**SCHEDULE 16**

**Step 4: Price control disaggregation**

* 1. Step 4 involves calculations based on price control and expenditure data which produce a series of discount percentages to be used to determine portfolio tariffs for LDNOs.
  2. For the purposes of price control disaggregation the network is split into five levels: LV services, LV mains, HV/LV, HV and EHV.
  3. The determination of discount percentages involves the following steps:

1. Allocation of price control revenue elements to network levels.
2. Determination of a percentage allocation of total revenue per unit to network levels.
3. Determination of the proportion of the LV mains deemed to be used by LV-connected embedded networks.
4. Allocation of 100% of the LV services to LV-connected embedded networks (the “[LV services allocation]”).
5. Determination of the proportion of the HV network deemed to be provided by HV-connected embedded networks with HV end users.
6. Calculation of the discount percentage for each combination of boundary network level and end user network level.
7. Determination of an average discount percentage, weighted by the total number of Domestic Unrestricted connections made to LDNO networks, split by LDNO discount category, within the DNO Party’s Distribution Services Area.
8. ~~g)~~ Application of discount percentages to determine portfolio tariffs.

99------123

**[INSERT A NEW SECTION 124]**

**LDNO UMS Connections by Network Level**

124. The DNO Party will procure that the Nominated Calculation Agent collects data from each DNO Party relating to the total number of Domestic Unrestricted connections made to LDNO networks, split by LDNO discount category (relating to each of the LDNO boundary network levels), within each DNO Party’s Distribution Services Area.

This data shall be used to determine a proxy for the allocation of UMS connections made to LDNO networks, split by LDNO discount category, within each DNO Party’s Distribution Services Area, reflecting the modelling assumption that the ratio of UMS connections to Domestic Unrestricted connections is mainly constant over all LNDO networks regardless of DNO/LDNO boundary network levels. The data collected by the Nominated Calculation Agent will be used in the price control disaggregation to determine an average weighted LDNO discount to be applied to all UMS connection tariffs regardless of the voltage of connection at the boundary network level using the following formula:

Where

UMC LDNO Discount = the LDNO discount applicable to all unmetered connections made to LDNO networks irrespective of the connection boundary between the DNO Party network and the LDNO network

No. of LDNO Domestic Unrestricted connections with LDNO Discount n = the total number of energised Domestic Unrestricted MPANs registered against LDNO networks within the DNO Party’s Distribution Services Area, allocated to LDNO discount category n for portfolio billing purposes (as defined in Schedule 19 (Portfolio Billing)), where n is equal to 1 to 7.

LDNO discount n = the applicable LDNO discount for connections to LDNO networks with LDNO discount category 1 to 7 where the following rules apply:

n=1means that the discount category is LV: LV

n=2 means that the discount category is HV: LV

n=3 means that the discount category is HV plus: LV

n=4 means that the discount category is EHV: LV

n=5 means that the discount category is 132kV/EHV: LV (applicable to DNO Parties in England and Wales only),

n=6 means that the discount category is 132kV: LV (applicable to DNO Parties in England and Wales only),

n=7 means that the discount category is 0000(GSP): LV

Total No. of LDNO Domestic Unrestricted connections in DNO DSA = the total number of Domestic Unrestricted MPANs registered against LDNO networks within the DNO Party’s Distribution Services Area.

### Application of discount percentages to determine portfolio tariffs

* 1. ~~124.~~ For demand users, the discount percentages are applied to all tariff components in all-the-way tariffs in order to determine embedded network portfolio tariffs.
  2. ~~125 .~~ For generation users, the unit rate element (p/kWh) is not discounted, reflecting the modelling assumption that generation benefits are seen at the voltage level above the Exit Point, and therefore the embedded LDNO simply “passes on” the benefits seen at the DNO Party level. The fixed charge element (p/day) is discounted at 100 per cent, as this tariff component in the all-the-way tariff recovers costs associated with the allocation of other expenditure to service assets, which are not provided by the DNO Party.

Tariff structures for LDNOs

147. The tariff structure for LDNOs will mirror the structure of the all-the-way-tariff, and, with the exception of UMS connections, is depend~~a~~ent on the voltage of connection either LV or HV. The same tariff elements will apply.

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| --- | --- | --- | --- | --- |
| **Table 8: LDNO LV connection (excluding UMS tariffs)** | | | | |
| **Point of Connection** | **Profile Class** | **Unit Rate Time Bands** | **Other Charges** | **Tariff Name** |
| LV | 1 | One | Fixed | Domestic Unrestricted |
| LV | 2 | Two | Fixed | Domestic Two Rate |
| LV | 2 | One | None | Domestic Off-Peak (related MPAN) |
| LV | 3 | One | Fixed | Small Non-Domestic Unrestricted |
| LV | 4 | Two | Fixed | Small Non-Domestic Two |
| LV | 4 | One | None | Small Non-Domestic Off-Peak (related MPAN) |
| LV | 5 to 8 | Two | Fixed | LV Medium Non-Domestic |
| ~~LV~~ | ~~8~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category A)~~ |
| ~~LV~~ | ~~1~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category B)~~ |
| ~~LV~~ | ~~1~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category C)~~ |
| ~~LV~~ | ~~1~~ | ~~One~~ | ~~Unit Rate~~ | ~~NHH UMS (Category D)~~ |
| LV | N/A | Three | Fixed, Capacity and Reactive Power | LV HH Metered |
| ~~LV~~ | ~~N/A~~ | ~~Three~~ | ~~None~~ | ~~LV UMS (Pseudo HH Metered)~~ |
| LV | 8 | One | Fixed | LV Generation NHH |
| LV | N/A | One | Fixed and Reactive Power | LV Generation Intermittent |
| LV | N/A | Three | Fixed and Reactive Power | LV Generation Non-Intermittent |

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| **Table 9: LDNO HV connection (excluding UMS tariffs)** | | | | |
| **Point of Connection** | **Profile Class** | **Unit Rate Time Bands** | **Other Charges** | **Tariff Name** |
| HV | 1 | One | Fixed | Domestic Unrestricted |
| HV | 2 | Two | Fixed | Domestic Two Rate |
| HV | 2 | One | None | Domestic Off-Peak (related MPAN) |
| HV | 3 | One | Fixed | Small Non-Domestic Unrestricted |
| HV | 4 | Two | Fixed | Small Non-Domestic Two Rate |
| HV | 4 | One | None | Small Non-Domestic Off-Peak (related MPAN) |
| HV | 5 to 8 | Two | Fixed | LV Medium Non-Domestic |
| ~~HV~~ | ~~8~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category A)~~ |
| ~~HV~~ | ~~1~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category B)~~ |
| ~~HV~~ | ~~1~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category C)~~ |
| ~~HV~~ | ~~1~~ | ~~One~~ | ~~None~~ | ~~NHH UMS (Category D)~~ |
| HV | N/A | Three | Fixed, Capacity and Reactive Power | LV HH Metered |
| ~~HV~~ | ~~N/A~~ | ~~Three~~ | ~~None~~ | ~~LV UMS (Pseudo HH Metered)~~ |
| HV | N/A | Three | Fixed, Capacity and Reactive Power | LV Sub HH Metered |
| HV | N/A | Three | Fixed, Capacity and Reactive Power | HV HH Metered |
| HV | 8 | One | Fixed and Reactive Power | LV Generation NHH |
| HV | N/A | One | Fixed and Reactive Power | LV Generation Intermittent |
| HV | N/A | Three | Fixed and Reactive Power | LV Generation Non-Intermittent |
| HV | N/A | One | Fixed and Reactive Power | LV Sub Generation Intermittent |
| HV | N/A | Three | Fixed and Reactive Power | LV Sub Generation Non-Intermittent |
| HV | N/A | One | Fixed and Reactive Power | HV Generation Intermittent |
| HV | N/A | Three | Fixed and Reactive Power | HV Generation Non-Intermittent |

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| --- | --- | --- | --- | --- |
| **Table 10: LDNO UMS Tariffs** | | | | |
| **Point of Connection** | **Profile Class** | **Unit Rate Time Bands** | **Other Charges** | **Tariff Name** |
| LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP) | 8 | One | None | NHH UMS (Category A) |
| LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP) | 1 | One | None | NHH UMS (Category B) |
| LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP) | 1 | One | None | NHH UMS (Category C) |
| LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP) | 1 | One | None | NHH UMS (Category D) |
| LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP) | N/A | Three | None | LV UMS (Pseudo HH Metered) |