

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP200 – ‘Unmetered Supplies’ – Revision To Schedule 22 Of The DCUSA (the Common Connection Charging Methodology)		
Decision:	The Authority ¹ directs that proposal DCP200 be made ²		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	15 October 2014	Implementation Date:	next DCUSA release

Background to the modification proposal

Under the Standard Licence Conditions (SLCs) of the Electricity Distribution Licence, Distribution Network Operators (DNOs) are required to have a Methodology and a Charging Statement in place to cover network connections activities. These requirements are met by DNOs by developing a Common Connection Charging Methodology (CCCM) common to all DNOs and subject to open governance change through the DCUSA. The CCCM is set out in Schedule 22 of the DCUSA.

Independent Connection Providers (ICPs) and licensed Independent Distribution Network Operators (IDNOs) can compete with Distribution Network Operators (DNOs) to complete some connection activities described as contestable activities. Contestable activities include the design, procurement and construction of the sole use connection assets. The development of competition for contestable activities is referred to as Competition in Connections (CIC).

Due to developments of competition in contestable activities, unmetered market practices have changed. The legal text of Clause 1.50 in the CCCM does not reflect these changes. Clause 1.50 sets out the work that appointed ICPs may undertake on a connection such as carrying out live jointing (joining live cables/lines). The text does not reflect the current scope of contestability for live jointing for unmetered connections. The current practice is no longer based on the ‘one metre rule’³, negating the need for its reference in this Clause. In addition, DNOs typically now allow ICPs to undertake live jointing works on single phase services. The references to ‘triangular’ contractual arrangements (between a DNO, ICP and customer) are also obsolete.

The modification proposal

DCP200 was raised by Western Power Distribution to update the existing legal text of Clause 1.50 of the CCCM. The scope for contestable works on live jointing, since Clause 1.50 was initially drafted, has widened and the practice is no longer based on the one metre rule, but is driven by ICP accreditation. DCP200 proposes to remove this reference from the Clause.

As business as usual, most DNOs allow ICPs to undertake live jointing on low voltage services and mains cables, and no longer restrict works to single phase services. Therefore, DCP200 proposes that reference to ‘single phase’ and ‘service’ should also be removed.

¹ The terms ‘the Authority’, ‘Ofgem’ and ‘we’ are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ ‘The one metre rule’: “The ICP will be allowed to carry out live jointing on low voltage, single phase, underground service cables more than one metre from the distributing main.” (DCUSA Schedule 22)

DNOs sometimes enter into a bilateral agreement with the ICP, so it is not always a triangular contractual relationship. This Change Proposal proposes the removal of the word 'triangular' from the Clause to encompass these arrangements.

DCUSA Parties' recommendation

The Change Declaration for DCP200 indicates that all parties were eligible to vote on DCP200. In each party category where votes were cast (no votes were cast in the DG or gas supplier category)⁴, there was unanimous support for the proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP200 be accepted. The outcome of the weighted vote is set out in the table below:

DCP200	WEIGHTED VOTING (%)							
	DNO ⁵		IDNO/OTSO ⁶		SUPPLIER		DG ⁷	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100	0	100	0	n/a	n/a	n/a	n/a
IMPLEMENTATION DATE	100	0	100	0	n/a	n/a	n/a	n/a

Our decision

We have considered the issues raised by the proposal and the Change Declaration dated 10 September 2014. We have considered and taken into account the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration. We have concluded that:

- implementation of the change proposal DCP200 will better facilitate the achievement of the DCUSA Charging Objectives;⁸ and
- directing that the change is approved is consistent with the Authority's principal objective and statutory duties.⁹

Reasons for our decision

We consider this proposal better facilitates DCUSA Charging Objective 3.2.4 and has a neutral impact on the other applicable objectives.

DCUSA Charging Objective 3.2.4 – 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

The majority of respondents and the working group considered the proposal to better facilitate Charging Objective 3.2.4. The working group considered this objective was better facilitated as it aligns the CCCM with current DNO business practice and as a result properly takes account of developments in each DNO business.

⁴ There are currently no gas supplier parties.

⁵ Distribution Network Operator

⁶ Independent Distribution Network Operator/Offshore Transmission System Operator

⁷ Distributed Generation

⁸ The Applicable Charging Methodology Objectives (Charging Objectives) are set out in Standard Licence Condition 22A Part B of the Electricity Distribution Licence and are also set out in Clause 3.2 of the DCUSA.

⁹ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

We agree that DCP200 better facilitates Charging Objective 3.2.4, in that it accurately aligns the CCCM with current DNO business practice. The changes set out in this proposal reflect developments in connections work practices that are now contestable. Therefore, it takes better account of developments in each DNO business.

Decision notice

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP200 - 'Unmetered Supplies' – Revision To Schedule 22 Of The DCUSA (the Common Connection Charging Methodology) be made.

Dora Guzeleva
Head of Networks Policy

Signed on behalf of the Authority and authorised for that purpose