




DCUSA Change Report		At what stage is this document in the process?
<h1>DCP 358</h1> <h2>Ofgem Targeted Charging Review (TCR) Implementation – Determination of Banding Boundaries</h2> <p><i>Raised on 14 January 2020 as an Urgent Change</i></p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<b>Purpose of Change Proposal:</b> <p>The intent of DCP 358 is to implement certain areas of Ofgem’s TCR Decision<sup>1</sup>; specifically relating to the determination of charging bands for non-domestic distribution connected customers. This Change Proposal (CP) seeks to address paragraphs 20, 21, 30, 31 and 32 whilst having regard for paragraphs 34 and 36-39 of the TCR Direction<sup>2</sup>.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 358 – Ofgem Targeted Charging Review (TCR) Implementation – Determination of Banding Boundaries</p> <p>DCP 358 is considered a Part 1 matter and Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <b>12 June 2020</b></p> <p>The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.</p> <p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3011.</p>	
	<b>Parties Impacted: DNOs, IDNOs, Suppliers and CVA Registrants</b>	
	<b>Impacted Clauses: A new Schedule [‘XX’] will be required.</b>	

<sup>1</sup> [TCR Decision Document](#)

<sup>2</sup> [TCR Direction](#)

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## Timetable

The timetable for the progression of the CP is as follows:

Activity	Date
Initial Assessment Report Approved by Panel	15 January 2020
Consultation issued to Parties	25 March 2020
Change Report approved by Panel	20 May 2020
Change Report issued for Voting	21 May 2020
Party Voting Closes	12 June 2020
Change Declaration Issued to Parties and the Authority	16 June 2020
Authority Decision	21 July 2020
Implementation	01 August 2020 <sup>3</sup>



Any questions?

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<sup>3</sup> Subject to Authority approval of DCP 359 and DCP 360 at the same time,

# 1 Executive Summary

## What?

- 1.1 On 21 November 2019, the Authority published its Targeted Charging Review (TCR) Significant Code Review (SCR) Decision (the 'TCR Decision'). The Authority Directed that Distribution Network Operators (DNOs) raise one or more modifications to the Distribution Connection and Use of System Agreement (the 'DCUSA') to implement the TCR Decision on 01 April 2022 (the 'TCR Direction').
- 1.2 On 20 December 2019, DNOs and National Grid Electricity System Operation (NGESO) published a joint plan (the 'detailed plan') to deliver the requirements of the TCR Directions<sup>45</sup>. The detailed plan sets out the proposed delivery approach (section 4.5) which included a package of four DCUSA CPs; of which this CP is one.
- 1.3 DCP 358 seeks to address paragraphs 20, 21 and 30-32 of the TCR Direction. DCP 358 therefore seeks to determine the charging bands for non-domestic customers, with only the highlighted section of paragraph 30 being applicable, which for completeness is set out below:

### Charging bands – non-domestic distribution-connected consumers

20.

- a) *that there will be four charging bands for each of the non-domestic distribution-connected consumer groups (set out in paragraph 18 a. to d. above), the boundaries for which will be set at the 40<sup>th</sup>, 70<sup>th</sup> and 85<sup>th</sup> percentiles; and*
- b) *that the percentiles for each band boundary will be determined by consumer numbers on a GB-wide basis on the basis of:*
  - (i) *increasing agreed capacity levels for consumers connected to the EHV and HV distribution networks and LV-connected consumers with an agreed import capacity; or*
  - (ii) *increasing net consumption volumes for LV-connected consumers without an agreed capacity.*

21. *that the band boundaries for distribution-connected consumers will be established on a GB wide basis and consumers will be allocated to bands based on industry agreed capacity where available, or final consumption data, as applicable. In setting and allocating users to charging bands, regard must be had to paragraph 3.57(9)<sup>6</sup> of the TCR Decision relating to redundant connection capacity.*

### Further arrangements

30. *appropriate arrangements to develop the following:*

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<sup>4</sup> <http://www.chargingfutures.com/media/1390/tcr-joint-eso-dno-pid-v10.pdf>

<sup>5</sup> The Authority also directed that NGESO raise modifications to the Connection and Use of System Agreement (the 'CUSC') to implement the TCR Decision.

<sup>6</sup> The TCR decision document was updated on 18 December 2019. It is this document that the references refer.

- a. *the frequency and relevant units of the fixed charge, considering a proposal of a pence/site/day structure;*
- b. *the mechanism to identify which sites should be classified as final demand for the purposed of determining residual charges. In doing so, the DNOs must have regard to paragraph 3.58(2) of the TCR Decision;*
- c. *any consequential changes that may be required in relation to residual charges for Independent Distribution Networks Operators (IDNOs), consumers connected to private wire and complex sites, noting that the Authority expects that the IDNO charging regime (which operates via a Relative Price Control) to continue to function as it does today; and*
- d. *the systems and processes to implement the Proposal(s). In doing so, the DNOs must have regard to paragraph 3.58(4) of the TCR Decision.*

### **Reviewing charging bands**

- 31. *appropriate arrangements to review the charging bands to ensure they remain fit for purpose, reflecting the requirements set out in paragraph 3.57(11) and 3.60 to 3/61 of the TCR Decision.*

### **Specific issues for the DNOs to consider**

32.

- a. *an assessment of whether there may be circumstances, in particular for EHV-connected consumers, where regional differences in consumer types lead to substantially different distributions of consumers in a DNO region and result in very low consumer numbers in some bands (having regard to paragraph 3.59(2) of the TCR Decision); and*
- b. *if this is found to be the case, develop and bring forward alternative modification proposals for option to address this, which could include:*
  - i. *regionally derived boundaries, rather than GB-wide boundaries; or*
  - ii. *combining band when a minimum number of consumers would be in a particular band.*

- 1.4 DCP 358 will also introduce processes to review the charging bands to ensure that they remain fit for purpose, and will also provide analysis of whether there are circumstances, such as significant regional differences or low customers numbers in particular band, that would justify alternative proposals, such as implementing regional derived boundaries or combining bands. However, the intent of the CP is to keep the banding consistent across DNOs and NGESO, with consideration on delivering a proportionate and practical solution that is transparent and results in minimal changes to existing systems and processes.

## Why?

- 1.5 This CP has been raised to enable DNOs to satisfy specific requirements set out in the TCR Direction. Failure to develop this proposal together with the three related DCUSA CPs that form the package of DCUSA CPs<sup>7</sup> in sufficient time to implement these changes effective as of 01 April 2022 will result in failure to implement the TCR Decision.
- 1.6 This CP should also support NGENSO in satisfying the requirements set out in its TCR Direction. The residual charging arrangements for transmission are to be implemented into the Connection and Use of System Code (CUSC) on 01 April 2021<sup>8</sup>, which is a year ahead of those which are required for the DCUSA. However, consideration must be given to the need to facilitate the timely progression of each code's respective code modifications proposals as explicitly stated in paragraph 34 of the TCR Direction:

*“34. In preparing the Proposal(s), the DNOs must:*

- a. work and cooperate with NGENSO (who are subject to a similar direction to bring forward a proposal to modify the Connection and Use of System Code (CUSC) to give effect to the TCR Decision (the CUSC Direction)) to ensure that a consistent approach is taken to issues or matters common to both Directions and to facilitate the timely progression of their respective code modifications proposals. Issues or matters common to both Direction include but are not limited to i) final demand; ii) single site; and iii) the review of charging bands. Such co-operation might include (but would not be limited to) participation in the working groups for the modification proposals being developed under the respective Directions;*
- b. include such modification to Section 1A (Definitions and Interpretation) of DCUSA and any associated provisions as required as a result of the Proposal(s); and*
- c. have regard to (and to the fullest extent practicable comply with) the SCR Decision Principles as defined in paragraph 3.53 of the TCR Decision.”*

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<sup>7</sup> DCP 359 'Ofgem Targeted Charging Review (TCR) implementation – customers: who should pay?' is to implement certain areas of Ofgem's TCR Decision; specifically relating to the identification of which 'customers' are eligible for a residual fixed charge.

DCP 360 'Ofgem Targeted Charging Review Implementation: Allocation to Band and Interventions' seeks to implement certain areas of Ofgem's TCR Decision; specifically relating to the allocation and reallocation of 'customers' to residual charging bands,

DCP 361 'Ofgem Targeted Charging Review Implementation: Calculation of Charges' seeks to implement certain areas of Ofgem's TCR Decision; specifically relating to the calculation of charges.

<sup>8</sup> This date has subsequently changed during the development of this CP to the 01 April 2022.

## How?

- 1.7 This change introduces a new schedule to DCUSA catering for residual charging bands.
- 1.8 There will be four non-domestic customer groups in addition to the domestic group (which only has one band and as such not catered for within this schedule apart from an acknowledgement of its existence). The four customer groups are:
- Extra High Voltage (EHV)-connected sites;
  - High Voltage (HV)-connected sites;
  - Non-domestic Low Voltage (LV)-connected sites with an agreed capacity as the basis for their current charge; and
  - Non-domestic LV-connected sites without an agreed capacity.
- 1.9 Within each of these customer groups there will be four charging bands. The boundaries for which will be set at the 40<sup>th</sup>, 70<sup>th</sup>, 85<sup>th</sup> and >85<sup>th</sup> percentiles.
- 1.10 The data (consumption and Maximum Import Capacity) will be provided by each distributor to a Banding Agent who will create and provide the charging boundaries within each customer group at GB level.
- 1.11 The initial determination of the charging bands will be undertaken in the autumn of 2020 for use in tariff settings for April 2022.
- 1.12 Charging bands will be reviewed two years prior to the commencement of the onshore electricity transmission owner price control period and be implemented effective from the beginning of each onshore electricity transmission owner price control period.
- 1.13 The reference within paragraph 3.57(9) of the TCR Decision relating to redundant connection capacity is catered for within the definition of Single Site defined under DCP359, i.e. there will only be one fixed charge because all the MPANs including those providing such a provision will be classed as an associated MPAN.

## 2 Governance

### Justification for Part 1 Matter

- 2.1 DCP 358 is a Part 1 Matter in accordance with the following DCUSA clause 9.4.1 as it is likely to have a significant impact on the interests of electricity consumers.
- 2.2 The DCUSA Panel also agreed that this is an Urgent Change. The initial provision of data to be provided by the DNOs/IDNOs to set the charging bands will be required by Autumn 2020.

- 2.3 This CP cannot be withdrawn without the Authority's consent to do so. In accordance with Clause 11.9A, the Authority may also, by direction, specify and/or amend the relevant timetable to apply to each stage of the Assessment Process.

## Requested Next Steps

- 2.4 The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 358.
- 2.5 The DCUSA Panel recommends that this CP:
- Be issued to Parties for Voting.

## 3 Why Change?

### Background

- 3.1 This CP seeks to address paragraphs 20, 21 and 30-32 of the TCR Direction, whilst having regard for paragraph 34 (set out under paragraph 1.6 above) and paragraph 36-39, of the TCR Direction. For completeness, paragraphs 36-39 of the TCR Direction are set out below:

#### *"Miscellaneous Terms*

- 36) *For the avoidance of doubt, the Proposal(s) put forward by the DNOs pursuant to this Direction are intended to facilitate and not preclude (a) any further consideration of the relevant issues; and/or (b) development of the Proposals under the DCUSA Modification Process so that it addresses the issued identified above in a way that better achieves the purposes and objectives of the Proposal(s) a set out in this Direction.*
- 37) *In addition to the Proposal(s), the DNOs must raise any such consequential proposals for modification to the DCUSA or other industry codes (to the extent the DNOs are able to raise modification to such codes), as are required for the purpose of giving effect to the proposals specified above.*
- 38) *Modification proposals developed pursuant to this Direction must serve the TCR SCR objectives and relate to the specific issues the TCR SCR seeks to address.*
- 39) *In order to keep the Authority apprised of progress under this Direction (in particular, but not limited to progress against the detailed plan referred to in (paragraph 35 above), the Authority directs the DNOs to advise it (in a timely manner) of potential issues arising which could prevent the Proposal(s) being effective as of 01 April 2022 along with information as to its proposed steps to address any such issues."*

- 3.2 This CP, when combined with the associated DCUSA CPs will implement the TCR Decision. Specifically, this CP, seeks to create the necessary processes to:

- Determine the applicable charging bands for each of the non-domestic distribution-connected customers groups to apply from 01 April 2022 to 31 March 2026; and
- Review and determine the charging bands for subsequent onshore electricity transmission owner price control periods.



## 4 Working Group Assessment

### DCP 358 Assessment

- 4.1 The DCUSA Panel established a Joint Working Group to assess/develop the DCUSA CPs that were raised to implement the TCR Decision. In establishing this Joint Working Group, the Panel agreed that it shall be for that Working Group to consider and decide whether there is a need to set up subsequent Working Groups whose duties will be to assess one or more of the CPs, whether in isolation or grouped, where it consider it beneficial to do so. During the initial Joint Working Group meeting, the following was agreed:
- DCP 358 and DCP 360 will be jointly progresses via a subset of any interested members;
  - DCP 361 will be progress on its own via a subset of any interested members; and
  - DCP 359 will be progressed with its sister CUSC Modification Proposal 'CMP 334', as both are concerned with the definitions for a 'Single Site' and for 'Final Demand' and this will be a cross-code Working Group with the CUSC.
- 4.2 The Joint DCP 358 and DCP 360 Working Group held seven meetings prior to issuing this Change Report, with members of the Working Group consisting of representatives from DNOs, Suppliers, IDNOs, Generators and National Grid Electricity System Operator (NGESO) as well as observers from a number of consultancies and Ofgem. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA Website – [www.dcusa.co.uk](http://www.dcusa.co.uk)
- 4.3 The Working Group developed a consultation document to gather information and feedback from market participants on this CP. This Section 4 sets out the detail of what the Working Group had included in the consultation and Section 5 provides a summary of the responses received with respect to the questions relevant to DCP 358 with Section 6 containing the Working Group's conclusions and final solution following the consultation.
- 4.4 Following initial meetings of the Working Group, it was agreed that the following two items, including any sub-elements under each would be addressed in the consultation:
- 1) Initial determination of the charging bands, which includes the following sub-elements:
    - Data availability and the basis used;
    - Use of GB wide bands;
    - Use of rounding to set band boundaries and level of rounding to be applied;
    - Including exceeded capacity v only agreed capacity; and
    - The introduction of a Banding Agent.
  - 2) Review of the charging bands.
- 4.5 For DCP 358 the development of the solution needed to be expedited. DNOs are required to provide notification of changes to Use of System Charges 15 months' ahead of when they will come into effect.



To facilitate this process a further three-month period is built in prior to the 15-months to allow DNOs to set, test and carry out internal assurance activities on those charges, which effectively means that this Change Report would normally need to be presented to the Panel during their meeting in July. However, to facilitate the implementation of the required CUSC and DCUSA, together with other CPs in the group requiring their change to be implemented by Autumn 2020 there is a need to aim for a deadline of the May Panel meeting.

- 4.6 Table 1 below maps which DCUSA CPs and CUSC Modifications have been raised to fulfil the various aspects of both the 'DCUSA Direction' and the 'CUSC Direction', as well as a BSC Modification which has been raised to enable the ESO to be provided with data for the purposes of billing the residual fixed charge.

**TABLE 1 – TCR CODE MODIFICATIONS**

<b>DCUSA</b>	<b>DCP358</b>  Seeks to implement the determination of charging bands for non-domestic distribution connected customers.	<b>DCP359</b>  Seeks to implement the identification of which 'customers' are eligible for a residual fixed charge	<b>DCP360</b>  Seeks to implement the allocation and reallocation of 'customers' to residual charging bands.	<b>DCP 361</b>  Seeks to implement elements required for the calculation of charges.
<b>CUSC</b>	<b>CMP332<sup>9</sup></b>  Creation of a methodology to determine (i) the charging bands and (ii) the tariffs for each band.	<b>CMP334</b>  This will identify who will be liable to pay the TDR by defining 'Final Demand' and 'Site'.	<b>CMP335/CMP336</b>  Update all of the 'post tariff setting' processes (e.g. band allocation, securitisation etc) to reflect the TDR methodology.	
<b>BSC</b>	<b>P402</b>  This modification aims to establish the processes and data flows to enable Elexon to collect aggregate data from DNOs and subsequently provide the required data to the National Electricity Transmission System Operator (NETSO).			

<sup>9</sup> Following approval by the Authority, CMP332 was withdrawn from the CUSC Modification Process. It is expected that a new CUSC modification will be raised that will change the implementation date from 01 April 2021 to 01 April 2022.

## Initial Determination of Charging Bands

### Data availability and the basis used

- 4.7 The Working Group discussed the initial solution, and the requirement to utilise the approach set out in the TCR Decision, which requires a set of four charging bands for each of the non-domestic distribution-connected groups as identified in paragraph 1.8. The Working Group agreed with the Proposers of the CPs that the requirements should be set out in a new Schedule within the DCUSA.
- 4.8 The Working Group discussed the basis of determining the charging bands for the two distinct 'types' of non-domestic sites identified in the TCR Decision, being: (i) a site with a Maximum Import Capacity (MIC); and (ii) a site without a MIC.
- 4.9 The Working Group considered the sites which may have a MIC but are not charged on that basis. Such a site may represent e.g. legacy arrangements (potentially associated with a previous owner of a site) or erroneous data, but the Working Group agreed that a site banded based on MIC should be explicitly where a MIC is used for the purpose of Use of System Charges under the current arrangements only.
- 4.10 For sites without a MIC as the basis for their current Use of System Charges, the Working Group discussed the disaggregated data available. For non-half hourly (NHH) settles sites, distributors bill on an aggregated basis and therefore do not have access to individual metering system consumption. For relevant half hourly (HH) sites, being whole current metered sites<sup>10</sup>, again distributors bill on an aggregated basis, although the relevant data at the Meter Point Administration Number (MPAN) level does exist<sup>11</sup>.
- 4.11 Distributors receive disaggregated data for NHH sites via the P0222 Report, which is provided by NHH Data Aggregators on a quarterly basis to the distributors who have 'opted in' to receiving the information. The P0222 Report provided data on a per MPAN basis and includes an Estimated Annual Consumption (EAC) where available. The Working Group agreed that this was the most appropriate source of data for banding, and allocating, NHH non-domestic sites.
- 4.12 Whilst distributors are actively pursuing the missing HH data<sup>12</sup> relating to Measurement Class G customers, the Working Group agreed that provision was needed for when this data (circa 60,000 MPANs) is available ahead of determining the initial charging bands, and where such sites would be banded based on actual metered import data. In the absence of the data, the Working Group considered whether it would be a bigger distortion to the charging bands to either (i) exclude the data altogether, or (ii) assume each site was a 'typical site' e.g. by dividing the total consumption by the total

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<sup>10</sup> These are Measurement Class G customers being "Half Hourly Metering Equipment at below 100kW Premises with whole current and not at Domestic Premises".

<sup>11</sup> Primarily in a D0036 flow or D0275 flow which is sent by HH data collectors to electricity suppliers and is the same data flow received by distributors for sites where the MIC forms parts of the Use of System Charge.

<sup>12</sup> Approval has been received from the DCUSA Panel at the March meeting to progress the requirement. Permission is now being requested from the Data Transfer Users of the Data Transfer Network Agreement to provide this service.

number of sites. The Working Group agreed, in the absence of the data, the impact on the charging bands under both approaches would be needed in order to assess the outcomes, and where it was noted that the sites this 'group' represents are likely to be the largest consuming sites without a MIC, e.g. such sites would generally be expected to be in the higher charging bands for no MIC sites.

- 4.13 The Working Group noted that even if approval is granted for the report to be run via the Data Transfer Service, this would cater for 51,000 of the MPANs and though a significant number, a process would still be required for the remainder. In addition, the report would be required at each transmission price control period. One Working Group member made the group aware of their intention to seek a more permanent solution by raising a modification to the Balancing & Settlement Code but due to time constraints it is unlikely to be available for the initial set up stage.

#### **Use of GB wide bands**

- 4.14 The TCR Direction stated that the band boundaries for distribution-connection consumers will be established on a GB wide basis unless there may be circumstances, in particular for EHV-connected consumers, where regional differences in consumer types lead to substantially different distributions of consumers in a DNO region and result in very low consumer numbers in some bands.
- 4.15 The Working Group have undertaken an initial assessment of GB and regional boundaries as set out in Table 2 below<sup>13</sup>.
- 4.16 Table 2 shows that whilst there are clearly some regional differences in the number of customers in each band compared to a national band, they do not appear to be material for LV connected customers but there are greater differences at HV and EHV. The Working Group are not aware of a solution that could accommodate using regional bandings to set distribution charges whilst supporting the implementation of a transmission solution for residual charges. The Working Group therefore is still proposing an approach which implements GB charging bands for distribution connected customers.
- 4.17 Issues resulting from very low numbers of sites in charging bands<sup>14</sup>, for any DNO Party, will be dealt with via DCP 361, which proposes to maintain the GB band boundaries but calculate Use of System Charges based on combined banding where appropriate.

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<sup>13</sup> The banding data is based on an indicative refresh of that provided by each DNO Party in support of the TCR impact assessment and is consistent in principle applies as part of the impact assessment where possible. This does not represent the final banding based on the various rounding scenarios.

<sup>14</sup> For example the site may receive a disproportionately large charge relative to sites in the adjacent band.

**TABLE 2 – INITIAL ASSESSMENT OF BANDING**

Voltage	Band				Site allocation percentages														
	#	Lower boundary	Upper boundary	%ile	GB	ENWL	NPgN	NPgY	SPMW	SPD	SSes	SSEH	EPN	LPN	SPN	EMID	WMID	SWALES	SWEST
LV no MIC (kWh)	1	-	4,224	40%	40%	35%	39%	35%	36%	34%	45%	37%	43%	51%	48%	35%	39%	39%	41%
	2	4,224	13,897	70%	70%	67%	73%	66%	66%	64%	72%	67%	71%	77%	76%	65%	71%	70%	74%
	3	13,897	27,296	85%	85%	84%	87%	82%	83%	82%	86%	85%	86%	89%	88%	81%	85%	85%	87%
	4	27,296	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
LV MIC (kVA)	1	-	80	40%	40%	41%	51%	45%	45%	41%	46%	46%	29%	27%	47%	35%	44%	41%	45%
	2	80	150	70%	73%	75%	75%	74%	76%	72%	69%	72%	73%	68%	75%	71%	79%	74%	76%
	3	150	225	85%	85%	87%	86%	85%	86%	83%	81%	84%	87%	80%	86%	85%	91%	86%	87%
	4	225	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HV (kVA)	1	-	425	40%	40%	44%	32%	34%	35%	37%	31%	62%	31%	15%	24%	47%	56%	39%	43%
	2	425	1,000	70%	73%	77%	63%	69%	72%	70%	68%	84%	69%	43%	67%	79%	85%	71%	77%
	3	1,000	1,720	85%	85%	89%	76%	82%	88%	83%	82%	91%	83%	62%	84%	88%	92%	84%	88%
	4	1,720	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EHV (kVA)	1	-	1,000	40%	40%	14%	5%	24%	16%	9%	69%	86%	10%	2%	11%	23%	34%	33%	28%
	2	1,000	8,000	70%	71%	49%	29%	64%	75%	76%	83%	97%	52%	29%	30%	66%	51%	63%	85%
	3	8,000	15,090	85%	85%	74%	56%	86%	89%	88%	92%	99%	77%	53%	54%	81%	74%	75%	94%
	4	15,090	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Key (absolute variance to boundary percentile):**

≤2%
≤5%
≤10%
≤15%
>15%

## Use of rounding to set band boundaries and level of rounding to be applied

4.18 Once band boundaries have been determined based on the methodology set out in the TCR Decision, the Working Group discussed potential approaches to rounding them, e.g. if say the maximum threshold for a given band was 95kVA, should that be rounded up to the nearest significant number by a factor of ten (i.e. it would be rounded up to 100kVA), or should it be rounded to the nearest integer only. The Working Group was of the opinion that band boundaries should always be rounded up and not down as rounding down could push customers near the upper band boundary into a higher charging band.

4.19 The Working Group considered the impact of rounding under different approaches, and the application of different tolerances for difference voltages (e.g.) rounding to the nearest 100kVA for EHV sites, but the nearest 10kVA for HV sites etc). The Working Group noted the potential distributional impact rounding could have, where taking the example of the upper threshold at 95kVA, and say that was the first HV charging band – if that was rounded up to 100kVA, a site with a MIC of 96kVA would be allocated to the first band rather than the second, as opposed to (e.g. simply rounded to the nearest integer, where as a result that site would be allocated to the second band. The outcome being, in this example, more than 40% of HV sites would be allocated to the first HV band.

4.20 The Working Group had differing views as to the appropriate approach to banding, ranging from rounding the nearest integer to applying different tolerances to different voltages. It was agreed that analysis was required to better understand the distributional impact. This analysis of the likely effect of rounding up on the percentage of customers in each band is shown in Tables 3-6 on the pages below. The Working sought Party views as to which were most appropriate.

**TABLE 3 - ROUNDING UP TO THE NEAREST LEVEL OF SIGNIFICANCE OF 1**

Voltage	Band				Site allocation percentages														
	#	Lower boundary	Upper boundary	%ile	GB	ENWL	NPgN	NPgY	SPMW	SPD	SSES	SSEH	EPN	LPN	SPN	EMID	WMID	SWALES	SWEST
LV no MIC (kWh)	1	-	4,225	40%	40%	35%	39%	35%	36%	34%	45%	37%	43%	51%	48%	35%	39%	39%	41%
	2	4,225	13,898	70%	70%	67%	73%	66%	66%	64%	72%	67%	71%	77%	76%	65%	71%	70%	74%
	3	13,898	27,296	85%	85%	84%	87%	82%	83%	82%	86%	85%	86%	89%	88%	81%	85%	85%	87%
	4	27,296	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
LV MIC (kVA)	1	-	80	40%	40%	41%	51%	45%	45%	41%	46%	46%	29%	27%	47%	35%	44%	41%	45%
	2	80	150	70%	73%	75%	75%	74%	76%	72%	69%	72%	73%	68%	75%	71%	79%	74%	76%
	3	150	225	85%	85%	87%	86%	85%	86%	83%	81%	84%	87%	80%	86%	85%	91%	86%	87%
	4	225	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HV (kVA)	1	-	425	40%	40%	44%	32%	34%	35%	37%	31%	62%	31%	15%	24%	47%	56%	39%	43%
	2	425	1,000	70%	73%	77%	63%	69%	72%	70%	68%	84%	69%	43%	67%	79%	85%	71%	77%
	3	1,000	1,721	85%	85%	89%	76%	82%	88%	83%	82%	91%	83%	62%	84%	88%	92%	84%	88%
	4	1,721	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EHV (kVA)	1	-	1,000	40%	40%	14%	5%	24%	16%	9%	69%	86%	10%	2%	11%	23%	34%	33%	28%
	2	1,000	8,000	70%	71%	49%	29%	64%	75%	76%	83%	97%	52%	29%	30%	66%	51%	63%	85%
	3	8,000	15,090	85%	85%	74%	56%	86%	89%	88%	92%	99%	77%	53%	54%	81%	74%	75%	94%
	4	15,090	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**TABLE 4 - ROUNDING UP TO THE NEAREST LEVEL OF SIGNIFICANCE OF 10**

Voltage	Band				Site allocation percentages														
	#	Lower boundary	Upper boundary	%ile	GB	ENWL	NPgN	NPgY	SPMW	SPD	SSES	SSEH	EPN	LPN	SPN	EMID	WMID	SWALES	SWEST
LV no MIC (kWh)	1	-	4,230	40%	40%	35%	39%	35%	36%	34%	45%	37%	43%	51%	48%	35%	39%	39%	41%
	2	4,230	13,900	70%	70%	67%	73%	66%	66%	64%	72%	67%	71%	77%	76%	65%	71%	70%	74%
	3	13,900	27,300	85%	85%	84%	87%	82%	83%	82%	86%	85%	86%	89%	88%	81%	85%	85%	87%
	4	27,300	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
LV MIC (kVA)	1	-	80	40%	40%	41%	51%	45%	45%	41%	46%	46%	29%	27%	47%	35%	44%	41%	45%
	2	80	150	70%	73%	75%	75%	74%	76%	72%	69%	72%	73%	68%	75%	71%	79%	74%	76%
	3	150	230	85%	86%	87%	86%	86%	86%	84%	82%	84%	87%	80%	87%	85%	91%	87%	88%
	4	230	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HV (kVA)	1	-	430	40%	41%	44%	32%	34%	36%	38%	31%	62%	31%	15%	24%	48%	57%	39%	43%
	2	430	1,000	70%	73%	77%	63%	69%	72%	70%	68%	84%	69%	43%	67%	79%	85%	71%	77%
	3	1,000	1,730	85%	85%	89%	76%	82%	88%	83%	82%	91%	83%	62%	84%	88%	92%	84%	88%
	4	1,730	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EHV (kVA)	1	-	1,000	40%	40%	14%	5%	24%	16%	9%	69%	86%	10%	2%	11%	23%	34%	33%	28%
	2	1,000	8,000	70%	71%	49%	29%	64%	75%	76%	83%	97%	52%	29%	30%	66%	51%	63%	85%
	3	8,000	15,090	85%	85%	74%	56%	86%	89%	88%	92%	99%	77%	53%	54%	81%	74%	75%	94%
	4	15,090	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**TABLE 5 - ROUNDING UP TO THE NEAREST LEVEL OF SIGNIFICANCE OF 100**

Voltage	Band				Site allocation percentages														
	#	Lower boundary	Upper boundary	%ile	GB	ENWL	NPgN	NPgY	SPMW	SPD	SSES	SSEH	EPN	LPN	SPN	EMID	WMID	SWALES	SWEST
LV no MIC (kWh)	1	-	4,300	40%	40%	36%	40%	36%	36%	34%	45%	37%	43%	52%	48%	35%	39%	39%	41%
	2	4,300	13,900	70%	70%	67%	73%	66%	66%	64%	72%	67%	71%	77%	76%	65%	71%	70%	74%
	3	13,900	27,300	85%	85%	84%	87%	82%	83%	82%	86%	85%	86%	89%	88%	81%	85%	85%	87%
	4	27,300	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
LV MIC (kVA)	1	-	100	40%	52%	54%	60%	55%	58%	54%	54%	56%	45%	40%	54%	47%	56%	53%	57%
	2	100	200	70%	83%	85%	84%	83%	84%	81%	79%	81%	84%	77%	84%	82%	88%	84%	85%
	3	200	300	85%	92%	93%	92%	93%	92%	90%	89%	91%	94%	88%	93%	94%	97%	93%	93%
	4	300	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HV (kVA)	1	-	500	40%	49%	52%	40%	42%	44%	44%	39%	67%	41%	21%	34%	56%	66%	48%	52%
	2	500	1,000	70%	73%	77%	63%	69%	72%	70%	68%	84%	69%	43%	67%	79%	85%	71%	77%
	3	1,000	1,800	85%	86%	90%	78%	83%	89%	84%	84%	92%	84%	65%	84%	89%	92%	85%	88%
	4	1,800	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EHV (kVA)	1	-	1,000	40%	40%	14%	5%	24%	16%	9%	69%	86%	10%	2%	11%	23%	34%	33%	28%
	2	1,000	8,000	70%	71%	49%	29%	64%	75%	76%	83%	97%	52%	29%	30%	66%	51%	63%	85%
	3	8,000	15,100	85%	85%	74%	56%	86%	89%	88%	92%	99%	77%	53%	54%	81%	74%	75%	94%
	4	15,100	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Key (absolute variance to boundary percentile):**

≤2%
≤5%
≤10%
≤15%
>15%

- 4.21 Tables 3-5 above show that there is very little difference between an approach of rounding up to the nearest integer and rounding up to the nearest level of significance of ten – where, and based on rounding to the nearest percentage, some bands are impacted by a maximum of 1% across different DNOs, such that more sites would generally be allocated to lower charging bands than simply rounding to the nearest integer.
- 4.22 The impact of rounding up to the nearest level of significance of 100 is more profound. Based on the data used, the EHV band would not be affected and the LV no MIC group would be least affected, where an impact is evident. The LV MIC group is significant impacted with sites allocated to: (i) band one increasing by 12%; (ii) band two increasing by 10%; and (iii) band three increasing by 7%, on a GB-wide basis. The impact on the HV band shows an increase in sites allocated to band one of 9% on a GB-wide basis, with a minor impact of sites moving from band four to band three of 1%.

4.23 The Working Group therefore proposed a mixed approach of rounding differently at different voltage levels, with a proposal to round the LV no MIC and EHV bands to the nearest level of significance of 100, and the LV MIC and HV band to the nearest level of significance of ten, as shown in Table 6 below. The impact, relative to the rounding up to the nearest integer, shows no change to the EHV bands, and minor (1% maximum) changes to the other groups – generally an increase to band one only, other than the LV MIC group which sees an increase in sites in band three from band four.

**TABLE 6 - ROUNDING UP TO DIFFERENT LEVELS OF SIGNIFICANCE AT DIFFERENT VOLTAGES**

Voltage	Band				Site allocation percentages														
	#	Lower boundary	Upper boundary	%ile	GB	ENWL	NPgN	NPgY	SPMW	SPD	SSes	SSEH	EPN	LPN	SPN	EMID	WMID	SWALES	SWEST
LV no MIC (kWh)	1	-	4,300	40%	40%	36%	40%	36%	36%	34%	45%	37%	43%	52%	48%	35%	39%	39%	41%
	2	4,300	13,900	70%	70%	67%	73%	66%	66%	64%	72%	67%	71%	77%	76%	65%	71%	70%	74%
	3	13,900	27,300	85%	85%	84%	87%	82%	83%	82%	86%	85%	86%	89%	88%	81%	85%	85%	87%
	4	27,300	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
LV MIC (kVA)	1	-	80	40%	40%	41%	51%	45%	45%	41%	46%	46%	29%	27%	47%	35%	44%	41%	45%
	2	80	150	70%	73%	75%	75%	74%	76%	72%	69%	72%	73%	68%	75%	71%	79%	74%	76%
	3	150	230	85%	86%	87%	86%	86%	86%	84%	82%	84%	87%	80%	87%	85%	91%	87%	88%
	4	230	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
HV (kVA)	1	-	430	40%	41%	44%	32%	34%	36%	38%	31%	62%	31%	15%	24%	48%	57%	39%	43%
	2	430	1,000	70%	73%	77%	63%	69%	72%	70%	68%	84%	69%	43%	67%	79%	85%	71%	77%
	3	1,000	1,730	85%	85%	89%	76%	82%	88%	83%	82%	91%	83%	62%	84%	88%	92%	84%	88%
	4	1,730	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EHV (kVA)	1	-	1,000	40%	40%	14%	5%	24%	16%	9%	69%	86%	10%	2%	11%	23%	34%	33%	28%
	2	1,000	8,000	70%	71%	49%	29%	64%	75%	76%	83%	97%	52%	29%	30%	66%	51%	63%	85%
	3	8,000	15,100	85%	85%	74%	56%	86%	89%	88%	92%	99%	77%	53%	54%	81%	74%	75%	94%
	4	15,100	∞	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Key (absolute variance to boundary percentile):**

≤2%
≤5%
≤10%
≤15%
>15%



#### **Including exceeded capacity v agreed capacity**

- 4.24 For sites with a MIC, it was considered as to whether a site exceeded its MIC should be taken into account when banding and allocating to a site. The Working Group's view was that it is the Authority's intent to consider MIC only, which is a level of capacity agreed between a customer and the distributor, and where in the TCR Decision and TCR Direction reference is explicitly made to the "agreed capacity".
- 4.25 The Working Group agreed that, a site which regularly exceeds its capacity should be a matter dealt with by the relevant distributor, with a revised MIC put in place if needs be. Further, a site is encouraged to remain within agreed levels owing to the application of exceeded capacity charges – which for sites connected at LV and HV can represent significantly higher charges than rates applied to demand within the agreed level.
- 4.26 The Working Group therefore agreed that only the MIC of a site should be considered when banding (and allocating) a site, as opposed to any exceedance.

#### **The introduction of a Banding Agent**

- 4.27 The Working Group discussed practicalities of determining the charging bands, primarily who should be responsible, and where the requirements for establishing this should reside.
- 4.28 The general view of the Working Group was the NGESO is well-placed to fulfil this role. However, the Working Group agreed that it would be prudent to not stipulate in the legal text a designated party specifically, and instead that the responsibility would be that of a 'Banding Agent'.
- 4.29 In collaboration with NGESO, it was agreed that NGESO would be responsible for appointing the Banding Agent, which may be NGESO as noted. DNO Working Group members pointed out that the role would not represent a burden, having undertaken iterations of the indicative banding to support the code modification assessment.
- 4.30 The Working Group therefore agreed that the legal text should refer to the Banding Agent only, but specify the dates which parties providing the data to the Banding Agent, and the date which the Banding Agent must provide the relevant information, should be clearly set out in the DCUSA.
- 4.31 For the initial determination of the charging bands to be used effective from 01 April 2021 (in transmission), the Working Group agreed that distributors would provide the necessary information to the Banding Agent by 30 September 2020, and that the Banding Agent should provide distributors with the banding boundaries by 31 October 2020.
- 4.32 The dates align well with the proposed timelines for the TCR code modifications across the DCUSA and the CUSC, and progress out of scope of these code modifications in terms of establishing appropriate arrangements to identify and process sites under the new arrangements.
- 4.33 Distributors plan to lock down the banding boundaries and commence the allocation of sites to the band in Q3 2020.

## Reviewing of Charging Bands

- 4.34 In line with the TCR Decision, the charging bands will be refreshed periodically, with revised banding effective from the beginning of each onshore electricity transmission owner price control period, e.g. RIIO-ET3 which is expected to commence on 01 April 2026 (RIIO-ET2 commences on 01 April 2021 and will run for a five-year period).
- 4.35 The Working Group agreed that the principles which will determine the initial charging bands, effective from 01 April 2021, should generally apply consistently in subsequent reviews.
- 4.36 The exception to this being a temporal consideration; whereby owing to the need to provide 15 months' notice of a change to Use of System Charges, a DNO Party will publish Use of System Charges effective from 01 April 2026, i.e. RIIO-ET3, in December 2024.
- 4.37 As a result, for distributors to be able to charge sites on a consistent basis with transmission in the relevant price control period, whilst ensuring GB-wide bands are used at both distribution and transmission, the banding and allocation will need to be established well in advance of the beginning of that price control period going forward.
- 4.38 The Working Group agreed that the 30 September deadline for submitting data to the Banding Agent, and the 31 October deadline for the Banding Agent providing the banding boundaries, would therefore apply to future reviews of the bands, but be relative to the regulatory year two year prior to the commencement of the relevant onshore electricity transmission price control period.
- 4.39 The Working Group noted that, as the TCR Decision specifically links banding revisions to electricity transmission price control periods, banding will change within an electricity distribution price control period (e.g. banding will be initiated in RIIO-ED1, which runs until 31 March 2023, but RIIO-ED2 commences on 01 April 2021, and where RIIO-ET3 will commence on 01 April 2026, RIIO-ED2 will run until 31 March 2028).

## 5 Summary of Consultation and Responses

- 5.1 The Working Group developed and issued a consultation that combined both DCP 358 and DCP 360 on 25 March 2020 seeking industry views on the solution set out above. There were twenty-four respondents to the consultation, of which eleven were from Suppliers, six were from DNOs, two were from IDNOs, two were from energy consultancy firms, one from the ESO, one from a Demand Side Response provider and one from Citizens Advice. A summary of the responses received, and the Working Group's conclusions are set out below.
- 5.2 Please note that as the consultation combined both DCP 358 and DCP 360 but that each has its own Change Report, there is some duplication across both Change Reports, where separation between the two was not considered necessary in the consultation. However, if separation between the two CPs was necessary in the consultation, then this document only contains the text, questions and subsequent solutions for DCP 358. The full set of responses for the joint

consultation and the Working Group's comments against each response are contained within Attachment 4.

- 5.3 The table below is included for reference and details which questions relate to either DCP 358 or DCP 360 and where a question is related to both CPs.

**TABLE 7 - MATRIX OF WHICH QUESTIONS ARE APPLICABLE TO WHICH CP**

No.	QUESTIONS FROM JOINT DCP 358/360 CONSULTATION	APPLICABLE CP
1	Do you understand the intent of these CPs?	BOTH
2	Are you supportive of the principles that support these CPs, which is to create a process to determine the Banding Boundaries & Allocation of customers to those bands as well as a process for disputes and interventions?	BOTH
3	Are you aware of any other data sources DNOs should use for the purpose of setting band boundaries?	DCP 358
4	Where data is not available for a particular site, should the site be excluded for band setting or should estimated data be used, e.g. a default EAC be included to determine the band boundaries?	DCP 358
5	Do you agree that charging bands should be set on a GB wide basis and there is not sufficient justification to support introduction of regional banding?	DCP 358
6	Do you agree that band boundaries should be rounded up? If so, what level of rounding should be applied? (e.g. rounding up to the nearest integer or applying different tolerances to different voltage? If not, then please provide any supporting rationale and/or an alternative solution which you believe the Working Group should consider.	DCP 358
7	Do you agree that only MIC should be considered in setting band boundaries?	DCP 358
8	Do you support the Working Group proposals with regard to a Banding Agent?	DCP 358
9	Do you support the Working Group proposals with regard to the review of charging bands and the proposed timescales?	DCP 358
10	Do you agree with allocating a site based on a maximum of 24 months historical data, or do you support an alternative approach?	DCP 360
11	Where a site does has less than 24 months of data, do you think that data should always be averaged (Approach 1), or should an alternative approach be included (Approach 2), which may best estimate the demand for that site? If you support Approach 2, should this apply to MIC and/or annual consumption charging bands?	DCP 360
12	Do you agree with the Working Group view that, subject to exceptional circumstances or a successful dispute, a site will be allocated to a charging band effective for the duration of each onshore electricity transmission price control period? If not, please provide any supporting rationale.	DCP 360
13	Do you agree with the Working Group's proposals with regard to band reallocation?	DCP 360
14	Do you agree with the Working Group's proposals for defining significant change?	DCP 360
15	Do you support the proposed make up and appointment process of the Disputes Committee?	DCP 360
16	Do you support the process for handling disputes? Please provide your rationale especially if you do not support the process.	DCP 360
17	Do you consider that DCP 358 better facilitates the DCUSA Objectives? If so, please detail which of the Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons	DCP 358
18	Do you consider that DCP 360 better facilitates the DCUSA Objectives? If so, please detail which of the Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons	DCP 360
19	Are you aware of any wider industry developments that may impact upon or be impacted by these CPs?	BOTH
20	Are you supportive of the proposed implementation date being 5 Working Days following Authority approval?	BOTH
21	Do you have any comments on the draft legal text for DCP 358?	DCP 358
22	Do you have any comments on the draft legal text for DCP 360?	DCP 360

## Q1: Do you understand the intent of these CPs?

- 5.4 The Working Group noted that all respondents to the consultation agreed that they understood the intent of DCP 358 as well as DCP 360. One respondent suggested that consideration should be given to any potential implications to the development timelines of both CPs due to the withdrawal of CMP332 which will be re-raised with an implementation date of April 2022 instead of April 2021.
- 5.5 To which the Working Group commented that the withdrawal of CMP332, and the pending new modification with an implementation date of April 2022, has no real impact on the timelines for DCP 358 (nor DCP 360). This is because each DNO/IDNO Party will still need to provide the specified data to the Banding Agent by no later than 30 September 2020 in order that the bands can be produced and used in the Use of System Charges for April 2022 which are issued in December 2020 to cater for the fifteen month lead time. Therefore, the Working Group agreed to continue with the original timeline.

## Q2: Are you supportive of the principles that support these CPs, which is to create a process to determine the Banding Boundaries & Allocation of customers to those bands as well as a process for disputes and interventions?

- 5.6 The Working Group noted that twenty three out of twenty four respondents were supportive of the principles that support both DCP 358 and DCP 360, which is to create a process to determine the Banding Boundaries & allocation of customers to those bands as well as a process for disputes and interventions. The respondent who was not supportive of the principles that support both DCP 358 and DCP 360 noted that *“We have been very clear in the past that we are not supportive of the principles behind Ofgem’s decision to recover Residual Charges via bandings.”*
- 5.7 The Working Group noted that some respondents who were supportive, also raised some general concerns or points for further consideration related to the withdrawal of CMP332; and the ongoing COVID-19 global pandemic.
- 5.8 With respect to comments around the withdrawal of CMP332, and the pending new modification with an implementation date of April 2022, the Working Group refer to their comments made against the responses to question 1, which is covered off under paragraph 5.4 above.
- 5.9 With respect to concerns related to the ongoing COVID-19 global pandemic, the Working Group collated them together and through the DCUSA governance process the DCUSA Panel Chair raised the issue with Ofgem for their consideration. At the time of this Change Report, Ofgem had requested additional information as a result of the issues raised and at their final meeting the Working Group agreed to the responses that have since been provided to Ofgem for their continued consideration.
- 5.10 One respondent raised a concern related to the *“general proposal to allocate a consumer to a residual charging band and have them remain in the same band for the duration of the Transmission Price Control period”*, however it was noted that the specific item in question is dealt with under question 12, and as such, will be considered as part of DCP 360 when the Working Group review that question.

**Q3: Are you aware of any other data sources DNOs should use for the purpose of setting band boundaries?**

- 5.11 The Working Group noted that twenty three of the twenty four respondents were not aware of any other data sources DNOs should use for the purpose of setting band boundaries. One respondent suggested *“kVA maximum demand data in respect of supplies exceeding MIC”* should be used for the purpose of setting band boundaries. The respondent clarified that the rationale for their suggestion should be with reference to their response to question 7 and is related to their view that the Working Group’s proposed solution has the potential to act as a disincentive for customers to reduce their capacity.
- 5.12 The Working Group note that they have sympathy for this comment and the views of the respondent set out under the response to question 7, however, it was the intent of the TCR decision that the ‘pure’ MIC was to be used. Further to this, there is a general belief that the Access and Forward-Looking Charging Review may cover this issue off.
- 5.13 The Working Group noted one respondent’s concern *“that the data proposed to be used in August 2020 to set the bands will be reduced due to Covid\_19 and will severely distort the data when compared to other years.”*. The Working Group noted that the concerns related to the COVID-19 pandemic raised throughout responses to this and other questions will be collated together and presented to Ofgem for their consideration.
- 5.14 As a result of the responses received, the Working Group’s solution will continue to make use of the data sources identified within the consultation.

**Q4: Where data is not available for a particular site, should the site be excluded for band setting or should estimated data be used, e.g. a default EAC be included to determine the band boundaries?**

- 5.15 The Working Group noted that there were mixed responses to this question, which upon reflection of the placement of the question within the consultation may have led to some confusion, as this question was related to Measurement Class G customers and whether to include any estimated data for sites that no data can be provided for or to exclude those sites on the basis that any such estimation could lead to a bigger distortion than including an estimation.
- 5.16 Of the 24 responses:
- fourteen respondents supported the use of estimated data for the purpose of setting the charging bands (and the boundaries) for sites where data is not available
  - four respondents supported the exclusion of sites where data is not available for the purpose of setting the charging bands (and the boundaries), with the Working Group noted comments such as:

- *“If data are missing our preference would be to omit the data , which is equivalent to filling the gap with an average value. Where there is significant gap an alternative approach may be required.”; and*
- *“...we believe that using defaults would have a more detrimental effect. Where data is not available we believe those sites should be excluded when setting the band boundaries...”*
- four respondents thought further analysis was needed in order to understand the implications of each potential solution, with the Working Group noted comments such as:
  - *“This depends on the amount and spread of data that is missing.”; and*
  - *“This decision should be made on the basis of how significantly either option would impact the final charges.”*

5.17 two respondents suggested that the exclusion/inclusion of some sites where data is not available for the purpose of setting the charging bands should be considered in context of the type of site in question. The Working Group noted comments such as:

- for sites that fall under Measurement Class G one respondent stated that they *“believe it is more appropriate in this instance to include them in the initial band setting as there is a large volume of “known unknowns”. The approach given in the consultation document to divide the total volume from these sites as an aggregate by the number of sites is reasonable.”*
- for sites which fall under the data provided for by the P0222 Report, one respondent stated *“We do not believe that it is necessary to supplement the Estimated Annual Consumption (EAC) data, extracted from the P0222 reports, with additional data such as assuming missing MPANs represent a typical customer e.g. based on average annual consumption. The P0222 report by default includes Default EAC information, and unless this data was to represent a significant proportion of the information received, we do not think that it should be used.”*

5.18 The Working Group noted that some of the respondents who supported the inclusion of estimated data, had also added that they thought a reassessment should take place when 12 months of data is available.

5.19 As a result of the responses received and following further discussion on this topic, the Working Group agreed that where data is not available for a particular site, the site will be excluded for the purposes of setting the charging bands and the associated band boundaries.

**Q5: Do you agree that charging bands should be set on a GB wide basis and there is not sufficient justification to support introduction of regional banding?**

5.20 The Working Group noted that nineteen of the twenty four respondents agreed that the charging bands should be set on a GB wide basis with supporting comments related to preferences for a consistent approach to be utilised and that there does not appear to be any sufficient justification to support the introduction of regional banding.

5.21 However, four respondents put forward their support for an approach which would use regional charging bands, with some rationale including; *“where there are clear cases of unequal treatment between consumers – in particular, in areas with low numbers of EHV customers located within a given DNO region.”* and *“the variance at EHV in particular is very significant in some DNO regions*



*and that this could translate into very significant charges for a site in one region compared to another.”*

- 5.22 One respondent raised a potential safety issue for consideration by the Working Group, which is *“the number of large profile 03 & 04 consumers (400,00 kWh Per Annum plus) which may never have been designed to carry such loads”*. However the respondent clarified that this also ties into their response to question 3 which suggested *“kVA maximum demand data in respect of supplies exceeding MIC”* should be used for the purpose of setting band boundaries as well as questions 7 and is related to their view that the Working Group’s proposed solution has the potential to act as a disincentive for customers to reduce their capacity, and therefore could lead to issues where sites decide against requesting an increase to their agreed capacity in order to remain in a lower band but without considering the impact this might have on the physical network (e.g. in the case of the example above).
- 5.23 As a result of the responses received and following further discussion on this topic, the Working Group agreed to move forward the proposal that charging bands are to be set on a GB wide basis as it provides consistency across DNOs.

**Q6: Do you agree that band boundaries should be rounded up?**

**If so, what level of rounding should be applied (e.g. rounding up to the nearest integer or applying different tolerances to different voltage)?**

**If not, then please provide any supporting rationale and/or an alternative solution which you believe the Working Group should consider.**

- 5.24 There were also mixed responses to this question, with fifteen responses supporting the Working Group approach, five respondents supporting rounding to the nearest integer and three respondents not having a real preference.
- 5.25 The Working Group agreed that given there was no strong argument to support the approach adopted in the consultation the Working Group are comfortable that the band boundaries are rounded to the nearest integer for all bands/customer groups and this provides the closest alignment to the percentiles being used..

**Q7: Do you agree that only MIC should be considered in setting band boundaries?**

- 5.26 The Working Group noted that all bar one of the twenty four respondents to this question agreed that only the MIC of a site should be considered when setting band boundaries, as opposed to including any exceeded capacity on top of the agreed MIC value. Where additional comments were provided, it was noted that these were in line with those of the Working Group and detailed in the consultation, with such comments including:

- *“We agree with the Authority’s intent to consider MIC only, because it refers to the level of capacity agreed between a customer and the distributor and the TCR Direction explicitly references “agreed capacity”.”*



- *“This is a simpler solution, for which we agree with the Working Group position that sites are encouraged to remain within agreed levels in order to avoid excess capacity charges.*

5.27 With respect to the respondent who did not agree that only MIC should be considered in setting band boundaries, the Working Group noted and had sympathy for a number of arguments put forward and that this respondent had referenced their position in response to questions 3 and 5 above. Such arguments included:

- *With regard to the matter of ignoring an exceeded MIC in respect of calculating residual charges, we believe this will provide a major financial disincentive to customers to increase their MIC where that would result in a change of band. This would be encouraging a potentially dangerous situation. Although the consultation argues that excess capacity charges encourage users to increase the MIC, our experience shows that this is not usually the case.*
- *Ignoring excess MIC charges will mean customers in breach of their MIC will benefit at the expense of customers who conform to the National Terms of Connection. It therefore rewards noncompliance.*
- *We would also disagree that DNO’s actively ensure customers increase their MIC where they are in breach. Historically DNO’s only had the power to de-energise supplies to customers, who would not increase their MIC but were reluctant to take such action except in cases where they had identified a specific issue.*
- *We do not consider that ignoring exceeded MIC is safe or fair on fully compliant customers nor do we believe it supports the development of smart networks.*
- *We would suggest consideration to using the highest kVA recorded maximum demand in the last 12 or even 24 months to be more appropriate. However, care would be required to ensure that such values are not based upon spurious HH data.*

5.28 As a result of the responses received and following further discussion on this topic, the Working Group agreed to move forward the proposal that for the applicable sites, only the MIC data is to be considered during the setting of band boundaries.

#### **Q8: Do you support the Working Group proposals with regard to a Banding Agent?**

5.29 The Working Group noted that all bar one of the twenty four respondents to this question were supportive of the Working Group’s proposals with regard to a Banding Agent. Some of those respondents who were supportive also raised some concerns within their responses, which centred around whether there was an explicit need to place timelines on obtaining confirmation of who the Banding Agent is and how this is communicated to DNOs and IDNOs, especially given the withdrawal of CMP332 after the consultation was issued.

5.30 Following the review of responses and some subsequent discussions, the Working Group noted that the function performed by the ‘Banding Agent’ was set out to apply to NGESO within the CUSC TCR Direction, but only in so far as it applied to the CUSC. However, DNOs do not have access to other DNO information, and due to needing GB wide bands and to avoid confidentiality issues the task would need to fall onto a third party, which, given the ESO requires the DNO data

to establish correct charging bands associated with TNUoS charges, it has always made sense for the ESO (or their appointed agent) to be the 'Banding Agent'.

- 5.31 Considering the concerns around the communication of who the Banding Agent is to DNOs and IDNOs the Working Group agreed to update the legal text to cover off this concern. In addition to the existing proposed text which stated, "means the NETSO or their appointed agent" the Working Group agreed to include "as notified, from time to time, to the DNO/IDNO Parties."

**Q9: Do you support the Working Group proposals with regard to the review of charging bands and the proposed timescales?**

- 5.32 The majority of respondents were supportive of the Working Group proposals with regard to the review of charging bands and their proposed timescales.
- 5.33 However, those that understood the Working Group's position raised concerns regarding the timescales with one suggesting that the first review of the charging bands should be brought forward due to the ongoing global pandemic whereas another suggested an annual review. Both of these options were discounted in that it moved away from the policy provided within the TCR decision and direction documents.
- 5.34 Two respondents also voiced that they did not support the Working Group proposals and again cited that the timescales needed to be reviewed. One respondent provided alternative dates for the Working Group to consider.
- 5.35 The Working Group discussed in more detail the rationale for obtaining the data six months earlier than suggested in the consultation document. The main reason cited being that an earlier indication on the banding boundaries helps suppliers in the October contract negotiation round with customers. This approach was agreed with the Working Group and the dates duly amended.

**Q17: Do you consider that DCP 358 better facilitates the DCUSA Objectives? Is so, please detail which of the Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons.**

- 5.36 The majority of respondents agreed with the Proposer that DCP 358 would better facilitate Charging Objective 1 and Charging Objective 2.
- 5.37 Only respondent who felt there was a negative impact on competition stated that *This modification is currently detrimental to competition. Many suppliers do not have yet have all the information they need to fully undertake IT system development to accurately price customers in a cost reflective manner (e.g. bandings, LLFCs, customer allocation). They are relying on workarounds, applying risk margin or will enforce contractual reopeners later meaning that some customers may not receive the fixed price contract that they wanted.*
- 5.38 At a high level, the following table sets out whether each respondent considered that the proposal better facilitates the DCUSA Charging Objectives and which they believed to be in scope.

Respondent	Charging Objective 1	Charging Objective 2	Response did not specify which Charging Objective but provided a general view
1.			Positive
2.	Positive		
3.	Positive	Positive	
4.			Positive
5.	Positive	Positive	
6.	Positive	Positive	
7.	Positive		
8.			Positive
9.	Positive	Positive	
10.			Not specific
11.	Positive		
12.	Positive	Positive	
13.	Positive	Positive	
14.		Negative	
15.	Positive	Positive	
16.	Positive	Positive	
17.	Positive	Positive	
18.	Positive	Positive	
19.	Positive	Positive	
20.	Positive	Positive	
21.			Positive
22.	Positive	Positive	
23.	Positive	Positive	
24.	positive		

5.39 The Working Group noted their assessment of the DCUSA Objectives is provided for in Section 7.

#### Q19: Are you aware of any wider industry developments that may impact upon or be impacted by these CPs?

5.40 The majority of respondents did not believe that there were any wider industry developments that may impact upon or be impacted by DCP 358.

5.41 However, some respondents reiterated their comments regarding the withdrawal of CMP332 and their concerns related to the ongoing COVID-19 pandemic, both of which were made with respect to the implementation timescales of the suite of TCR code modifications.

#### Q20: Are you supportive of the proposed implementation date being 5 Working Days following Authority approval?

5.42 All respondents, bar one, agreed with the implementation date for DCP 358 (and DCP 360) being 5 Working Days following Authority approval. However, some respondents reiterated their comments with respect to the implementation timescales due to the withdrawal of CMP332.

5.43 Working Group conclusions in this area can be found in section 9 below.

#### Q21: Do you have any comments on the draft legal text for DCP 358?

5.44 The majority of respondents did not have any comments on the draft legal text for DCP 358. However, one respondent noted the need to take into account the responses to the consultation questions when finalising the legal text. Discussion of the finalised legal text can be found in section 10 below.

## 6 Working Group Conclusions & Final Solution

- 6.1 Following review of the consultation responses, the Working Group agreed that this CP will introduce a new schedule to DCUSA.
- 6.2 It was agreed that there will be four non-domestic customer groups in addition to the domestic group (which only has one band and as such not catered for within this schedule apart from an acknowledgement of its existence). The four customer groups are:
- Extra High Voltage (EHV)-connected sites;
  - High Voltage (HV)-connected sites;
  - Non-domestic Low Voltage (LV)-connected sites with an agreed capacity as the basis for their current charge; and
  - Non-domestic LV-connected sites without an agreed capacity.
- 6.3 It was agreed that within each of these customer groups there will be four charging bands. The boundaries for which will be set at the 40th, 70th, 85th and >85th percentiles. The bands will be rounded to the nearest integer, either in kVA or kWh.
- 6.4 The data (consumption and Maximum Import Capacity) will be provided by each distributor from the August P0222 report for NHH customers and from the data Transfer network report for elective HH customers and from the MIC value taken from the July bill produced in August. This data will be sent to the Banding Agent by the end of September who will create and provide the charging band boundaries within each customer group at GB wide level to Distributors by the end of October.
- 6.5 Any missing data will be excluded for the purposes of determining the bands.
- 6.6 The Banding Agent will be NETSO or their appointed agent as notified, from time to time, to the DNO/IDNO Parties.
- 6.7 Charging bands will be reviewed two years prior to the commencement of the onshore electricity transmission owner price control period and be implemented effective from the beginning of each onshore electricity transmission owner price control period. The timescales are six months earlier than the initial allocation indicated in paragraph 6.4 above resulting in Suppliers/Registrants being provided with the charging band that each MPAN/Metering Systems has been allocated to by the end of June.

## 7 Relevant Objectives

### Assessment against the DCUSA Objectives

- 7.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the DCUSA.
- 7.2 The rationale provided by the Proposer as to which of the DCUSA Objectives are better facilitated by DCP 358 is set out in the CP form (Attachment 3) and is also detailed below:
- **DCUSA Charging Objective One** is better facilitated by ensuring DNOs are compliant with licence requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction.
  - **DCUSA Charging Objective Two** is better facilitated by ensuring network costs are recovered fairly from network users and to reduce harmful distortions which impact competition and efficiency of the electricity market.

DCUSA Charging Objectives	Identified impact
<input checked="" type="checkbox"/> 1 That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	<b>Working Group view:</b> <b>Unanimous Positive</b>
<input checked="" type="checkbox"/> 2 That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	<b>Working Group view:</b> <b>Majority = Neutral</b> <b>Minority = Negative</b>
<input checked="" type="checkbox"/> 3 That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	<b>Working Group view:</b> <b>Majority = No Impact</b> <b>Minority = Negative</b>
<input type="checkbox"/> 4 That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	<b>None</b>
<input type="checkbox"/> 5 That compliance by each DNO Party with the Charging Methodologies, facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	<b>None</b>
<input type="checkbox"/> 6 That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration	<b>None</b>

- 7.3 The Working Group sought Party views on which of the DCUSA Charging Objectives they thought would be better facilitated by the implementation of DCP 358. A summary of the Party views can be found in sections 5.35 -5.38 above and in the consolidated consultation responses document found as Attachment 4.

- 7.4 The Working Group unanimously agreed that **DCUSA Charging Objective One** will be better facilitated by the implementation of the DCP 358 solution. The rationale for this view was in line with the view of the Proposer, which is that Charging Objective One will be better facilitated by ensuring DNOs are compliant with licence requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction.
- 7.5 A majority of those Working Group members who put forward a view with respect to **DCUSA Charging Objective Two**, agreed that on balance, DCP 358 will neither better facilitate, nor not better facilitate, DCUSA Charging Objective Two. The rationale for this view was that DCP 358 will impact all Parties in the same manner and therefore has net neutral impact upon competition in the electricity market.
- 7.6 There was a minority view that DCP 358 will not better facilitate **DCUSA Charging Objective Two**, with the rationale for that view being that the implementation of DCP 358 will be detrimental to competition. It was noted that this was due to a view that many Suppliers do not have yet have all the information they need to fully undertake IT system development to accurately price customers in a cost reflective manner (e.g. bandings, LLFCs, customer allocation). Therefore, Suppliers are relying on workarounds such as applying a risk margin to any contracts that finalise during the intervening period or may enforce contractual reopeners later meaning that some customers may not receive the fixed price contract that they wanted.
- 7.7 A majority of those Working Group members who put forward a view with respect to **DCUSA Charging Objective Three**, agreed that on balance, DCP 358 has no impact upon the objective as all it seeks to implement are the charging bands for non-domestic distribution connected customers.
- 7.8 There was a minority view that DCP 358 will not better facilitate **DCUSA Charging Objective Three**, with the rationale for that view being that the implementation of DCP 358 results in changes that are unfair to many customers. The rationale was that it is the preferred structure for residual charges that results in unfair charges, meaning some customers will be paying much more than they were previously, through the application of arbitrary banding. It was noted that this could be seen as most harmful to a subset of businesses (where the MIC is on the 'wrong' side of the banding threshold). A further concern was noted that related to a belief that the methodology behind the banding process does not encourage users to give up unrequired capacity since there is no financial benefit for doing so.
- 7.9 The Working Group unanimously agreed that the implementation of DCP 358 would not have an impact on DCUSA Charging Objectives, Four, Five and Six.
- 7.10 When looking at the DCUSA Charging Objectives in the round, a majority of those Working Group members who put forward a view with respect to the DCUSA Charging Objectives, agreed that on balance, DCP 358 will better facilitate the DCUSA Charging Objectives.



## 8 Impacts & Other Considerations

### Significant Code Review Impacts

- 8.1 It is not believed that this CP will impact on any existing SCR, and this CP needs to be raised as a result of the TCR Decision which therefore means the SCR phase of the TCR shall be treated as having ended.

#### **Electricity Network Access and Forward-Looking Charging Review SCR Interaction**

- 8.2 Following Ofgem's consultation issued on 23 July 2018, it was noted that on 18 December 2018 Ofgem published its decision to launch an SCR entitled 'Electricity Network Access and Forward-Looking Charging Review' (the 'Access SCR'). During 2019, Ofgem published two working papers that consisted of a suite of discussion notes and which set out Ofgem's current thinking with respect to issues that the SCR is seeking to resolve.
- 8.3 The scope of the Access SCR explicitly excludes residual charging, which was the subject of the TCR. It is noted that the Access SCR may have a material impact on the level of residual charging, and so does interact with this CP, however, the Working Group is unable to test any such interaction as there is still a long-list of options being considered by Ofgem.

#### **Settlement Reform SCR / Retail Code Consolidation SCR / Switching Programme SCR**

- 8.4 The Working Group does not consider that the solutions they have developed have any impact on nor are they impacted by the 'Settlement Reform SCR', the 'Retail Code Consolidation SCR' or the 'Switching Programme SCR'.

### Impacts on other Industry Codes

#### **Consideration of any interaction between DCP 358 and industry code arrangements**

- 8.5 As noted, NGESO has also been directed to raise modifications to the CUSC to implement the TCR Decision. A key requirement of the TCR Directions is to ensure consistency between the DCUSA and the CUSC in certain areas, and this CP falls into this category. Therefore, changes as a result of this CP need to be consistent across both codes.

### Environmental Impacts

- 8.6 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 358 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

### Engagement with the Authority

- 8.7 Ofgem has been fully engaged throughout the development of the CP as an observer of the Working Group and regular attendee of the TCR Implementation Steering Group.



## 9 Implementation

- 9.1 Clause 11.9A(2) of the DCUSA sets out that in respect of all Authority Change Proposals, which DCP 358 is considered to be, the Authority may, by direction, specify and/or amend the date from which the variation envisaged by the Change Proposal is to take effect.
- 9.2 Within the TCR Direction, the Authority, in accordance with paragraph 22.9E(a) of SLC C22 directed the DNOs to raise one or more code modification proposals in the terms and for the reasons set out in the Annex of the Direction in sufficient time to enable the modifications to be effective as of 01 April 2022.
- 9.3 However, the definitions that DCP 359 seeks to introduce which are to be used in the processes put in place by this CP (creation of the residual charging bands) and in DCP360 (the allocation of customers to those bands), need to be implemented prior to the timetable that is specified by the proposer within this CP (01 October 2020). Given this, the Working Group had originally agreed and consulted on an implementation date that, subject to Authority approval of DCP 359 and DCP 360 at the same time, would be 5 Working Days from the Authority approving the CP.
- 9.4 Following the consultation period, the Working Group noted that their original approach had been supported by the respondents. However, the Working Group agreed to move away from an implementation date that would be 5 Working Days after Authority approval to a specific date, it was noted that this was due to the explicit procedural dates within the legal text for this CP and the consequential impact on DCP 360. This was subsequently agreed within the two other CPs so that all three will align.
- 9.5 The implementation date for DCP 358 will, subject to Authority approval, will be within a 'extra-special release' of the DCUSA on 01 August 2020.

## 10 Legal Text

- 10.1 The legal text for DCP 358 has been developed and refined by the DCP 358/360 Joint Working Group and has been reviewed by the DCUSA legal advisors and which the Proposer has confirmed as satisfying the intent of the Change Proposal. The DCP 358 legal text is provided as Attachment 1 to this Change Report.
- 10.2 The DCP 358 legal text creates a new Schedule [XX] titled 'Residual Charging Bands' into the DCUSA and add paragraphs 1, 2, 3 and 8 (and any applicable definitions). The following bullet points provide a high-level summary of the legal text associated with DCP 358:
  - Paragraph 1 'Scope', details what is covered by the Schedule and includes the main reference to the four non-domestic distribution-connected customer groups to which charging bands will be applied to;

- Paragraph 2 ‘Initial Determination of Charging Bands’, details the rules, processes, data requirements and timelines applicable to the setting of charging bands and the band boundaries for each of the non-domestic distribution-connected customer groups which will apply for the period from 01 April 2022 to 31 March 2026; and
- Paragraph 3 ‘Review of Charging Bands’, details the rules, processes, data requirements and timelines applicable to the setting of charging bands and the band boundaries for each subsequent onshore electricity transmission owner price control periods.

10.3 The legal text for DCP 358 should be read in conjunction with and be applied alongside that which is provided for by DCP 359 ‘Ofgem Targeted Charging Review Implementation: – Customers: who should pay?’ and DCP 360 ‘Ofgem Targeted Charging Review Implementation: Allocation to Bands and Interventions’. For ease of reference, the Working Group provide Attachment 5, which is a combined version of the legal text for all three CPs that has been colour coded to highlight which parts of the text are related to each CP.

## 11 Code Specific Matters

### Reference Documents

11.1 The below links are to the TCR Decision re-published in December 2019, the TCR DCUSA Direction published in November 2019 and the ‘Detailed Plan’ also known as the Joint ESO/DNO PID published in December 2019:

- The TCR Decision: [https://www.ofgem.gov.uk/system/files/docs/2019/12/full\\_decision\\_doc\\_updated.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/12/full_decision_doc_updated.pdf)
- The TCR Direction: [https://www.ofgem.gov.uk/system/files/docs/2019/11/dcusa\\_direction\\_1.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/11/dcusa_direction_1.pdf)
- The detailed plan: <http://www.chargingfutures.com/media/1390/tcr-joint-eso-dno-pid-v10.pdf>

11.2 The below links are to the three other DCUSA CPs that have been raised to implement the TCR Decision:

- [DCP 359 ‘Ofgem Targeted Charging Review \(TCR\) implementation – customers: who should pay?’](#)
- [DCP 360 – ‘Ofgem Targeted Charging Review Implementation: Allocation to Bands and Interventions’](#)
- [DCP 361 – ‘Ofgem Targeted Charging Review Implementation: Calculation of Charges’](#)

## 12 Recommendations

### Panel's Recommendation

- 12.1 The Panel approved this Change Report on 20 May 2020. The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 358.
- 12.2 The Panel have recommended this report be issued for voting and DCUSA Parties should consider whether they wish to submit views regarding this CP. The Voting Form can be found in Attachment 2.

## 13 Attachments

- Attachment 1 – DCP 358 Legal Text
- Attachment 2 – DCP 358 Voting Form
- Attachment 3 – DCP 358 Change Proposal
- Attachment 4 – DCP 358 Consultation and Collated Responses
- Attachment 5 – Colour Coded Combined Legal Text – DCP 358-359-360