

DCP 358 - Ofgem Targeted Charging Review Implementation: Determination of Banding Boundaries

Draft Legal Text

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’.

Implementation of DCP 358 is conditional on DCP 359 and DCP 360 being approved and implemented at the same time.

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Insert a new Schedule titled ‘Residual Charging Bands’ into the Agreement as follows:

SCHEDULE [XX]¹ – RESIDUAL CHARGING BANDS

1. SCOPE

- 1.1 Residual charges are levied once forward-looking charges have been applied, to ensure the DNO Party recovers the revenue allowed under the price control conditions.
- 1.2 In the case of Unmetered Supplies, all residual charges will be applied on a consumption basis, so premises which receive Unmetered Supplies are not subject to this Schedule.
- 1.3 Subject to Paragraph 1.2, residual fixed charges will be applied to all premises other than Non-Final Demand Sites.
- 1.4 This Schedule describes how the charging bands for residual fixed charges are to be determined in respect of Non-Domestic Premises. Domestic Premises are allocated to a single charging band and are not therefore covered by this Schedule.

¹ Number to be updated on implementation, using number determined by Panel.

- 1.5 Non-Domestic Premises which are Final Demand Sites are divided into a number of groups as follows (as such groups are further described in Schedule 16 and Schedule 17 or 18):
- (a) Designated EHV Properties;
 - (b) Designated Properties connected at HV;
 - (c) Designated Properties connected at LV, with a Maximum Import Capacity as the basis for their current Use of System Charge; and
 - (d) Designated Properties connected at LV, without a Maximum Import Capacity as the basis for their current Use of System Charges.
- 1.6 Each of these groups will then be sub-divided into four charging bands based on the criteria set out in Paragraph 2.1.
- 1.7 These charging bands will be reviewed periodically and be implemented effective from the beginning of each onshore electricity transmission owner price control period.
- 1.8 This Schedule sets out:
- (a) the process for the initial determination of the charging bands for each group of Final Demand Sites to apply from 1 April 2022 to 31 March 2026 (see Paragraph 2);
 - (b) the process to be used to review and determine the charging bands for subsequent onshore electricity transmission owner price control periods (see Paragraph 3);
 - (c) the process for allocating Final Demand Sites to each of those charging bands (see Paragraph 4); and
 - (d) the processes via which a site can be moved from one charging band to another part way through an onshore electricity transmission owner price control period (see Paragraphs 5, 6 and 7).
- 1.9 The Use of System tariffs that will be applicable to each of the groups of Final Demand Sites identified under Paragraph 1.5 will be defined in Schedule 16, 17 or 18.

2. INITIAL DETERMINATION OF CHARGING BANDS

- 2.1 On or before 30 September 2020, each DNO/IDNO Party shall provide to the Banding Agent the following information (and shall take reasonable steps to ensure that such information is accurate):
- (a) for each Final Demand Site within the groups identified in Paragraph 1.5(a), 1.5(b) or 1.5(c), the Maximum Import Capacity used as the basis for the Use of System Charge billed by the DNO/IDNO Party in August 2020, which will be in respect of the Maximum Import Capacity held as at July 2020; and
 - (b) for each Final Demand Site within the group identified in Paragraph 1.5(d):
 - (i) if half hourly settled, a calculated estimate of the annual metered import consumption prior to August 2020; or
 - (ii) if non-half hourly settled, the Estimated Annual Consumption from the August 2020 P0222 Report (or, if that is not available, the most recent Estimated Annual Consumption from an earlier P0222 Report).
- 2.2 On or before 31 October 2020, the Banding Agent shall provide to each DNO/IDNO Party the boundaries of each charging band for each of the groups of Final Demand Sites identified under Paragraph 1.5, such boundaries being at the 40th, 70th and 85th percentiles when all the Final Demand Sites in the given group (on a GB-wide basis) are listed in ascending order of Maximum Import Capacity or annual consumption (using the figures provided under Paragraph 2.1).
- 2.3 Each of these boundaries will then be rounded-up to the nearest kVA/kWh integer.
- 2.4 These rounded boundaries will then be used to identify four charging bands within each of the groups of Final Demand Sites identified under Paragraph 1.5 as follows:
- (a) Residual Charging Band 1: where the Maximum Import Capacity or annual consumption (as applicable) is less than or equal to the 40th percentile band boundary;
 - (b) Residual Charging Band 2: where the Maximum Import Capacity or annual consumption (as applicable) is greater than the 40th percentile band boundary and less than or equal to the 70th percentile band boundary;

- (c) Residual Charging Band 3: where the Maximum Import Capacity or annual consumption (as applicable) is greater than the 70th percentile band boundary and less than or equal to the 85th percentile band boundary; and
- (d) Residual Charging Band 4: where the Maximum Import Capacity or annual consumption (as applicable) is greater than the 85th percentile band boundary.

3. REVIEW OF CHARGING BANDS

- 3.1 On or before 31 March in the Regulatory Year (t-2) two years prior to the commencement of the onshore electricity transmission owner price control period (t), each DNO/IDNO Party shall provide to the Banding Agent the following information (and shall take reasonable steps to ensure that such information is accurate):
- (a) for each Final Demand Site within the groups identified in Paragraph 1.5(a), 1.5(b) or 1.5(c), the Maximum Import Capacity used as the basis for the Use of System Charge billed by the DNO/IDNO Party in February of that Regulatory Year, which will be in respect of the Maximum Import Capacity held as at January in that Regulatory Year.
 - (b) for each Final Demand Site within the group identified in Paragraph 1.5(d):
 - (i) if half hourly settled, a calculated estimate of the annual metered import consumption prior to February of that Regulatory Year; or
 - (ii) if non-half hourly settled, the Estimated Annual Consumption from the P0222 Report for the February of that Regulatory Year (or, if that is not available, the most recent Estimated Annual Consumption from an earlier P0222 Report).
- 3.2 On or before 30 April following the 31 March referred to in Paragraph 3.1, the Banding Agent shall provide to each DNO/IDNO Party the boundaries for each charging band for each group of Final Demand Sites on the same basis as that set out in Paragraph 2.2.
- 3.3 Each of these boundaries will be rounded-up on the same basis as that set out in Paragraph 2.3.

- 3.4 These rounded boundaries will then be used to identify four charging bands within each of the groups of Final Demand Sites identified under Paragraph 1.5 on the same basis as that set out in Paragraph 2.4.
- 3.5 On or before 30 June following the 31 March referred to in Paragraph 3.1, each DNO/IDNO Party shall provide each Supplier Party with a list of each and every MPAN associated with a Non-Domestic Premises for which that Supplier Party is (at or around the time the list is provided) the Registrant, identifying the charging band to which each such MPAN has been allocated (in accordance with the allocation rules in Paragraph 4).
- 3.6 The charging bands revised in accordance with this Paragraph 3 will be applicable from the commencement of the next onshore electricity transmission owner price control period commencing after completion of the review under this Paragraph 3.

8. DEFINITIONS²

- 8.1 Words beginning with a capital letter that are not otherwise defined in this Schedule have the meanings given to them in Clause 1 of the main body of this Agreement, and the rules of interpretation set out in that Clause 1 also apply.
- 8.2 In this Schedule, unless the context otherwise requires, the expressions below shall have the meanings set out below:

Banding Agent	is the National Electricity Transmission System Operator or its appointed agent, as notified by the National Electricity Transmission System Operator to the DNO/IDNO Parties from time to time.
Customer	for each Single Site, is either the user as described in Schedule 16, or the EHV Customer as described in Schedule 17 and Schedule 18.
Domestic Premises	means premises at which a supply of electricity is taken wholly or mainly for domestic purposes.

² Paragraphs 4-7 will be inserted by DCP359 and DCP360, which CPs also add further definitions to this Paragraph 8.

Estimated Annual Consumption or EAC	as the meaning to that term in the Balancing & Settlement Code
Non-Domestic Premises	means premises which are not Domestic Premises.
P0222 Report	is the P0222 ‘EAC Data to Distributor Data Report’ as set out in Balancing and Settlement Code Procedure (BSCP) 505 ‘Non Half Hourly Data Aggregation For SVA Metering Systems Registered in SMRS’.
Registrant	for each Metering Point or Metering System, the Supplier Party or CVA Registrant that is Registered for that Metering Point or Metering System.

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