



Statement of Charging Methodology for Use of Independent Distribution Connection Specialists Ltd's Distribution System

(Effective from 3rd November 2023)

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VERSION CONTROL

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1. Introduction

The IDCSL Electricity Distribution Business

- 1.1 Independent Distribution Connection Specialists Ltd (IDCSL) is an independent electricity distribution business, licensed to design, build, adopt, operate and maintain electricity distribution networks in Great Britain.
- 1.2 This statement has been approved by the Office of Gas and Electricity Markets (Ofgem). Any future modifications to this statement will require approval from Ofgem.

Licence Obligations

- 1.3 This statement sets out IDCSL's Distribution Use of System (DUoS) Charging methodology. It is prepared in accordance with the requirements of IDCSL's distribution licence issued under the Electricity Act 1989, as amended by the Utilities Act 2000 ('the Act').
- 1.4 IDCSL is required by Licence Condition 13 to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for the use of its distribution system. IDCSL is also required to review this statement annually to ensure that the objectives of the licence condition continue to be achieved. The relevant licence obligations are as follows:
- (a) that compliance with the use of system charging methodology facilitates the discharge by IDCSL of the obligations imposed on it under the Act and by the Distribution Licence;
 - (b) that compliance with the use of system charging methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity;
 - (c) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by IDCSL in its distribution business; and
 - (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the IDCSL's distribution business.
- 1.5 In addition, as an Independent Distribution Network Operator (IDNO), IDCSL is required by its Licence to set its DUoS charges in relation to domestic customers so that, except without prior written consent of the Authority, the standing charge, unit

rate and any other component of charges shall not exceed the distribution use of system charges to equivalent domestic customers¹.

2. Methodology to determine distribution use of system tariffs

- 2.1. This section contains the methodology used by IDCSL to determine the Distribution Use of System (DUoS) tariffs for sites and distribution systems connected to IDCSL's network.
- 2.2. The methodology differentiates between those properties connected at Low Voltage (LV) or High Voltage (HV) and those connected at Extra High Voltage (EHV).

Definition of LV, HV and EHV Properties

- 2.3. LV and HV Properties/ distribution systems are defined as follows:
 - 2.3.1. Premises/ distribution systems connected to the licensee's Distribution System at less than 22 excluding those premises/ distribution systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and where the Metering Point (or the ownership boundary in the case of a distribution system) is located at the same substation.
- 2.4. EHV properties are defined as any premises that do not meet the criteria set out above for LV and HV properties.

Methodology to determine DUoS tariffs for Import from LV and HV Properties

- 2.5. IDCSL will replicate the DUoS charges and associated Line Loss Factors (LLFs) in each host Distribution Network Operator's (DNO) service area to ensure that LV and HV properties connected to IDCSL's network pay no more for their import DUoS charges than if they were connected directly to the host DNO's distribution system for that distribution services area.
- 2.6. Currently, DNOs use the Common Distribution Charging Methodology (CDCM) as described in the Distribution, Connection and Use of System Agreement (DCUSA) to determine the import tariffs for LV and HV properties.

¹ equivalent charges are the Use of System Charges made by the Electricity Distributor which has a Distribution Services Direction that specifies the Distribution Services Area in which the Domestic Premises connected to the licensee's Distribution System are located

Methodology to determine DUoS tariffs for Export from LV and HV Properties

- 2.7. IDCSL will replicate the DUoS charges and associated LLFs in each host DNO's service area for all elements of the export charge except for any unit based credit (p/kWh). IDCSL will pay a unit-based credit for export from LV or HV properties at the same level as that paid by the Host DNO to IDCSL which will depend on the voltage of the boundary of connection between IDCSL and the Host DNO.
- 2.8. Currently, DNOs are using the Common Distribution Charging Methodology (CDCM) as described in the Distribution and Use of System Agreement (DCUSA) to determine the export tariffs for LV and HV properties.

Methodology to determine DUoS tariffs for Import and Export from EHV Properties

- 2.9. Where an EHV property is connected to IDCSL's network and the host DNO publishes an All The Way (ATW) import or export DUoS tariff then IDCSL will apply this tariff. An ATW tariff is defined as the tariff that would apply if the customer was connected directly to the host DNOs network.
- 2.10. Where IDCSL is not able set an import or export tariff for an EHV property in accordance with paragraph 2.9 or where the tariff would not allow IDCSL to recover all reasonable costs associated with providing the network to the customer, IDCSL will calculate the DUoS tariff that applies as the sum of:
- 2.10.1. The boundary tariff levied by the host DNO at the boundary with the IDCSL Electricity network in respect of the EHV property; and
 - 2.10.2. All reasonable costs associated with the fulfilment of IDCSL's obligation to provide a safe and secure network between the host DNO and the EHV property, and a reasonable rate of return on the assets deemed to be used by the customer. This will include an allocation of direct and indirect costs, network rates, transmission exit charges, and depreciation.
- 2.11. Where an EHV property is connected to a distribution system that is connected to an IDCSL network, IDCSL will determine a boundary equivalent price that applies at the boundary between the IDCSL network and the distribution system to which the customer is connected. The boundary equivalent price will be calculated based on the principles set out in paragraph 2.9 and 2.10.
- 2.12. For EHV properties, IDCSL will apply the host DNO generic line loss factors where these are published. Where these are not published, or IDCSL does not believe that the generic losses are a good approximation for the actual losses appropriate for an EHV property, IDCSL will calculate site specific losses for the site.

Distribution Use of System Charges

- 2.13. IDCSL's DUoS charges are published in its Licence Condition 14 Statement which can be found at <https://www.idcsl.co.uk/>.

3. General

3.1. Contact Details

IDCSL may be contacted at:

Independent Distribution Connection Specialists Ltd
Eden House
454 New Hythe Lane
Aylesford
Kent ME20 7UH

or by telephone:

+44 1622 933 399

or by email:

regulation@idcsl.co.uk

3.2. IDCSL Website

IDCSL has its own website which can be found at <https://www.idcsl.co.uk/>. The site also contains other useful business/customer information.

4. Glossary

Term	Definition
All-the-way (ATW) Charge	A charge that is applicable to an end user rather than an LDNO. An end user in this context is a Supplier/User who has a registered MPAN or MSID and is using the Distribution System to transport energy on behalf of a Customer.
Authority	Means the Gas and Electricity Markets Authority as established under Section 1 of the Utilities Act 2000.
Boundary Tariff	The tariff levied by the DNO in respect of an individual EHV customer that is connected to an LDNO network. The Boundary Tariff only recovers the portion of the network recovered by the DNO.
Common Distribution Charging Methodology (CDCM)	The CDCM used for calculating charges to Designated Properties as required by standard licence condition 13A of the electricity distribution licence.
Customer	A person to whom a User proposes to supply, or for the time being supplies, electricity through an exit point, or from whom, a User or any relevant exempt supplier, is entitled to recover charges, compensation or an account of profits in respect of electricity supplied through an exit point; or A person from whom a User purchases, or proposes to purchase, electricity, at an entry point (who may from time to time be supplied with electricity as a Customer of that User (or another electricity supplier) through an exit point).
EHV Properties	As defined in standard condition 13B of the electricity distribution licence.
Distribution Connection and Use of System Agreement (DCUSA)	The DCUSA is a multi-party contract between the licensed electricity distributors, suppliers, generators and Offshore Transmission Owners of Great Britain. It is a requirement that all licensed electricity distributors and suppliers become parties to the DCUSA
Distribution Network Operator (DNO)	An electricity distributor that operates one of the 14 distribution services areas and in whose electricity distribution licence the requirements of Section B of the standard conditions of that licence have effect.
Distribution Use of System (DUoS)	The charges levied by a distributor for use of the distribution network.

Distribution System	<p>The system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor that is used for the distribution of electricity from:</p> <ul style="list-style-type: none"> • Grid Supply Points or generation sets or other entry points <p>to the points of delivery to:</p>
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	<ul style="list-style-type: none"> • Customers or Users or any transmission licensee in its capacity as operator of that licensee’s transmission system or the Great Britain (GB) transmission system and includes any remote transmission assets (owned by a transmission licensee within England and Wales) that are operated by that authorised distributor and any electrical plant, electricity meters, and metering equipment owned or operated by it in connection with the distribution of electricity but does not include any part of the GB transmission system.
EHV Distribution Charging Methodology (EDCM)	The EDCM used for calculating charges to Designated EHV Properties as required by standard licence condition 13B of the Electricity Distribution Licence.
Electricity Distribution Licence	The Electricity Distribution Licence granted or treated as granted pursuant to section 6(1) of the Electricity Act 1989.
Electricity Distributor	Any person who is authorised by an Electricity Distribution Licence to distribute electricity.
Entry Point	A boundary point at which electricity is exported onto a Distribution System from a connected installation or from another Distribution System, not forming part of the total system (boundary point and total system having the meaning given to those terms in the BSC).
Exit Point	A point of connection at which a supply of electricity may flow from the Distribution System to the Customer’s installation or User’s installation or the Distribution System of another person.
Extra-High Voltage (EHV)	Nominal voltages of 22kV and above.
Gas and Electricity Markets Authority (GEMA)	As established by the Utilities Act 2000.
Grid Supply Point (GSP)	A metered connection between the National Grid Electricity Transmission system and the licensee’s distribution system at which electricity flows to or from the Distribution System.
High Voltage (HV)	Nominal voltages of at least 1kV and less than 22kV.
kVA	Kilovolt amperes.

kW	Kilowatt.
kWh	Kilowatt hour (equivalent to one “unit” of electricity).
Licensed Distribution Network Operator (LDNO)	A licensed distribution network operator, meaning an Independent DNO (IDNO) Party or DNO Party operating an electricity distribution system outside of its Distribution Services Area.
Low Voltage (LV)	Nominal voltages below 1kV.
Maximum Export Capacity (MEC)	The MEC of apparent power expressed in kVA that has been agreed can flow through the entry point to the Distribution System from the Customer’s installation as specified in the connection agreement.
Maximum Import Capacity (MIC)	The MIC of apparent power expressed in kVA that has been agreed can flow through the exit point from the Distribution System to the Customer’s installation as specified in the connection agreement.
Metering Point	The point at which electricity that is exported to or imported from the licensee’s Distribution System is measured, is deemed to be measured, or is intended to be measured and which is registered pursuant to the provisions of the Retail Energy Code. For the purposes of this statement, GSPs are not ‘metering points’.
Metering Point Administration Number (MPAN)	A number relating to a Metering Point under the Retail Energy Code.
Metering System	Commissioned metering equipment installed for the purposes of measuring the quantities of exports and/or imports at the exit point or entry point.
Retail Energy Code (REC)	The REC is an Agreement that sets out terms for the provision of Metering Point Administration Services (MPAS) Registrations, and procedures in relation to the Change of Supplier and retail arrangements for any premise/metering point.
Ofgem	Office of Gas and Electricity Markets – Ofgem is governed by GEMA and is responsible for the regulation of the distribution companies.
User	Someone that has a use of system agreement with the DNO e.g. a supplier, generator or other DNO/ LDNO

