

Principles for 'Voltage Level' Tariffs

This paper details the main principles that the MIG NHH/HH working group are working towards to develop both the existing charge structures and enduring charge structures and thereby removing any perceived discrepancy between the charges for Non-Half-Hourly (NHH) metered connections and Half-Hourly (HH) metered connections. The principles should be used as a guide to the development of the CDCM for the creation of 'Voltage Level' tariffs which should be simple and transparent for all stakeholders.

PRINCIPLE 1: Introduction of a new tariff structure

A new tariff structure will be introduced to reflect the introduction of half hourly metering to all customers through SMART and AMR metering. Consequently, this new tariff structure will contain half hourly metered tariffs for all demand tariffs (except unmetered). The new tariff structure is contained in the table below. The mapping of existing tariffs to these new tariffs is detailed in section 2 of this paper:

Tariff Name	Voltage Level	Description	Measurement Class
HV HH metered	HV	HV RAG / Fixed / Capacity / Reactive	C / E
LVS HH metered	LVS	LVS RAG / Fixed / Capacity / Reactive	C / E
LV CT HH metered	LV	LV RAG / Fixed / Capacity / Reactive	C / E
LV WC (HH AGG or HH metered) Non-Domestic	LV	LV RAG (incl. Capacity) / Fixed	G
LV AGG Domestic	LV	LV RAG (incl. Capacity) / Fixed	F
LV unmetered (pseudo HH)	LV	Consistent with DCP130	D
LV unmetered (NHH)	LV	Consistent with DCP130	B
Generation Tariffs		Unchanged	
LDNO Tariffs		Amended to reflect new import tariffs	

Table 1: New tariff structure

PRINCIPLE 2: To ensure consistency between the new tariffs

There are currently anomalies within the existing tariff structure that make it beneficial for some customers to be settled either on a half hourly basis or non- half hourly basis. Principle 2 is to ensure that this discrepancy does not arise within the new charging structure. To achieve this, the following amendments are proposed:

- All Domestic fall into their own category.
- LV customers are split between whole current (WC) metered and current transformer (CT) metered.
- WC customers will not have a separate capacity or reactive charge. They will have three unit rates (RAG) (which would include the notional capacity) and a fixed charge.
- CT customers will have three unit rates (RAG), a fixed charge, a capacity charge and a reactive charge (Note: This aspect would be subject to either HH metering or changes to billing systems to enable Agg HH to be billed site specifically).

PRINCIPLE 3: To ensure consistency between the existing and new tariffs

The existing tariffs and new tariffs need to be derived on a consistent basis to prevent some customers from being disadvantaged by the introduction of the new tariffs. This principle will also reduce the impact of the discrepancy that currently exists between NHH and HH tariffs. To ensure all tariffs are derived on a consistent basis, the following principles should be applied:

- The approach should allocate the provision of capacity requirement to NHH charges using the same proportions that capacity requirement is allocated to HH charges.
- The voltage level 'yardstick' unit rates will be calculated using the average consumption profile (including the volume forecast and load profile data) for the groups shown below:
 - LV
 - LVS
 - HV
- Three unit rate values (Red/Amber/Green - RAG) are calculated for each voltage level. NHH unit rates will be calculated using these yardstick rates based on individual charge groups RAG usage ratios. This will remove the need for coincidence factors within the model.

[Example: For each voltage level, create an aggregate consumption profile for users connected at that voltage level. This profile is then used to calculate the three (RAG) 'yardstick' unit rates for that voltage level. These 'yardstick' rates are then pro-rated into single and two unit rate charges using that tariff group's proportions from its profile data.]

- Standing charge factors will continue to be used to allocate unit costs to capacity or fixed costs as in the existing model. For LV WC customers, the capacity element will be recovered from unit rates. (Consideration should be made as to whether the capacity should be allocated to all RAG or Red only or a mixture)
- The tariff group forecast consumption for the charging year should only be used to calculate revenue for the charging year for scaling purposes. It should not be used for setting the charges.

PRINCIPLE 4: Customers to gradually migrate to the new tariffs

The new tariffs will co-exist with the existing tariffs. The existing tariffs will become preserved, and existing customers will migrate to the new tariffs over time. Allocation of new customers to the correct tariff will be done based on voltage level and Measurement Class. An alternative would be for DNOs to de-link from a set date.

The mapping of the existing tariffs to the new tariffs is shown in table 2 below:

Existing Tariff	PCs	Description	New Tariff	Voltage Level	Description	Measurement Class
Domestic Unrestricted	1	1 unit rate / Fixed	LV Domestic	LV	LV RAG (incl. Capacity) / Fixed	F
Domestic Two Rate	2	2 unit rate / Fixed				
Domestic Off Peak (related MPAN)	2	1 unit rate / Fixed				
Small Non Domestic Unrestricted	3	1 unit rate / Fixed	LV CT HH metered	LV	LV RAG / Fixed / Capacity / Reactive	C / E
Small Non Domestic Two Rate	4	2 unit rate / Fixed				
Small Non Domestic Off Peak (related MPAN)	4	1 unit rate				
LV Medium Non-Domestic	5-8	2 unit rate / Fixed	LV WC (HH AGG or HH metered) Non-Domestic	LV	LV RAG (incl. Capacity) / Fixed	G
LV HH Metered	0	RAG / Fixed / Capacity / Reactive				
LV Sub Medium Non-Domestic	5-8	2 unit rate / Fixed	LVS HH metered	LVS	LVS RAG / Fixed / Capacity / Reactive	C / E
LV Sub HH Metered	0	RAG / Fixed / Capacity / Reactive				
HV Medium Non-Domestic	5-8	2 unit rate / Fixed	HV HH metered	HV	HV RAG / Fixed / Capacity / Reactive	C / E
HV HH Metered	0	RAG / Fixed / Capacity / Reactive				
HV Sub HH Metered	0	RAG / Fixed / Capacity / Reactive	DELETED			
NHH UMS	1&8	1 unit rate	LV unmetered (pseudo HH)	LV	Consistent with DCP130	D
LV UMS (Pseudo HH Metered)	0	RAG	LV unmetered (NHH)	LV	Consistent with DCP130	B

Table 2: Mapped Tariffs