

Modification proposal:	Distribution Connection and Use of System Agreement (DCUSA) Change Proposal (CP) 326 – Introduction of Load Diversification Identifiers for Load Managed Areas		
Decision:	The Authority ¹ directs this modification ² be made ³		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	30 August 2019	Implementation date:	Six months following Authority approval

Background

In certain regions of the UK, Electricity Distributors have identified the need to reinforce or extend the capacity of their network, should an increased energy load be used by a high number of consumers in that area at any one time. To avoid or defer the need for such reinforcement or extension, these Distributors may designate parts of their network as Load Managed Areas (LMAs), allowing them to limit the occurrence of simultaneous switched loads by adopting to control the Load Switching Regimes in these areas.

Currently, LMAs are managed through the use of the numerous Standard Settlement Classes (SSCs) to ensure switched load - such as night storage heaters and water heating - does not occur simultaneously, thereby reducing the risk of overloading on the network.

As the smart meter rollout progresses, existing switch load timing systems, such as the Radio Teleswitch System (RTS), will be removed from service. Without mitigation, this could mean that it may not be possible for Distributors to have visibility of dynamic switching times as they do now, and as a result, the safe and reliable operation of the network in these LMAs could be a risk.

The modification proposal

DCUSA Change Proposal (DCP) 326 was raised by Northern Powergrid on 20 June 2018.

The modification seeks to introduce a process to enable diversification of demand in LMAs to be retained during the replacement of RTS controlled metering equipment by Suppliers or post the decommissioning of the RTS.

The solution involves the creation of new Line Loss Factor Class (LLFCs) to be used in LMAs both for existing switching regimes, the creation of new switching regimes to replace RTS and for any new LMAs introduced by the distributor. The creation and management of these new LLFCs can be undertaken by existing industry processes associated with Market Domain Data (MDD), and a guidance note has been produced to help parties understand their involvement. The creation of these new LLFCs will allow visibility of LMAs to be maintained for DNOs, and as such the management of them in this form may continue.

The legal text for this modification is included within the Final Modification Report (FMR).

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

DCUSA Parties' recommendation

In each party category where votes were cast (no votes were cast in the DG⁴ category), there was majority (>50%) support for the proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to the Authority is that DCP 326 is accepted. The outcome of the weighted vote is set out in the table below:

DCP326	WEIGHTED VOTING (%)							
	DNO ⁵		IDNO/OTSO ⁶		SUPPLIER		DG ⁷	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100%	0%	100%	0%	50%	50%	n/a	n/a
IMPLEMENTATION DATE	100%	0%	100%	0%	75%	25%	n/a	n/a

Our decision

We have considered the issues raised by the proposal and the Change Declaration and Change Report 20 June 2019. 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 modification proposal will better facilitate the achievement of the Applicable DCUSA objectives;⁸ and
- directing that the modification is approved and is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

We agree with the Proposer and conclusions of the Working Group that DCP326 will better facilitate DCUSA General Objectives A, C and D, and has a neutral impact on the other applicable objectives.

DCUSA General Objective A – the development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks

The proposed change will better facilitate DCUSA General Objective A as, by introducing a process to enable diversification of demand in LMAs to be retained, it will protect the network and avoid potential reinforcement works. This will support the maintenance and operation of the Distribution Networks. It will also facilitate a more effective process to co-ordinate the efficient operation of the Network.

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 DCUSA Objectives are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence.

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

DCUSA General Objective C - the efficient discharge by the licensee of the obligations imposed upon it by its licence

DCUSA General Objective C is better facilitated by this modification, as Distributors must operate a safe and reliable network. This proposal aims to limit the likelihood of overloading by allowing DNOs to retain view of LMAs and in turn control load shifting where needed, which benefits both of these elements.

DCUSA General Objective D – the promotion of efficiency in the implementation and administration of the DCUSA

DCUSA General Objective D will be better facilitated by DCP326, because it provides a solution to maintaining load diversification during the smart meter rollout and beyond, as well as providing clarity on what load switching regimes are available.

We note that the two suppliers who rejected the proposal highlighted that implementation of this change could limit the choice of customers located within these LMAs in the future. Whilst we continue to encourage DNOs to look at more innovative ways to provide network resilience without reinforcement for example through flexibility, and treat these options on a level playing field, we acknowledge that domestic level flexibility is nascent, and this is difficult in some LMAs in rural and remote locations. We recognise the need for DNOs to have sight of the LMAs to allow a safe and reliable service to be provided to customers, and that this change would allow this to continue.

Decision notice

In accordance with standard licence condition 22.2 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP326: Introduction of Load Diversification Identifiers for Load Managed Areas be made.

Jacqui Russell
Head of Metering and Market Operations

Signed on behalf of the Authority and authorised for that purpose