



DCUSA Change Proposal (DCP)		At what stage is this document in the process?												
<h2>DCP 475:</h2> <h3>Incentives and Compensation for Extended Outages</h3> <p>Date Raised: 12/05/2026</p> <p>Proposer Name: Jonathan Beach (represented by John Harmer)</p> <p>Company Name: Whitetower Energy Limited</p> <p>Party Category: CVA Registrant</p>		01 – Change Proposal												
		02 – Consultation												
		03 – Change Report												
		04 – Change Declaration												
<p>Purpose of Change Proposal:</p> <p>To provide increased financial incentives to network companies that reflect the lost opportunity cost to end Users of extended network outages which may include enhanced compensation payments to affected Users</p>														
	<p>Impacted Parties:</p> <p> <input checked="" type="checkbox"/> Suppliers <input checked="" type="checkbox"/> DNOs <input checked="" type="checkbox"/> IDNOs <input checked="" type="checkbox"/> CVA Registrants <input checked="" type="checkbox"/> OTSO Party </p> <p> <input type="checkbox"/> Gas Suppliers <input type="checkbox"/> SIP Parties </p>													
		<p>Impacted Clauses:</p> <table border="1"> <thead> <tr> <th>Section/Schedule</th> <th>Clause/Paragraph</th> </tr> </thead> <tbody> <tr> <td>Schedule 16</td> <td>To be confirmed</td> </tr> <tr> <td>Schedule 17</td> <td>To be confirmed</td> </tr> <tr> <td>Schedule 18</td> <td>To be confirmed</td> </tr> <tr> <td>Section 2A</td> <td>Clause 33</td> </tr> <tr> <td colspan="2"></td> </tr> </tbody> </table>		Section/Schedule	Clause/Paragraph	Schedule 16	To be confirmed	Schedule 17	To be confirmed	Schedule 18	To be confirmed	Section 2A	Clause 33	
Section/Schedule		Clause/Paragraph												
Schedule 16		To be confirmed												
Schedule 17		To be confirmed												
Schedule 18		To be confirmed												
Section 2A		Clause 33												

Contents

1	Summary	3
2	Governance	3
3	Reasons for raising the Change Proposal	4
4	Solution and Legal Text	4
5	Relevant Objectives	5
6	Impacts & Other Considerations	6
7	Implementation	7
8	Recommendations	7

Indicative Timeline

The Secretariat recommends the following timetable:

Initial Assessment Report	20 May 2026
Consultation Issued to Industry Participants	TBC
Change Report Approved by Panel	18 November 2026
Change Report issued for Voting	19 November 2026
Party Voting Closes	10 December 2026
Change Declaration Issued to Parties/Authority	14 December 2026

1 Summary

What?

- 1.1 Many embedded generators are being impacted more frequently by network outages or capacity reductions at short notice and/or for extended periods which are materially impacting the profitability of their businesses. The compensation received is inadequate and seemingly does not give an incentive to minimise the disruption and economic cost to such parties from network outages or capacity constraints.

Why?

- 1.2 The current situation is distortive to fair competition, both between those connecting at distribution level and also between transmission and distribution connectees given transmission connected parties are eligible for compensation when impacted by constraints.

How?

- 1.3 It is proposed that additional financial incentive mechanisms should be included within the DCUSA so that network companies are proportionately financially impacted by the effect on users of outages/constraints on their networks and enable a level of compensation to be paid to affected end users that more reasonably reflects the economic cost to them of being unable to export or import power.

Who?

- 1.4 Compensation payments by DNOs and IDNOs should be introduced which are more reflective of the opportunity cost foregone by those connected to their networks who are impacted by short notice and/or extended outages or capacity reductions. It is anticipated that these would be fed back to end users via Suppliers through an adjustment to DNO/IDNO charges. The Proposers objective is to provide incentives that reduce the impact or shorten the duration of network constraints on end users by scheduling those at times when the impact is least and/or reducing construction times through increased resourcing.

2 Governance

Proposers view on items that impact the progression of the CP

- 2.1 ☒ Tick this box if you feel that you are raising this change to try to address a current or imminent issue that has significant adverse commercial or safety implications or which would otherwise place Parties in breach of relevant regulations.
- 2.2 Do you believe this Change Proposal will have a significant impact on any of the following? (Select all that apply)
- ☒ Electricity consumers
 - ☒ Supply
 - ☒ Distribution
 - ☒ Generation
 - ☒ Commercial activities connected with any of the above
 - ☐ None of the Above
- 2.3 Do you believe this Change Proposal will? *(Select all that apply)
- ☒ Have a significant commercial impact on any a Party or Party Category or on customers

- ☐ Be likely to discriminate in its effects between at least one Party or another
- ☒ Be the subject of controversy between Parties
- ☐ Cause at least one Party to be in breach of this Agreement if not urgently addressed
- ☐ Change the governance or the change control arrangements applying to the DCUSA
- ☐ None of the Above

2.4 ☒ Tick this box if you either, haven't developed any proposed legal drafting or if you have, but you feel that further development will be required (i.e., via a Working Group)?

2.5 Although this is not submitted as an Urgent change, the impact on many affected generators is hugely material and it is therefore requested that a change which addresses this issue is developed at pace.

Code Admin view on progression route for this CP

(Code Admin to complete)

2.6 Based the answers provided by the Proposer to the above questions the Code Administrator believes that this Change Proposal should:

- Be treated as a Part 1 Matter;
- Be treated as a Standard Change; and
- Proceed to the Definition phase via a Working Group for further development.

2.7 As noted by the Proposer in paragraph 2.5 above, we believe that this change should be treated as a Standard change and that further development by a Working Group will be needed.

3 Reasons for raising the Change Proposal

- 3.1 Embedded generators throughout the country are finding they are experiencing network outages of material duration (i.e. several months) preventing them generating at their full contracted capacity (or in some cases preventing any export).
- 3.2 On occasion the notice period for these extended outages is only days, causing material problems for generators in meeting already forward contracted outputs.
- 3.3 The existing compensation arrangements defined directly within DCUSA are (i) in the case of CDCM woefully inadequate in reflecting lost opportunity cost (i.e. clause 177 of Schedule 16 offers £2/MWh) or (ii) in the case of EDCM apparently non-existent.
- 3.4 Existing compensation arrangements appear to rely on The Electricity (Standards of Performance) Regulations 2015 ("ESPR") via Clause 33 of DCUSA Section 2A. The ESPR appears aimed at compensation for short term/short duration network unavailability including that caused by severe weather events and is (in the Proposer's view) not fit for purpose in the case of extended outages of several months' duration that have such a material impact on an affected embedded generator's business.

4 Solution and Legal Text

Solution Overview

- 4.1 This Change Proposal therefore seeks to place within DCUSA compensation payments additional to those provided within the ESPR that better reflect the lost opportunity for embedded generators subject to prolonged outage or capacity curtailment caused by planned work on the networks.

- 4.2 The aim is that those payments may be avoided or minimised if network companies reduce duration or reschedule the time when network outages take place i.e. that network companies face a truer reflection of the cost impact on parties connected to their system and optimise their work schedules accordingly.
- 4.3 Where extended duration outages or curtailments are unavoidable, it is the Proposer's intent that the level of compensation paid to embedded generators should become better aligned with constraint payments received by transmission connected generators and so reduce or remove a current distortion to competition between such generators.
- 4.4 The Proposer is not offering a specific solution or structure to such incentive or compensation payments but is instead hoping that an industry Workgroup that would be formed for this change proposal will develop this in response to detailed evidence and examples brought to it by affected embedded generators. It is the intent that the outcome of this change proposal will complement not replace existing compensation arrangements such as in the ESPR.

Legal Text Amendments

- 4.5 We have not provided draft legal text at this stage.

Legal Text Commentary

- 4.6 The Proposer considers that legal text changes can be most efficiently brought forward once the in-principle framework of incentives and compensation payments have been developed within a Workgroup.

Addition/Amendment to DCUSA Owned Market Message (Data Flow) or Data Item

- 4.7 N/A

Market Message (Data Flow) / Data Item Commentary

- 4.8 N/A

5 Relevant Objectives

- 5.1 Our view as to which of the DCUSA Objectives would be better facilitated by the implementation of this Change Proposal is set out below.

DCUSA Charging Objectives *(expand to select all that apply)

1) The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Neutral
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
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	Neutral

implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business

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**

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 **Neutral**

6) That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration. **Neutral**

5.2 Constraint compensation for embedded generators who are affected by network outages or capacity reductions will better align the relative competitive position of them compared with their unaffected peers. This change proposal therefore has a positive impact on objective (b).

5.3 The Proposers expectation is that the solution adopted will allow DNOs/IDNOs to pass the costs it incurs through incentive/compensation payments into charges for other consumers and therefore this change proposal is neutral against objective (c).

5.4 As the networks expand or reconfigure to accommodate the changing geographic location and generation type the Proposer anticipates that this transition will cause an increased number and duration of network constraints compared with historic levels when the existing charging arrangements were conceived. Reflecting this in reduced charges or compensation payments is considered to better reflect the impact of developments in a DNO Party's distribution business and so is positive against objective (d).

5.5 The change proposal is considered to be neutral against the other objectives.

6 Impacts & Other Considerations

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

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

Impacts on Other Codes

6.2 We have considered whether any other industry codes might be impacted as a result of this Change Proposal, and our initial view is set out below.

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

Impacts on DCUSA Owned Data Flows

- 6.3 We do not believe that this change will require any amendments to DCUSA owned Data Flows (Market Messages) or the applicable Scenario Variants or any Data Items.

Consumer Impacts

- 6.4 We believe that this change has impacts on consumers and have set out more detail below.
- 6.5 Compensation payments to users impacted by network constraints will need to be funded and ultimately these costs would feed back to consumers. The Proposer believes that some of these costs would be mitigated by reduced power prices if otherwise in-merit generation is constrained offline for shorter periods as a consequence of the incentive impacts on network companies to optimise the timing and/or shorten the timescales of network constraints.

Environmental Impacts

- 6.6 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. We have not identified any material impact on greenhouse gas emissions from the implementation of this CP.
- 6.7 Where solar or onshore wind generation is curtailed an incremental increase in fossil based generation may be expected to match supply with demand. This is not believed by the Proposer to be sufficiently material to trigger a positive response to clause 6.7 above, but it should nonetheless be a factor to be considered when determining the outcome of this change proposal.

7 Implementation

Lead Time for Implementation

- 7.1 A lead time is expected to be necessary before implementation as changes would be needed to DNO/IDNO billing systems to accommodate payment of compensation. The Proposer would not at this stage suggest departing from the six month default period suggested in the Guidance Document.

Proposed Implementation Date

- 7.2 Whilst the affected parties would desire compensation payments to be put in place as quickly as possible, pragmatically the Proposer expects changes arising from this change proposal would be implemented at the start of ED3 i.e. 1 April 2028.

8 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.