



Stakeholder

Department of Energy & Climate Change

3 Whitehall Place,

London SW1A 2AW

T: 0300 068 6338

E: john.christie@decc.gsi.gov.uk

www.gov.uk/decc

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Dear Stakeholder

RE: Informal Consultation regarding potential changes to the Electricity (Connection Charges) Regulations 2002 – ‘Second Comer’ Rules

The Electricity (Connection Charges) Regulations 2002 (ECCR) (also known as the “Second Comer” regulations) provide that where a person connects to and benefits from electricity infrastructure that was paid for by an initial connectee, the earlier connectee can be reimbursed for a share of the costs by the subsequent connecting customer.

The regulations apply to sole-use assets paid for by a customer and wider network reinforcement where cost may have been shared between connecting customer and existing users of network¹. For wider network reinforcement prompted by the new connectee, a proportion of the cost is sometimes paid by the distribution network operator (DNO) and in turn passed through in network charges to consumer bills, because the necessary upgrade to the wider network goes beyond that needed specifically for the individual customer’s needs. In this situation the connecting customer would usually only be required to pay a share of the reinforcement costs proportionate with that needed to accommodate their development.

These regulations help ensure a sharing of costs between different connecting parties and give initial connecting customers greater confidence that they may subsequently recover an element of their costs. They also help protect consumers by ensuring a greater share of network costs are recovered from subsequent connectees. Second comers can also benefit from being able to connect to infrastructure already in place, if as a result of the ECCR provisions; a first comer has proceeded with a connection where they otherwise wouldn’t have done.

During consultation with stakeholders, a number of limitations have been identified with the current regime, which the Government now intends to address by updating the Electricity (Connection Charges) Regulations 2002.

¹ Distribution Use of System (DUoS) charges are levied by distribution network operators (DNOs) to recover costs of installing, operating and managing the regional distribution networks.

A draft set of regulations are included in Annex A for comment and the key changes are outlined below.

Independent connection providers

The current Second Comer regime requires payments to be made where an initial contributor has required a DNO to make a connection under Section 16(1) of the Act, and a subsequent connectee (also requiring a connection under Section 16(1)), uses some of the capacity paid for by the first customer. Section 16(1) only applies if the person requiring the connection is an owner or occupier of a premises (including an agent acting on their behalf), or an authorised supplier acting with the owner or occupier's consent.

Customers seeking a new connection can opt to use independent connection providers (ICP) instead of the local DNO to perform some elements of the connections process; however, the ECCR makes no explicit reference to them. As a result, when an ICP is involved in providing an initial connection, it is the Department's view that the ECCR will not currently apply to subsequent second comer connections (whether they are by a DNO or ICP).

Stakeholders have expressed concerns, arguing that those customers that use an ICP are missing out on potential payments and that in some instances it may be deter a customer from using an ICP altogether. There has been broad support for updating the ECCR to bring ICP connections within scope.

Government supports competition in the connection market and believes that those customers that opt to use an ICP should also be eligible for second comer payments. Schedule 5B to the Electricity Act 1989, as inserted by the Infrastructure Act 2015, provides powers for the Secretary of State to extend the scope of the ECCR by regulations, to bring connections made by ICPs within scope of the regime. This is given effect in Regulation 2 of the draft ECCR, through the definitions of "eligible person" and of a person who has obtained a first connection or a second connection.

Under the current Second Comer regime, DNOs are able to calculate the precise second comer payment due as they will have provided the initial connection and will therefore know the amount paid. They can therefore use this to determine the proportionate cost that the 'second comer' should pay. Where a connection has been provided by an ICP, whilst they will know what infrastructure has been installed as they will always adopt the asset, they won't be informed of the cost.

Stakeholders, including ICPs and DNOs, have raised concerns with the prospect of ICPs being required to share commercially sensitive pricing information with the DNO in order to comply with the ECCR. In consultation with stakeholders, Government has developed an alternative approach where, for ICP connections only, the DNO is allowed to *estimate* the cost of the connection instead of using actual price information.

The DNO will already have access to the detail of the infrastructure installed. They can draw on this to estimate a proxy cost for the connection based on the DNOs own costing methodology. Whilst it means that the second comer payment wouldn't be based on actual cost data, Government believes that it represents a practical

approach to bring ICP connections within scope. Regulation 7 of the draft Regulations enable DNOs to estimate the cost of providing the connection.

To help ensure that the DNO has the necessary contact information to be able to process second comer payments, DNOs will be required to take reasonable steps to ascertain contact information for the original customer, under Regulation 4 (2) (a) of the draft Regulations the DNO must take reasonable steps to establish whether there is an initial contributor or other eligible person. Where, after taking reasonable steps, the DNO has been unable to identify an eligible person, Regulation 6 (3)(b) provides that the DNO is not required to make a payment.

For connections provided by the DNO, the DNO will continue to calculate second comer payments based on actual cost information as is currently the case.

Obligation to apply a second comer payment

Under the current ECCR, in certain cases the DNO has the power to apply a second comer payment but is not obliged to. Government understands that DNOs already apply the rule in many cases. Government believes the second comer principle is sound and should apply in all cases where the conditions are met. The revised ECCR ensure this by combining the substance of regulations 5 and 6 of the existing ECCR into a single regulation (regulation 4), and omitting the restriction in regulation 6(1)(b) of the existing Regulations whereby a duty to obtain a second comer payment only applies if relevant expenses have been 'wholly or mainly' defrayed by the initial contributor or by that person and previous second comers.

Extending the time limit

The current ECCR only apply where a subsequent connection is made within five years after the first connection. If a customer connects after this period, they are not required to make a payment to the initial connectee. Government has sought views from stakeholders as to whether the limit should be extended. A range of views have been expressed, with some calling for the time limit to be removed altogether arguing it could have a detrimental effect on investment decisions and others arguing the time limit should remain at five years, pointing to the cost of administering the scheme over a longer period.

The Government believes the second comer principle of cost sharing is sound and customers should not be allowed to 'free-ride' on infrastructure paid for by others, but accepts that a time-limit is needed as administering the regime over an indefinite time period would become very complex and is likely impractical. Government is concerned that the five year time limit is unnecessarily short and that first comer connectees may be missing out on payments. Government therefore intends to increase the time limit to ten years in order to increase the instances where costs are shared without exponentially increasing the cost of administering the scheme. Regulation 3 (2) extends the time limit for a second comer to 10 years.

DNO-funded reinforcement

In the majority of cases DNOs already apply the Second Comer rules in respect to wider network reinforcement, prompted by an initial connection, which has been funded by the DNO and in turn recovered through network charges. During consultation, some stakeholders requested that the Regulations are revised to clarify that the rules can be applied in this scenario.

Government supports the use of the Second Comer rules in this scenario as it helps ensure a fair sharing of costs and helps ensure consumers aren't picking up the cost where someone else is benefitting. Government considers that the definitions of "first connection expenses" and "reimbursement payment" in Schedule 5B to the Electricity Act 1989 (as inserted by the Infrastructure Act 2015) are wide enough to permit this where the work was reasonably carried out. The draft Regulations also reflect this interpretation of the Act by including reference to DNOs in the definition of "eligible person" within Regulation 2.

Section 22 agreements

The existing ECCR requires payments to be made where an initial contributor has required a DNO to make a connection under Section 16(1) of the Electricity Act 1989. However, where a customer or group of customers wish to secure a more innovative approach to connecting to the network (for example, as a consortium) they may wish to connect through a 'Section 22 agreement', which allows a DNO to operate with a greater degree of freedom from the usual constraints and agree a connection on commercial terms. Stakeholders have highlighted that the existing ECCR do not currently make provision for Section 22 agreements; therefore no second comer payments can be made. Government believes that all connections should fall within scope of the regime. This will be given effect by Regulation 2 (2) (b).

Distribution to distribution connections

During consultation, stakeholders have highlighted that the existing ECCR do not include connections between distribution systems, for example, between an independent distribution network operator and a distribution network operator. This means that if a second comer connects through a distribution system they are not liable to make a second comer payment and the initial connectee does not receive a payment. Government believes that all connections should fall within scope of the regime. Regulation 3(1) provides that regulations 4 to 8 apply where conditions A to D in paragraph 1(5) of Schedule 5B to the Act are met, and condition C includes a connection between two distribution systems.

Impact assessment

Government is currently developing the economic assessment of the changes outlined. The assumptions underpinning the analysis are set out in **Annex B**. Government welcomes comments on whether the assumptions look appropriate and any proposals on how to improve them.

Stakeholder Views

This informal consultation is seeking your views on the draft regulations, assumptions being made in our economic assessment of the impact and our understanding on how the new regulations can be implemented.

We welcome any comments by 20th November 2015. Any comments should be sent electronically to John Christie (john.christie@decc.gsi.gov.uk).

Publishing responses

Information provided in response to this Informal Consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you wish for the information you provide to be treated confidentially, please indicate this in your written response to the Informal Consultation and include your reasons for the request. An automatic confidentiality disclaimer generated by your IT system will not of itself, be regarded by us as a confidentiality request. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances.

We do not expect to publish a summary of responses to this informal consultation but may do so if it is deemed appropriate. In that event, the summary would be published on our website and would include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Next steps and commencement

Following your comments we will consider any amendments to the draft legislation, update the economic impact assessment and then intend to lay the Regulations before Parliament.

We propose that the new regime should come into force on 6th April 2016 for all cases where a first connection is made after that date.

Any cases in which the first connection was made prior to the commencement of these Regulations will continue to be governed by the Electricity (Connection Charges) Regulations 2002.

Yours sincerely,

John Christie

Annex A – Draft Electricity (Connection Charges) Regulations 2016

STATUTORY INSTRUMENTS

2016 No.

ELECTRICITY

The Electricity (Connection Charges) Regulations 2016

Made - - - - - ***
Laid before Parliament ***
Coming into force - - - - - *6th April 2016*

The Secretary of State has consulted with the Gas and Electricity Markets Authority in accordance with paragraph 3(1) of Schedule 5B to the Electricity Act 1989⁽²⁾.

In exercise of the powers conferred by sections 19(2) and (3A) and 60 of, and Schedule 5B to, the Electricity Act 1989⁽³⁾, the Secretary of State makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Electricity (Connection Charges) Regulations 2016 and come into force on 6th April 2016.

Interpretation

2.—(1) In these Regulations—

“the Act” means the Electricity Act 1989;

“administrative expenses” means the expenses reasonably incurred by a relevant electricity distributor⁽⁴⁾ in discharging its obligations under these Regulations;

“eligible person”, in relation to a reimbursement payment, means—

- (a) an initial contributor;
- (b) a person, other than an initial contributor, who has made a payment to an electricity distributor or to an independent connection provider in respect of first connection

⁽²⁾ 1989 c. 29; Schedule 5B was inserted by the Infrastructure Act 2015 (c.7), section 52.

⁽³⁾ Section 19 was amended by the Utilities Act 2000 (c. 27), section 44 and by the Infrastructure Act 2015, section 52.

⁽⁴⁾ “Relevant electricity distributor” is defined in paragraph 4(1) of Schedule 5B to the Act.

expenses⁽⁵⁾ (whether pursuant to a requirement under these Regulations or otherwise);

- (c) an electricity distributor which has made a first connection, and has not previously recovered the first connection expenses, or part of the first connection expenses, from any other person;
- (d) a person to whom any right to receive a reimbursement payment in accordance with these Regulations has been legally assigned;

“independent connection provider” means a person other than an electricity distributor who provides electric line or electric plant for the purpose of making a first connection or a second connection;

“initial contributor”, in relation to a first connection, means a person who has—

- (a) obtained the first connection; and
- (b) made a payment in respect of first connection expenses;

“subsequent contributor”, in relation to a second connection, means a person who has—

- (a) obtained the second connection; and
- (b) received a demand for a reimbursement payment under regulation 4.

(2) In these Regulations—

- (a) any connection which falls within the meaning of Condition A in paragraph 1(2) of Schedule 5B to the Act is referred to as a “first connection”⁽⁶⁾;
- (b) any connection which falls within the meaning of Condition C in paragraph 1(4) of Schedule 5B to the Act is referred to as a “second connection”⁽⁷⁾;
- (c) references to a person who has obtained a first connection or a second connection are to a person who has—
 - (i) required the connection under section 16(1) of the Act⁽⁸⁾; or
 - (ii) otherwise entered into an arrangement with an electricity distributor or an independent connection provider pursuant to which the connection was made.

Application and prescribed period

3.—(1) Regulations 4 to 10 apply where—

- (a) a first connection is made on or after 6th April 2016; and
- (b) conditions A to D in paragraph 1 of Schedule 5B to the Act are met in respect of that connection.

(2) For the purpose of condition D in paragraph 1(5) of Schedule 5B to the Act, the prescribed period is ten years after the first connection was made.

Demanding a reimbursement payment

4.—(1) Paragraph (2) applies where—

- (a) a second connection is to be made; and

⁽⁵⁾ “First connection expenses” are defined in paragraph 1(6) of Schedule 5B to the Act as ‘any expenses reasonably incurred by a person in providing any electric line or electric plant for the purpose of making the first connection’.

⁽⁶⁾ By virtue of paragraph 1(2) of Schedule 5B to the Act, Condition A is met where any electric line or electric plant is provided for the purpose of a making a connection between premises and a distribution system, or between two distribution systems.

⁽⁷⁾ By virtue of paragraph 1(4) of Schedule 5B to the Act, a “second connection” is made where any electric line or electric plant used for the purpose of making a first connection is used for the purpose of making another connection between premises and a distribution system, or between two distribution systems.

⁽⁸⁾ Section 16(1) was amended by the Utilities Act 2000, section 44.

- (b) the first connection expenses were met in whole or in part by the initial contributor or persons who have previously made payments under these Regulations.

(2) Where this paragraph applies, the relevant electricity distributor must—

- (a) take reasonable steps to ascertain—
 - (i) whether there are any eligible persons; and, if so
 - (ii) the name and address of each eligible person; and
- (b) subject to paragraph (6), demand a reimbursement payment from the person obtaining the second connection.

(3) The amount demanded under paragraph (2)(b) must be an amount equal to the appropriate proportion of the first connection expenses.

(4) For the purposes of paragraph (3), the appropriate proportion of the first connection expenses is the proportion of those expenses which appears to the relevant electricity distributor to be appropriate having regard to the maximum capacity required by the person obtaining the second connection.

(5) Any demand under paragraph (2) must be made not later than the date on which the second connection is made.

(6) A relevant electricity distributor is not required to demand a reimbursement payment in any case where—

- (a) the amount of the reimbursement payment would, after deduction of administrative expenses under regulation 6, leave less than £300 remaining for payment to eligible persons; or
- (b) it appears to the relevant electricity distributor after taking the steps referred to in paragraph (2)(a) that at the time when the second connection is made there are no eligible persons.

(7) Where the relevant electricity distributor estimates the amount of first connection expenses under regulation 7(3), the references to the first connection expenses in paragraphs (3) and (4) are to be treated as references to the amount of first connection expenses so estimated.

Obligation to make a reimbursement payment

5.—(1) A subsequent contributor must, subject to paragraphs (2) and (3), pay the amount demanded to the relevant electricity distributor within the time specified in the demand.

(2) If the subsequent contributor makes a request for information under regulation 9, the subsequent contributor is not required to comply with the demand until the relevant electricity distributor has provided such information as the subsequent contributor has reasonably requested.

(3) If the subsequent contributor refers a dispute about the demand to the Authority in accordance with section 23 of the Act, the subsequent contributor is not required to comply with the demand until the dispute has been determined.

(4) Paragraph (3) is subject to any directions of the Authority under section 23(2A) of the Act.

Obligation to apply a reimbursement payment

6.—(1) Where a relevant electricity distributor has received a reimbursement payment—

- (a) it may deduct its administrative expenses from the amount received; and
- (b) it must, subject to paragraph (3), pay the amount recovered minus any deduction under sub-paragraph (a) (“the net amount”), to eligible persons as soon as reasonably practicable.

(2) Where there are two or more eligible persons in respect of the same first connection expenses, the relevant electricity distributor must pay to each eligible person a proportion of the net amount which corresponds with the proportion of the first connection expenses that was borne, or that the relevant electricity distributor estimates was borne, by that eligible person.

(3) A relevant electricity distributor is not required to make a payment to an eligible person if—

- (a) the amount of that payment, calculated in accordance with paragraphs (1) and (2), would be less than £300;
- (b) the relevant electricity distributor, having taken reasonable steps to do so, has been unable to ascertain—
 - (i) the name and address of the eligible person; or
 - (ii) the amount of the first connection expenses that were borne by the relevant person, or the relevant information to allow it to make a reasonable estimate of the first connection expenses borne by that person.

(4) References in these Regulations to paying an amount to an eligible person include retaining an amount, in cases where the relevant electricity distributor is itself an eligible person.

Determination of first connection expenses

7.—(1) This regulation applies where the first connection was made by a person other than the relevant electricity distributor.

(2) The relevant electricity distributor must—

- (a) to the extent that it does not already have such information, take such steps as are reasonably practicable to obtain a description of the work carried out for the purpose of making the first connection; and
- (b) take account of that information in estimating the amount of first connection expenses under paragraph (3).

(3) For the purpose of exercising its functions under regulations 4 to 6 the relevant electricity distributor must estimate the amount of first connection expenses in accordance with the formula—

$$E \times \frac{A}{B}$$

where—

E is the relevant electricity distributor's estimate of the amount of expenses which that distributor would incur if that distributor were making the connection at the time of making the estimate;

A is the retail prices index at the time when the connection was actually made;

B is the retail prices index at the time of making the estimate.

(4) In paragraph (3), "the retail prices index" means—

- (a) the general index of retail prices (for all items) published by the Statistics Board, or
- (b) if that index is not published for a relevant month, any substituted index or index figures published by the Statistics Board.

Provision of information to initial contributor

8. Where a relevant electricity distributor demands a reimbursement payment from a person obtaining a second connection, it must as soon as reasonably practicable give the initial contributor—

- (a) notice of the fact that a second connection is being made; and
- (b) estimates of the amounts of—
 - (i) any payment which the relevant electricity distributor expects to make to the initial contributor under regulation 6; and
 - (ii) the relevant electricity distributor’s administrative expenses.

Provision of information to subsequent contributors

9.—(1) A subsequent contributor may request information from the relevant electricity distributor for the purpose of ascertaining—

- (a) the amount of the first connection expenses (or, where regulation 7 applies, the relevant electricity distributor’s estimate of that amount);
- (b) the date of the provision of the electric line or the electric plant for the purpose of making the first connection; and
- (c) the total amount previously paid in respect of first connection expenses by—
 - (i) the initial contributor; or
 - (ii) persons previously required to make payments in respect of first connection expenses.

(2) The relevant electricity distributor must, in so far as it holds the information, provide any information reasonably requested under paragraph (1) as soon as reasonably practicable.

Maintenance of records

10.A relevant electricity distributor must maintain such records as are necessary for complying with its obligations under these Regulations.

Amendment to the Electricity (Connection Charges) Regulations 2002

11. In the Electricity (Connection Charges) Regulations 2002(9), after regulation 4 insert—

“Application of regulations 5 to 8A

4A. Regulations 5 to 8A do not apply in cases to which regulations 4 to 10 of the Electricity (Connection Charges) Regulations 2016 apply.”.

Review

12.—(1) The Secretary of State must from time to time—

- (a) carry out a review of these Regulations;
- (b) set out the conclusions in a report; and
- (c) publish the report.

(2) The report must in particular—

- (a) set out the objectives intended to be achieved by these Regulations;
- (b) assess the extent to which those objectives are achieved; and
- (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved in a less burdensome way.

(3) The first report under this regulation must be published before the end of the period of five years beginning with the date on which these Regulations come into force.

⁹⁾ S.I. 2002/93, as amended by S.I. 2002/3232.

(4) Reports under this regulation are, after the first report, to be published at intervals not exceeding five years.

	<i>Name</i>
	Minister of State
Date	Department of Energy and Climate Change

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for a relevant electricity distributor to recover from subsequent users of electric lines and electrical plant provided for the purpose of giving a connection to premises or another distribution system an amount in respect of the expenses previously incurred in providing the line or plant. In cases where other persons have paid for all or part of the cost of a connection, the Regulations require the electricity distributor to recover an amount from subsequent users (“second comers”) and to apply that amount, less administration charges, to those persons.

These Regulations reflect amendments to section 19 of the Electricity Act 1989, and the insertion of Schedule 5B to that Act, by section 52 of the Infrastructure Act 2015. They apply in cases where a first connection (within the meaning given by paragraph 1(2) of Schedule 5B to the Electricity Act 1989) is made on or after 6th April 2016. The Electricity (Connection Charges) Regulations 2002 (“the 2002 Regulations”) will continue to apply where a first connection was made before that date.

The principal differences between these Regulations and the 2002 Regulations (other than minor and drafting changes) are:

- to extend the circumstances in which an electricity distributor is under a duty to charge second comers and make reimbursement payments, to include cases where:
 - a first connection was made by an independent connection provider rather than a licensed electricity distributor; or
 - any of the expenses of a first connection were met by the person who caused that connection to be made, and/or by previous second comers (under the 2002 Regulations a duty only arises where the expenses were wholly or mainly met by such persons);
- to extend from 5 to 10 years the period following the making of a first connection in which second comers are liable to pay charges; and
- to require an electricity distributor to estimate first connection expenses, and to calculate charges and reimbursement payments on the basis of its estimate, in cases where someone else made the first connection.

An impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Department of Energy and Climate Change at 3 Whitehall Place, London, SW1A 2AW and is published with the Explanatory Memorandum alongside this instrument on www.legislation.gov.uk.

Annex B – Proposed assumptions for the economic impact assessment

Government seeks stakeholder comments regarding the assumptions that DECC intends to use in assessing the economic impact of the changes. The key assumptions we intend to make and rationale are outlined below.

Number of connections and number of Second comer payments

- DECC plans to use data captured by Ofgem through the annual DNO reporting cycle (*The Connections Reporting Pack*) to establish the number of Second Comer payments. This provides information on: the number of connections (metered and unmetered); the number of second comer payments (for metered connections only); and respective market-shares of the connections market held by DNOs, IDNOs and ICPs.
- Where no information is held (e.g. number of Second Comer payments that would be due on ICP-built connections, number of Second Comer payments on IDNO-built connections or in relation to unmetered connections), DECC will derive figures drawing on the information available to make a best estimate.
- DECC is unlikely to be able to quantify the impact of potential second comers on connections that were built through a Section 22 agreement or on connections between distribution systems. DECC's view is that the number of these second comers is likely to be relatively small.
- For the purposes of the impact assessment, DECC will assume there are:
 - **42** Second Comer payments to individual customers a year related to metered/unmetered connection projects completed by a DNO.
 - **48** Second Comer payments to DNOs a year related to metered/unmetered connection projects completed by a DNO.
 - **6** Second Comer payments to individual customers a year related to metered/unmetered connection projects completed by an IDNO.
 - **6** Second Comer payments to DNOs a year related to metered/unmetered connection projects completed by an IDNO.
 - **11** Second Comer payments a year related to metered/unmetered connection projects completed by an ICP.
 - **13** Second Comer payments to DNOs a year related to metered/unmetered connection projects completed by an ICP.
- DECC will consider sensitivities around these numbers of second comer payments, which will be representative of increased market shares of ICPs and IDNOs in the connections market.

Size of second comer payments

- DECC will assume the average Second Comer payment to individual customers is £3,300 (2014 prices). This is drawn from the data Ofgem collects from DNOs. For

sensitivity analysis, DECC will include analysis on £2,800 and £4,000 for a low and high scenario.

- DECC will assume that the average second comer payment to DNOs (for use of wider reinforcement) is £17,700 (2014 prices). For sensitivity analysis, DECC will include analysis on £7,500 and £22,400 for a low and high scenario.
- DECC will assume that payments to connections provided by ICPs will be the same.

Administrative cost of processing Second Comer payments

- DECC will assume an administrative cost of £225 (2014 prices) for DNOs processing second comer payments. This is an average of the figures provided by DNOs during consultation, which provided a range of estimates from £100 to £250.
- For second comer payments where an ICP provided the initial connection, DECC will include an additional £1,000 (2014 prices) to cover the cost of estimating the initial connection cost. This is an average of the figures provided by DNOs during consultation who gave a range of estimates from £800 to £1,500.

Extending the time limit

- Based on DNO feedback, DECC will assume that the administration costs per second comer payment are the same for second comers in years five to ten as for second comers in years zero to five.
- DECC will assume that the number of second comer payments between years five and ten will be the same as years zero to five. This is based on DNO feedback as there is no data available showing how many payments would have been made had the time limit been longer.
- For sensitivity analysis, DECC will run analysis on there being a) half as many second comer payments being made between years five and ten than within the first five years; and b) twice as many second comer payments being made between years five and ten.

Consultation Question	
1.	Do you have any comments on the input assumptions we have made for our initial Second Comer analysis? Do you have any thoughts on improving the accuracy of the assumptions? Please give reason and provide evidence to support your answer where possible.