

Distribution Code Consultation DCRP/18/05/PC

Title: Demand Connection Code – Distribution Code Amendments

Target Audience: All current and prospective owners, operators, developers and manufacturers of demand side services and demand side service equipment for services provided to distribution network operators.

Date Published: 17 May 2018

Deadline for responses: 08 June 2018

Summary:

This Distribution Code public consultation is seeking the views from stakeholders on the proposed modifications to the Distribution Code¹ to implement the EU Network Code Demand Connection Code (DCC).

1 Introduction

The Grid and Distribution Code Review Panels have been running areas of joint work implementing the EU Network Codes, with the current focus on the DCC. Guidance from BEIS and Ofgem has been to apply the new EU requirements within the existing GB regulatory frameworks. This will provide accessibility and familiarity to GB parties, as well as putting in place a robust governance route to apply the new requirements in a transparent and proportionate way.

All the work to date and previous consultation material can be found at this link:

<https://www.nationalgrid.com/uk/electricity/codes/grid-code/modifications/gc0104-eu-connection-codes-gb-implementation-demand>

The Panels have consulted jointly on DCC implementation in March 2018. This current consultation is being run jointly but in parallel with consultation material for the Distribution Code separate from the consultation material for the Grid Code. Formally the DNOs will have to recommend the final Distribution Code etc changes to Ofgem separately from National Grid recommending the Grid Code Changes.

¹ <http://www.dcode.org.uk/>

2 Analysis and Proposal

2.1 Scope of the DCC

The DCC specifically sets harmonised technical standards for the connection of new transmission-connected demand facilities, new transmission-connected distribution facilities and new distribution systems, including new closed distribution systems. It also addresses the performance requirements for new demand units used by a demand facility or a closed distribution system to provide demand response services to relevant system operators -ie both National Grid and the DNOs. Demand response services are an important instrument for increasing the flexibility of the internal energy market and for enabling optimal use of networks. Historically, generation facilities have formed the backbone of providing technical capabilities to system operators. However, demand facilities are expected to play a more pivotal role in the future.

The elements of the DCC that relate to the connexion of demand to the transmission system are reflected in the Grid Code, but they have no impact for customers connected to distribution systems. A comprehensive mapping of the DCC was undertaken and published with the March consultation and is available at the hyper link above.

Similarly the DCC deals with five types of demand response services: two which relate to the modulation of real or reactive power for controlling flows of electricity on networks, and three services that relate specifically to National Grid services, ie transmission constraint management and two services for frequency control. Only the two services relating to flow control on distribution networks are picked up in the revisions to the Distribution Code, with the other three services being specified by National Grid in National Grid documentation.

Of course, distribution connected parties can provide demand side response services to National Grid, but in doing so they will be bound by National Grid's contractual and technical requirements.

2.2 Arrangements for Existing and New Demand Side Response Services to Distribution Companies

As described above, demand sides services for DNOs relating to the modulation of active power (demand) or reactive power are covered by the DCC. However the DCC only applies to those services that are procured by DNOs from new demand units.

The DCC introduces concepts of a demand facility and the demand unit. A demand facility is a customer's installation where the customer has arranged all or part of the customer's demand to be modulated as a service to network operator. Services to parties other than network operators (eg energy suppliers) are not covered by the DCC. A demand unit is a device that can be controlled in relation to the contract for demand side services within the demand facility. It is the age of the demand unit that determines whether the DCC applies or not; demand units installed and commissioned before 18 August 2019 are not required to comply with the DCC.

It is therefore quite possible that a single demand services contract with a network operator will include demand units that were commissioned before 18 August 2019 and do not have to comply with DCC requirements, and demand units commissioned after that date that do have to comply.

2.3 Development of Proposals

Demand side services in Great Britain, especially in relation to those procured by DNOs are not yet a mature market. In addition DNOs and National Grid are working together with stakeholders under the auspices of the Open Networks Project to develop and refine demand side flexibility and services. As

such it is important that the GB implementation of the DCC does not set artificial or premature constraints on innovation and the development of new demand side flexible services. The approach taken has been to capture the high level DCC requirements in a common Distribution Code framework, but allow individual DNOs scope to develop the detail of individual services with their stakeholders.

A GC0104 consultation on the development of the proposals for the Grid and Distribution Codes was undertaken from 8 March 2018 to 29 March 2018.

Feedback from the formal consultation in March, together with some specific discussions with stakeholders on their response to that consultation, have been used to develop the draft of the Distribution Code for this consultation. Stakeholders in general agreed that the relative immaturity of the market called for a light touch and flexible approach.

The feedback, and the DNOs' response is attached as appendix 1. The complete responses to the consultation are included as appendix 7.

2.4 Distribution Code modifications

A new section of the Distribution Code, DPC9, has been created to hold the high level requirements that providers of DSR services to DNOs need to comply with. The drafting allows for DNOs to contract with customers individually to provide demand side services, or with aggregators. In both cases the drafting expects that the customer will have identical compliance requirements, but in the latter case the aggregator has the responsibility to ensure the customer's compliance with the requirements.

In following up with a number of stakeholders a suggestion was made to restructure DPC9 slightly and to combine the drafting of the roles of Demand Services Provider and Customer. This does seem a sensible simplification of DPC9, and already has the support of some DNOs and aggregators (ie Demand Services Providers).

As this suggestion changes the structure of DPC9, two versions of DPC are included in this consultation. The original version of DPC9, updated to reflect stakeholders' feedback from the March WG consultation is included as appendix 2 (change tracked from the version that was consulted on in March) and as appendix 3 (clean version). The alternative version, with changes tracking, is included as appendix 4, and a clean version of this alternative as appendix 5.

2.5 Compliance Requirements

A set of proformas for customers and aggregators to use to demonstrate compliance etc has been created. Although the DCC makes a distinction between customers connected above or below 1kV in relation to compliance documentation, stakeholders have agreed with DNOs that there is no effective difference and therefore a single proforma for all customers and aggregators will suffice.

Post consultation some stakeholders have suggested a simplification to form DSR3 – ie the form for recording Demand Unit compliance. Where a Demand Unit consists of passive components that are not voltage or frequency sensitive, and where its control equipment is similarly insensitive, the Demand Facility Owner can confirm this rather than specifically demonstrate it.

Given the ongoing developments in the demand side services markets it is proposed that these proformas are not fixed, by inclusion in the Distribution Code, and are used more as guidance for the minimum data transfers that are required. A copy of the proformas will be maintained on the Distribution Code website and will be maintained by the ENA. This is analogous to the approach

taken with the application forms for generation connexions where the ENA maintain a standard form intended to be used by all DNOs.

The proposed proformas are attached as appendix 6 (change tracked from the version that was consulted on in March 2018). It does not seem that the modified structure of DPC9 referred to in 2.4 above has any particular effect on these draft proformas. Individual customers will still need to declare compliance in accordance with the DCC, whether to the DNO directly, or to the aggregator (ie a third party Demand Services Provider) and the DNO will still need summary information from the aggregator.

3 Applicable Distribution Code Objectives

Impact of the modification on the Applicable Distribution Code Objectives:	
Relevant Objectives	Identified impact
To permit the development, maintenance and operation of an efficient, coordinated and economical system for the distribution of electricity	Neutral
To facilitate competition in the generation and supply of electricity	Neutral
To efficiently discharge the obligations imposed upon distribution licensees by the distribution licences and comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators;	Positive
To promote efficiency in the implementation and administration of the Distribution Code	Neutral

4 Consultation Questions

- i. Do you have any preference for either the original structure of DPC9 (as consulted on in March – appendices 2 and 3) or the alternative structure (appendices 4 and 5)? Please explain your preference.
- ii. Do you have any comments on the draft proformas (appendix 6)? In particular do you agree that they are compatible with both structures of DPC9?
- iii. Do you agree with the amendments to the DSR3 form (appendix 6) to allow customers and/or manufacturers to self-certify voltage and frequency compliance?
- iv. Do you have any other comments on these proposals?

5 Next Steps

Responses to this consultation should be sent to the Distribution Code Review Panel Secretary at dcode@energynetworks.org by **17:00 8 June 2018** on the pro-forma provided expressly for the purpose, or via any other convenient means. The pro-forma is can be found in the consultation pack. Responses after this date may not be considered.

6 Consultation Pack

Consultation pack can be found here - <http://www.dcode.org.uk/consultations/open-consultations/>

For more information, please contact:

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Appendices:

- Appendix 1 Summary of all responses and DNOs' proposed accommodation
- Appendix 2 DPC9 – Original – Change Tracked
- Appendix 3 DPC9 – Original – Clean
- Appendix 4 DPC9 – DSP Consolidated – Change Tracked
- Appendix 5 DPC9 – DSP Consolidated – Clean
- Appendix 6 DRUD etc proformas
- Appendix 7 All responses in full