultation. However, the respondent agreed (during the process of reviewing the consultation responses) with the position related to the load-flow modelling aspect of the EDCM FCP, in that it only considers thermal reinforcement.</p> <p>Regarding point 4, the Proposer noted that their view is that customers taking decisions on the basis of locational signals is the purpose of locational signals, not a distortion.</p> <p>Regarding point 5, the Working Group discussed whether this needed to be included within the solution. However, it was agreed that the solution already deals with this scenario (albeit silently) and that in simple terms, this would be a scenario where, should DCP 452 be implemented and a customer (0000 customer category with non-zero Charge 1 value assigned) does not pay Charge 1 because they are currently connected at a non-interconnected GSP today may later be</p>

		<p>required to pay Charge 1 if the GSP they are connected to become interconnected to another GSP in the future (as a result of the network being reconfigured). The Proposer noted that this is a cost-reflective outcome – while the GSP is non-interconnected, a 0000 customer cannot drive thermal reinforcement on the downstream network so should not pay Charge 1; if the GSP becomes interconnected, a 0000 customer may drive thermal reinforcement on the downstream network so should pay Charge 1. It was agreed to include this point in the Change Report.</p>
SPEN	<p>We have taken all the counterarguments into account and are comfortable with the proposed approach of DCP 452</p>	<p>Noted respondent was comfortable with proposed approach and had no comments on counterargument</p>
UKPN	<p>No, we support what the proposer has stated as the reasons for raising this change proposal.</p>	<p>Noted respondent had no comments on counterarguments and supported rationale provided by the Proposer</p>
NGED	<p>We acknowledge concerns around security standards and potential reinforcement at GSPs; however, those considerations relate to compliance and asset adequacy at the point of connection, not downstream thermal reinforcement captured by FCP Network Group charges.</p>	<p>Noted respondent acknowledged concerns around security standards and potential reinforcement at GSPs as set out in counterarguments but considered that those relate to compliance and asset adequacy at the point of connection, not downstream thermal reinforcement captured by FCP Network Group charges.</p>

Field	<p>Yes.</p> <p>The load-flow modelling aspect of the EDCM FCP and LRIC only considers thermal reinforcement. As a result, 0000 customers connected to non-interconnected GSPs will never be deemed to drive network cost in the FCP model. FCP experts have confirmed this position to the workgroup. We accept that there are many cost drivers for network companies which could be considered in the FCP methodology; which of those cost drivers are considered is beyond the scope of DCP452. So the discussion of DCP452 must be rooted in the cost drivers which the methodology considers. Most of the counterarguments relate to other cost drivers which FCP does not consider.</p> <ol style="list-style-type: none"> Counterargument one contends that introducing DCP452 would create an inconsistency. The opposite is true; it in fact resolves an inconsistency. This argument highlights that 0000 customers are shown as within the Level 1 Network Group. That is precisely the oversight which DCP452 seeks to resolve. In the FCP methodology, at non-interconnected GSPs, 0000 users can never be deemed to drive thermal reinforcement on the circuits within the Level 1 Network Group, so it is not cost-reflective to include them within that Network Group. It goes on to discuss other cost drivers not considered in the FCP model, noting that “these customers should contribute to the costs alongside others”. DCP452 will have no impact on the contribution any customer makes to costs not considered in the load-flow aspect of the FCP. All customers would continue to make the same contribution to the DNO’s Direct Costs, Indirect Costs and Transmission Exit Charges (determined by a combination of Network Use Factors and fixed multipliers specified in the EDCM) and to the DNO’s general cost base through the Demand Residual. DCP452 has no impact on 0000 customers’ contribution to other costs not considered directly in the load-flow-based aspect of the FCP methodology. Counterargument two again discusses stability and security of supply issues which are not considered as cost drivers in FCP. Notwithstanding that these are not cost drivers in the FCP, the counterinterview (4.23) mentions “network stability, security of supply and thermal issues” but gives no concrete example. It is highly unlikely that electrical demand of loads connected at lower voltages will be meaningfully affected by a connectee connecting to a higher voltage under normal operating conditions, and any limitations resulting from non-intact network conditions would be managed by limitations in the User’s connection agreement. Counterargument three is no longer a counterargument - the solution has been updated based on the points raised. 	<p>Noted that respondent supported the view that FCP and LRIC modelling only considers thermal reinforcement and therefore, sites that are considered to be 0000 customer category at non-interconnected GSPs cannot drive network costs in the FCP model.</p> <p>Regarding points 1 and 2, the respondent argued DCP 452 resolves rather than creates inconsistency, and that many counterarguments relate to cost drivers outside the FCP’s scope. The respondent also highlighted that other cost drivers are dealt with elsewhere and DCP 452 does not affect contributions to those costs.</p> <p>In light of comments on 0000 customers continuing to face all other charge elements, the Working Group discussed the relative magnitude of each element, and whether it would be helpful to include a % of charge 1 component as compared to the other components using a breakdown of revenue from EDCM. The Working Group considered this and have included short commentary in the change report describing the typical proportion of customer charges which relates to Charge 1 vs other elements.</p>
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4. The fundamental point of counterargument four - namely cross-subsidy - is in fact a strong argument *for* the proposal. The counter response describes instances where 0000 customers drive network costs. This ignores the fact that, in the FCP model, 0000 customers at non-interconnected GSPs can never be deemed to drive reinforcement cost. Hence the examples described in which such a customer is deemed to drive costs can never occur - a 0000 customer added to the FCP model at a non-interconnected GSP will always have zero impact on the FCP charge. There may be other cost drivers not considered in the load-flow aspect of the EDCM which would make these examples relevant - as noted above, these should not be considered. Because 0000 customers at non-interconnected GSPs will never be assumed to drive cost in the FCP model, their inclusion in the network group (as per the status quo) will always cause cross-subsidy - the reinforcement cost which downstream users do drive in the FCP model is shared between those customers and the 0000 customer, incorrectly reducing the signal faced by downstream users. DCP452 removes that cross subsidy.

The example in 4.31 is unhelpful as it can never arise in the FCP method of assessing reinforcement cost. As confirmed to the workgroup by FCP experts, the increase in reinforcement cost cited will not manifest in the FCP methodology (because, as stated, 0000 customers at non-interconnected GSPs do not drive cost in the FCP methodology). Hence the additional cost to upgrade the network identified in the first bullet point will never arise in the FCP methodology. The reinforcement cost calculated in the FCP methodology would always remain at £100k, but it would be split over 150MW of load, reducing the charge as described in 4.28.

In reality, if a new 0000 customer drove £50k of reinforcement cost through another cost driver not considered in the FCP model, that would be considered in their connection charge and paid upfront anyway.

Regarding point 4, the respondent noted that concerns about cross-subsidy actually support the proposal, as DCP 452 removes inappropriate cross-subsidy by ensuring that sites that are classed as 0000 customer category do not dilute cost signals for others.

WORKING GROUP CONCLUSIONS:

Two respondents had no (or no substantive) comments on the counterarguments, with one of those providing their support for DCP 452 based on the views of the Proposer set out within the consultation document. One respondent confirmed that, having considered the counterarguments set out within the consultation document, they were comfortable with the proposed approach. Another acknowledged the concerns raised but maintained these were outside the scope of the FCP methodology as it applies to DCP 452. One respondent raised detailed concerns about the potential consequences of the proposal, though ultimately agreed with the Working Group's interpretation of the FCP methodology's focus on thermal reinforcement. One respondent provided a comprehensive technical rebuttal, arguing that DCP 452 is consistent with the underlying cost drivers in FCP and that it appropriately removes cross-subsidy. Overall, there was broad support or

neutrality among respondents, with technical debate centring on the boundaries of the FCP methodology and the appropriateness of including 0000 customers at non-interconnected GSPs in the Network Group for charging purposes.

The Working Group will include these points in the Change Report.

Response	4. Do you have any views on the relevance of DCP 139 and Ofgem's decision to reject it? Please provide your rationale for any views you do have.	Working Group Comments
SSE Gen	Whilst we have noted the points at 4.35 of the consultation, we are not convinced that DCP452 is sufficiently different from DCP139, and hence may not satisfy Ofgem's requirements for approving this CP.	Noted respondent expressed concerns that DCP452 may not be sufficiently different from DCP139, suggesting it might not meet Ofgem's requirements for approval.
SSEN	DCP 139 addressed one wider issue that we think is still relevant – “if Category 0000 customers are exempted from paying the FCP locational charge, it may be appropriate for Categories 0001, 0002, 0101, 0110, 0111 and 0100 customers to also be exempted from paying the FCP level 1 locational charge. All of these categories of customer use minimal 132kV assets compared to typical 132kV customers”. This wider issue should be investigated, and we agree that changes should not be made for one customer category until the wider issue has been considered and a comprehensive solution (if appropriate) could be implemented.	Noted that the respondent highlighted that Ofgem's decision on DCP139 suggested addressing broader exemptions from FCP locational charges for various customer categories that use minimal 132kV assets. They believe this wider issue should be reconsidered before changes are made for just one category. The Working Group note that the scope of DCP 452 is tightly defined to target GSP connected 0000 category customers but agree that the issue of similar sites may exist for other customer types connected downstream and that this issue should be looked at via another CP. The Proposer also considered this

		issue in more detail, and produced a short paper setting out the way in which the logic of DCP452 could be applied to other voltages, which is included with the change report.
SPEN	[no response provided]	
UKPN	This is a change proposal which was decided upon many years ago, and for whatever reason the decision to reject DCP139 might (or might not) have been appropriate at the time, the world has moved on and so our view is that this decision is irrelevant to the changes being discussed under DCP452 due to the time which has passed between the two changes.	Noted that the respondent believes the DCP 139 decision is irrelevant given the time period between it and DCP 452.
NGED	DCP 139 is relevant as a guide but differs materially. DCP 452 is targeted only at non-interconnected GSPs and is supported by updated modelling and observed RFI evidence. It preserves cost-reflectivity, addressing Ofgem's previous concerns.	Respondent believes DCP 139 decision provides a guide, but that DCP 452 is materially different and has addressed Ofgem's previous concerns.
Field	<p>The solution to DCP452 is different to DCP139, to the extent that most of the points do not apply. Taking them in turn:</p> <p><i>Ofgem noted that simply removing the FCP charge for 0000 customers did not guarantee a more cost reflective outcome. In particular, it was unclear whether such customers might still contribute to reinforcement needs under certain network conditions (e.g. meshed networks or contingency scenarios).</i></p> <p>DCP139 applied to *all* 0000 customers; DCP452 only applies to those at *non-interconnected* GSPs (i.e. DCP452 does not apply in a circumstance where a 0000 customer connects to a meshed network). Hence this concern is no longer applicable. FCP experts have confirmed to the workgroup that 0000 customers at non-interconnected GSPs (i.e. not connected to meshed networks) will never be deemed to drive reinforcement in the FCP method.</p>	Working Group noted that the majority of this response goes back to what was set out within the in the consultation document, explaining that DCP 452 differs from DCP 139 in scope and application. The respondent argued that DCP 452 addresses previous cost-reflectivity concerns noted by Ofgem in its DCP 139 decision, is more relevant in the current energy policy context, and is particularly important for users connecting in Scotland as the issue is more prevalent in Scotland. Respondent noted that the

Ofgem's reference to contingency scenarios is misguided. DCUSA is clear that network modelling should be based on the intact network under normal operations . If contingency scenarios are to be considered, they should be considered for all customers. It is not cost-reflective to only consider such scenarios for a small subset of customers (in this case 0000 customers).

Ofgem emphasised that the FCP and NUF methodologies are based on different principles. Aligning them without broader consideration could risk undermining the internal consistency of the FCP approach.

DCP452 does not seek to align FCP and NUF methodologies. It seeks to cost-reflectively apply the FCP charge.

Ofgem suggested that 0000 customers might not be the only category of customer that could be deemed to not use any shared assets at a given network level and so consideration should have been given to those of customer categories.

The scope of DCP452 is restricted to 0000 customers, to minimise the impact and resolve the clear non-cost-reflective application of the FCP charge to 0000 customers at non-interconnected GSPs which exists in the baseline. We look forward to one of the DNOs using FCP raising a further modification focused on other customer categories should that be considered more cost-reflective.

Beyond the specific points noted in the DCP139 decision, the broader market context is also now fundamentally different to when Ofgem's decision on DCP139 was made.

Much of energy policy is now driven by Clean Power 2030 and the ongoing drive to electrification. DCP452 risks being a barrier to electrification of key functions. Manifestation of the impact of the issue which DCP452 seeks to resolve is focused on large demand users - typically 20-50MW in Scotland (which are likely to connect directly to GSPs at 33kV) and 50-100MW in England and Wales (which are likely to connect directly to GSPs at 132kV). These are the likely demand ranges for mid-size datacentres, large rapid EV charging stations, and large district heating schemes, for whom connecting directly to the higher voltages in a GSP should be the most cost-effective connection design, due to its resulting in minimal power flow across cables / lines and therefore the least losses being generated within the distribution system.

The consultation highlights an instance of an £18/kVA/year charge. For a typical 50MW, 0000 customer, this is equivalent to around £900k/year. Over 20 years this would equate to £18m; likely exceeding the

impact of not implementing DCP 452 could discourage electrification and distort market behaviour. Respondent also recognised that future network changes could alter charge risks.

total regulated value of most GSP substations which such a customer could connect to. It is clearly not cost-reflective to expect a single customer to fund more than the total cost of replacing the substation to which they connect and share with multiple other users.

The issue which DCP452 seeks to resolve is also clearly more prevalent in Scotland:

- Both Scottish DNOs use FCP compared to only four out of 12 DNOs in England and Wales.
- The workgroup's impact assessment shows that 43 existing network users in Scotland are directly impacted, compared to just three in all of England and Wales.

Encouraging electrification of demand in Scotland is of even greater importance than in England and Wales to facilitate reduced constraint costs and in turn reduced network build out costs. We note in particular the government's industrial strategy to deliver AI Growth Zones (<https://www.gov.uk/government/publications/delivering-ai-growth-zones/delivering-ai-growth-zones>) which offers up to a £24 / MWh discount to data centres on their energy costs if locating in Scotland. This discount risks being offset by non-cost-reflective network charging abnormalities if DCP452 is not implemented quickly.

It should also be obvious that the impact of this distortion will grow as more users attempt to connect directly to the highest voltages within Scottish GSPs; such users with high demand will realise that connecting to any Scottish GSP is uneconomic and where they are location agnostic, will locate to DNOs in England and Wales that do not use the FCP charging methodology where they are not exposed to the risk of high charges. That will make constraints worse.

In summary - there are important contextual differences which would strengthen the arguments in favour of DCP139 and potentially shift the balance of the associated trade-offs if that decision were to be made now. Combined with those trade-offs having been removed (e.g. amending the solution to only apply to 0000 customers at non-interconnected GSPs), there is clearly a strong case for a different decision on DCP452 than DCP139.

It was noted that the point made by this respondent with respect to customer decisions on where to locate when seeking a connection and where they might choose to connect to a DNO in England or Wales where the DNO does not use the FCP methodology, and specifically that such customers would not be "exposed to the risk of high charges" was not intended to be as definitive as was set out in the response. It was noted by the respondent that DCP 452 does not remove the risk of high charges entirely as it is possible that a 0000 customer category site connected to a non-interconnected GSP could find that the GSP becomes interconnected with another at some point in the future. However, the respondent also noted that if such a scenario were to occur it could possibly also mean the Charge 1 value would move from being non-zero to zero as the DNO would only likely carry out such reconfiguration activity if it alleviated (rather than exacerbated) a network reinforcement need.

There were a mix of responses across the five respondents who provided a response to this question, as set out below:

- One respondent expressed concerns that DCP452 may not be sufficiently different from DCP139, suggesting it might not meet Ofgem’s requirements for approval.
- One respondent suggested (as per Ofgem’s decision on DCP 139), that their view is for consideration to be given to whether similar exemptions from FCP locational charges for various customer categories that use minimal 132kV assets before changes are made for just one category
- One respondent believed that Ofgem’s decision DCP 139 is irrelevant given the time period between it and DCP 452 and the context within which they were raised.
- One respondent believed that Ofgem’s decision DCP 139 provides a guide, but that DCP 452 is materially different and has addressed Ofgem’s previous concerns.
- One respondent explained that DCP 452 differs from DCP 139 in scope and application and argued that DCP 452 solution addresses previous cost-reflectivity concerns with the DCP 139 solution, and that in the current energy policy context DCP 452 is much more relevant and is particularly important for users looking to connect in Scotland as the issue is more prevalent in Scotland. The respondent also noted that the impact of not implementing DCP 452 could discourage electrification and distort market behaviour.

The Working Group will summarise these comments in the Change Report.

Response	5. Do you agree with the proposed solution for DCP 452?	Working Group Comments
SSE Gen	<p>We have reservations about the proposed solution</p> <ul style="list-style-type: none"> • because we don’t think that the impacts of this proposal have been set out sufficiently clearly, especially for storage battery assets, and as such, it is difficult to fully understand the intent of the proposal in terms of what it is trying to achieve for the target group. See our further comments under question 8. • because of the considerable increases of residual charges to be borne by all EHV customers in some of the FCP areas. 	The Working Group noted that this response is more related to the impact assessment and would therefore pick this up when reviewing responses to question 8 below.
SSEN	We have concerns regarding the knock-on effect to other customers. Implementing this DCP will result in the exempt FCP locational charge 1 for 0000 customers being “shifted” to additional residual charges which are subsequently levied to all other Final Demand customers across EDCM. The magnitude of the impact could be	The Working Group acknowledge the concerns raised regarding the ‘knock-on effect to other customers’ but noted that all charging

	varied in future (relative to Table 3 of Consultation doc) depending on the number of 0000 customers connected, the DNO's load forecast & future network reinforcement plans.	methodology changes that seek to amend charges for one or more subsets of customers will almost always have an impact on all other customers and that this will ultimately be down to Ofgem to make a decision on whether these impacts are appropriate or not.
SPEN	Yes	Noted
UKPN	Yes we feel that it is appropriate for the issue as raised in the change proposal.	Noted
NGED	Yes. Excluding Category 0000 customers at non-interconnected GSPs from FCP modelling and setting the FCP-related import capacity and super-red rates (and export credits) to zero for those customers is a proportionate robust fix.	Noted
Field	Yes.	Noted
<p><u>WORKING GROUP CONCLUSIONS:</u></p> <p>The majority of respondents (four of six) agreed with the proposed solution of this CP. Two respondents raised concerns, with one respondent stating that they have reservations as they did not believe the impacts of DCP 452 had been set out sufficiently clearly, especially for storage/battery assets (the Working Group has dealt with these concerns in its evaluation of responses to question 8). The other respondent stated that they had concerns regarding the knock-on effect to other Customers. The Working Group noted this but mentioned that all changes to the charging methodology that amend charges for one cohort of customers will have a knock-on impact on other customers and that this will ultimately be down to Ofgem to make a decision on whether these impacts are appropriate or not.</p> <p>Having considered these responses, the Working Group and the Proposer concluded that no amendments were required to the proposed solution.</p>		

Response	6. Do you have any comments on the proposed legal text for DCP 452? If so, then please provide examples or supporting rationale.	Working Group Comments
SSE Gen	We have no comments.	Noted
SSEN	Not at this time.	Noted
SPEN	We are comfortable that the proposed text is effective and clear.	Noted
UKPN	No we are comfortable with the legal text as drafted.	Noted
NGED	We consider the drafting to be clear and targeted: the additions to Schedule 17 paragraph 2.7 and Annex 1 paragraph 6.3 cleanly define the Network Group exception; and the amendments to Schedule 17 paragraphs 6.2–6.3 implement zeroing of FCP elements for applicable customers.	Noted
Field	No.	Noted
WORKING GROUP CONCLUSIONS: None of the respondents provided comments that needed to be addressed by the Working Group in terms the legal drafting itself.		

Response	7. Which of the DCUSA Charging Objectives does DCP 452 better facilitate? Please provide supporting comments.	Working Group Comments
SSE Gen	We note that the proposer considers that the CP would have a positive impact on competition in the generation and supply of electricity (CO2) and would result in more cost-reflective charges.	Respondent notes the proposer's view that DCP 452 would positively affect competition and deliver more cost-reflective charges, however, they

	Due to the, in our view, insufficient analysis of impacts of this CP, we don't feel able to provide a view at this point in time.	felt unable to provide a definitive view due to what they perceive as insufficient analysis of the change proposal's impacts. The Working Group has addressed these concerns in evaluation of responses to question 8.
SSEN	We do not think that DCP 452 would necessarily result in more cost-reflective charges as a whole - it aims to give more cost reflective charges to one specific group of customers but introduce additional costs to other customers.	Respondent does not think DCP 452 will necessarily result in more cost-reflective charges overall, noting their view that, while it aims to provide cost-reflective charges for one group of customers, it may introduce additional costs for others.
SPEN	We agree that objectives two and three are better facilitated by this change proposal.	Respondent agrees that DCP 452 better facilitates DCUSA Charging Objectives two and three.
UKPN	We believe that DCUSA Charging Objective two and three will be better facilitated by this change proposal by ensuring that customers directly connected to non-interconnected GSPs do not face costs for assets they are not using which will assist with competition in generation between users connected at different voltage levels. It will also result in more cost-reflective charges for other customers connected to such networks, who are currently face a forward-looking cost signal they are deemed to drive.	Respondent believes Charging Objectives two and three will be better facilitated by DCP 452, arguing it ensures customers connected to non-interconnected GSPs do not pay for assets they do not use and promotes competition between users connected at different voltage levels. It also supports more cost-reflective charges for other network users.

<p>NGED</p>	<p>Charging Objectives 2 and 3: (2) by removing non-cost-reflective charges that deter connection choices and distort competition across voltage levels; (3) by aligning charges with costs reasonably expected to be incurred, eliminating a downstream reinforcement signal that 0000 customers cannot cause at non-interconnected GSPs.</p>	<p>Respondent states that Charging Objectives two and three are improved - with Charging Objective 2 being better facilitated by removing non-cost-reflective charges that distort competition across voltage levels, and Charging Objective 3 being better facilitated by aligning charges with the costs reasonably expected to be incurred, removing reinforcement signals for customers that cannot cause them.</p>
<p>Field</p>	<p>DCP452 significantly better facilitates objectives 2 and 3.</p> <p>Objective 2:</p> <p>Users at different voltages are inconsistently exposed to forward-looking signals from the FCP method.</p> <p>This distorts competition between the group of users connected at 0000 at non-interconnected GSPs. None of that group of users drive reinforcement costs in the EDCM. But an arbitrary subset of that group (those connected in areas where the FCP method derives a non-zero charge, driven by downstream users at that location) are exposed to additional costs. Removing that inconsistency will better facilitate competition between users (both existing and prospective) connecting at 0000.</p> <p>It also distorts competition between downstream users (which should be exposed to the costs they drive) and 0000 customers (which should not). Downstream users which drive network costs have an undue competitive advantage through the undue sharing of network costs they drive with other users (those at 0000) which do not.</p> <p>Objective 3:</p> <p>There is a clear cross-subsidy in the baseline which is not cost-reflective. The FCP model is a very detailed and complex mechanism for determining the extent to which users drive network cost; the sophisticated signal is then simply applied to the wrong users. DCP452 would remove that misapplication while continuing</p>	<p>Respondent argues that DCP 452 significantly better facilitates Objectives 2 and 3. For Objective 2, the proposal resolves inconsistent exposure to network cost signals, thereby improving competition among different user groups. For Objective 3, it removes a non-cost-reflective cross-subsidy, ensuring the sophisticated FCP signal is applied to the correct users. Respondent also suggests DCP 452 may support Objective 4, especially with large loads seeking efficient network connections in response to electrification and datacentre growth.</p>

	<p>to expose 0000 customers to costs which they are deemed to drive - Direct Costs, Indirect Costs and Transmission Exit Charges for example.</p> <p>It may also better facilitate Objective 4. As more large loads seek to connect (driven by electrification and datacentre growth), connecting at the highest practicable voltage and as close to the GSP switchboard (particularly where the highest voltage is 33kV) is likely the lowest cost option. This avoids users' power flows causing resistive and reactive losses in the DNO's network. Penalising users who wish to directly connect directly to GSPs (particularly at 33kV in Scotland) could result in such users connecting smaller loads at lower voltages and/or seeking to connect directly to the transmission system, which would lead to inefficiencies in network design and operation</p>	
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WORKING GROUP CONCLUSIONS:

Most respondents (four of six) agree that DCP 452 better facilitates DCUSA Charging Objectives two and three, particularly by improving cost-reflectivity and promoting fairer competition among electricity users connected at different voltage levels. Those respondents highlighted benefits such as removing unjust charges and aligning costs with network usage, while also noting the importance of avoiding inefficiencies in network design. However, two respondents expressed reservations, with one considering that they were unable to provide a definitive view due to perceived insufficient impact analysis, and the other raising concerns about the potential redistribution of costs that may not be wholly cost-reflective. One respondent additionally points to potential benefits in facilitating efficient connections for new large loads, potentially supporting Charging Objective 4.

The Working Group's assessment of the proposal against the relevant objectives, taking into account this feedback, will be included in the Change Report.

Response	8. Do you consider that the workgroup has accurately captured the impact of DCP452? If not, what has been missed?	Working Group Comments
SSE Gen	<ul style="list-style-type: none"> • We don't consider that the impacts of DCP452 have been set out sufficiently clearly, either in the tables or the narrative at section 9.13. • As we understand it, the impact on affected generators would be negative because their 'Charge 1' unit rate credits could fall away. The impact on affected demand users would be that their capacity charges are reduced whilst fixed charges are increased, with the net outcome being unclear for demand customers. The net outcome is also unclear for battery operators who are subject to both import and export tariffs. We think 	Respondent does not feel the impacts of DCP452 have been presented clearly enough, either in the tables or narrative. They highlight unclear net outcomes for generators, demand customers, and

	<p>these effects needs to be spelt out much more clearly and illustrated with some calculated examples across various plausible scenarios and across several years.</p> <ul style="list-style-type: none"> • Table 1 shows a myriad of sub-categories of impacted users but the majority appear not to be directly affected, and hence the information is more confusing than useful. Those user sub-categories that are directly affected are not very clearly flagged but we gather it is rows 5, showing 46 directly impacted users. We think that the impact analysis should have included information on how these 46 users' net charges would change as a result of this CP, and in which direction. Alternatively, plausible scenarios could have been used as illustrative examples. • Wrt row 10, this shows that there are no relevant GSPs in the two NGED areas, despite the fact that in row 5, these areas do contain three impacted customers. It is not clear to us how this can be so. • It is not clear to us how Tables 2 and 3 are linked (when, we assume, they should be). • We also note that there are considerable impacts on the wider EHV charging base as set out in section 9.13, Table 3, with residual charges shown to increase by 27, 50 and close to 70% in three affected areas (SHEPD, SPD and NGED respectively). • We don't consider that this magnitude of increases for EHV customers at large has been, or can be, justified. 	<p>battery operators, and believe more detailed, illustrative examples are needed. Respondent also finds the tables confusing, with directly affected user categories not clearly flagged. They question certain data inconsistencies and do not believe the large increases in EHV residual charges are justified. To address these concerns, the Working Group has provided significantly more narrative and analysis on the impact on typical customers of different types in the change report, and corrected minor errors with the analysis presented.</p>
SSEN	<p>Yes, with the tariff information available at this time for impact analysis purposes.</p>	<p>Respondent considered the impacts to be captured accurately based on the available tariff information used for the analysis.</p>
SPEN	<p>Yes</p>	<p>Respondent agreed that the impact of DCP452 has been accurately captured.</p>
UKPN	<p>We believe that the impact has been captured as a result of this change.</p>	<p>Respondent believed the impact has been appropriately captured as a result of the proposed change.</p>

NGED	Yes. The workgroup's modelling demonstrates direct impacts on affected 0000 customers and residual redistribution effects on fixed charges.	Respondent stated that the workgroup's modelling demonstrates both direct impacts on affected customers and residual redistribution effects on fixed charges.
Field	<p>I believe so, but with the level of transparency on EDCM charges I cannot comment in detail.</p> <p>It would be helpful if the workgroup were able to show:</p> <ul style="list-style-type: none"> • The impact on directly impacted customers (i.e. 0000 customers at non-interconnected GSPs), ideally by customer, but at a minimum the total revenue change from those customers • Separately, the resulting impact on all other customers which are indirectly impacted <p>As currently presented, it is difficult to differentiate the direct impact from the indirect impact.</p> <p>Customer-by-customer cost impacts would be helpful. If the DNOs are unable to publish that information, It may be beneficial for the workgroup to share it directly with Ofgem, alongside the publishable, aggregated summaries issued with the consultation. Ofgem guidance on this point would be beneficial to avoid an unnecessary send-back and associated delay.</p>	Respondent generally agrees but notes limited transparency on EDCM charges makes detailed comment difficult. Suggests showing direct impacts by customer and separately the indirect impacts on other users. Respondent recommends sharing more granular cost impact data with Ofgem to improve clarity and avoid delays. To address these concerns, the Working Group has provided significantly more narrative and analysis on the impact on typical customers of different types in the change report.

WORKING GROUP CONCLUSIONS:

The majority of respondents (five of six) were broadly satisfied that the workgroup has captured the impacts of DCP452, either fully or to the extent possible given current data transparency limitations. However, one respondent, expressed significant concerns about the clarity and adequacy of the impact analysis, calling for more explicit and illustrative examples, and questioning the justification for substantial residual charge increases for EHV customers. One respondent supported the general approach but urges greater transparency and recommends further guidance from Ofgem. Overall, while most respondents are content with the analysis, there remains a call for clearer presentation, greater detail regarding direct and indirect impacts, and attention to the justification of large charge increases for certain customer groups.

To address these concerns, the Working Group has provided significantly more narrative and analysis on the impact on typical customers of different types in the change report and corrected minor errors with the analysis presented.

Response	9. Are you aware of any wider industry developments that may impact upon or be impacted by DCP 452?	Working Group Comments
SSE Gen	We would expect Ofgem's DUoS SCR to consider the issue raised by this CP.	Noted, that this respondent expects Ofgem's DUoS SCR to consider the issue raised by DCP 452, however, the Working Group note that Ofgem did allow for DCP 452 to be progressed through the DCUSA Change Control process and in doing so noted that they reserve the right to direct that it be subsumed within the SCR if they discover that DCP 452 is contrary to the direction of travel of the SCR.
SSEN	Not at this time.	Noted
SPEN	We agree with the potential impacts noted but are not aware of any others.	Noted
UKPN	No, none that we are aware of.	Noted
NGED	Given Ofgem's position that DCP 452 may proceed and could later be included if direction changes, we support progressing now to remove a distinct defect while staying aligned with future DUoS reforms.	Noted
Field	There are many complex industry developments ongoing. Those must not be used as an excuse not to make specific, targeted, common-sense corrections to the existing methodology that affect a small number of users	Noted

	but which, without correction, could hinder the connection of some large electrical demands, particularly in Scotland.	
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WORKING GROUP CONCLUSIONS:

Three of the six respondents stated that they weren't aware of any wider industry developments that may impact upon or be impacted by DCP 452. One respondent set out that they expected Ofgem's DUoS SCR to consider the issue raised by DCP 452. One respondent supported progressing the change now, given that Ofgem directed that development of the change could proceed and because it deals with a distinct defect while staying aligned with future DUoS reforms. The final respondent shared their views that the existence of many complex industry developments should not be used as an excuse not to make specific, targeted, common-sense corrections to the existing methodology.

The Proposer noted that no new interactions had been identified beyond those in the consultation. The Proposer also confirmed that they wish to continue to pursue DCP 452 despite the potential overlap with the DUoS SCR, noting that the DCUSA Panel had sought confirmation from Ofgem that the change could proceed.

Response	10. The proposed implementation date for DCP 452 is 01 April 2028. Do you agree with the proposed implementation date? If not, then please provide your rationale.	Working Group Comments
SSE Gen	We have no comment on the implementation date.	Noted – had no comment
SSEN	Yes.	Noted - agreed with the proposed implementation date
SPEN	We agree with this date.	Noted - agreed with the proposed implementation date
UKPN	We believe that as long as a decision is made by the Authority no later than the end of September 2026 then this is the first date that the change can take effect.	Noted – respondent confirmed that the proposed implementation date would align to the first date that the change

		can take effect given the notice period requirements
NGED	Yes. April 2028 aligns with charge-setting cycles and system/model updates.	Noted - agreed with the proposed implementation date
Field	Yes.	Noted - agreed with the proposed implementation date
<p><u>WORKING GROUP CONCLUSIONS:</u></p> <p>Four of the six respondents explicitly agreed with the proposed implementation date for DCP 452 being 01 April 2028. Of the remaining two respondents, one confirmed that the proposed implementation date is aligned to the point in time when a charging methodology change could be implemented (as long as a decision is made by the Authority no later than the end of September 2026) and the other had no comment.</p> <p>The Working Group will retain 1 April 2028 as the proposed implementation date.</p>		

Response	11. Do you have any other comments on DCP 452?	Working Group Comments
SSE Gen	Because we don't think that the impacts of this proposal across have been set out sufficiently clearly, especially for storage battery assets, we would ask the Working Group to provide a more detailed assessment of potential impacts so we can better understand the intent of the proposal in terms of what it is trying to achieve for the target group. See our further comments under question 8.	The Working Group note that this response is consistent with the respondent's other responses which have been considered under the response to question 8.
SSEN	No.	Noted
SPEN	None	Noted

UKPN	No.	Noted
NGED	NGED supports the change and recommends clear stakeholder communications on residual adjustments and on the treatment distinction between interconnected and non-interconnected GSPs.	Noted that this respondent confirmed their support of the change and in doing so recommended that clear stakeholder communications related to residual adjustments and on the distinction between interconnected and non-interconnected GSPs. The Working Group has provided additional analysis within the Change Report on the impact on customers in general, but noted that communications with individual customers on potential impacts can only be dealt with by the three impacted DNOs themselves.
Field	No.	Noted

WORKING GROUP CONCLUSIONS:

Four of the six respondents had no further comments. Of the remaining two respondents, one reiterated their position that the impact assessment needed further work to ensure the impacts are clearer to understand and the other confirmed their support of the change and added a recommendation that clear stakeholder communications are needed related to residual adjustments and on the distinction between interconnected and non-interconnected GSPs. With respect to the latter, the Working Group believe that the suggested communication could be dealt with by the three impacted DNOs themselves.

The Working Group has addressed the majority of these comments in the additional analysis of the impact of the change included in the Change Report.