**SCHEDULE 32 – RESIDUAL CHARGING BANDS**

**4. ALLOCATION OF CUSTOMERS TO CHARGING BANDS BY DNO/IDNO PARTIES**

4.1 For Final Demand Sites within the groups identified in Paragraph 1.5(a), 1.5(b) or 1.5(c), each DNO/IDNO Party shall allocate its Final Demand Sites to the relevant charging band based on the following criteria (subject to Paragraph 4.2A):

(a) if 24 months of data is available, the average Maximum Import Capacity over that period; or if not available

(b) allocation to a charging band will be based on the following criteria:

**6. EXCEPTIONAL CIRCUMSTANCES AND ANNUAL ALLOCATION REVIEW RESULTING IN RE-ALLOCATION TO A DIFFERENT BAND WITHIN A PRICE CONTROL PERIOD**

**Exceptional circumstances**

6.1 A Final Demand Site may be reallocated to a different charging band if one or more of the following criteria apply (following the Final Demand Site's allocation to a charging band under Paragraph 4):

(a) the voltage of connection of the Final Demand Site changes;

(b) the Final Demand Site has a change of use or change of site configuration, and this is reflected by a significant change (as further described in Paragraph 6.3) to its:

(i) Maximum Import Capacity; or

(ii) forecast annual consumption;

(c) the Final Demand Site moves from one of the groups identified in Paragraph 1.5 to another, and as a result it becomes a site for which the Maximum Import Capacity is to be used under Paragraph 2.1 (when annual consumption was previously to be used) or becomes a site for which annual consumption is to be used under Paragraph 2.1 (when Maximum Import Capacity was previously to be used);

(d) the Final Demand Site is a Phased Capacity Site; and/or

(e) the Final Demand Site is a High Capacity Usage, Low Utilisation (”HCULU”) Final Demand Site.

6.2 Where a Customer or its Registrant applies to the DNO/IDNO Party to have a Final Demand Site reallocated as described in Paragraph 6.1(b), such application must be accompanied by:

(a) for Paragraph 6.1(b)(i), a signed Connection Agreement for the Final Demand Site, and a signed letter from the Customer's company director (or equivalent) confirming exceptional and significant changes to the use of the site;

(b) for Paragraph 6.1(b)(ii), a signed letter from the Customer's company director (or equivalent) confirming exceptional and significant changes to consumption (including historical consumption) for the Final Demand Site and the reason for the change of use or change of site configuration; or

(c) for Paragraph 6.1(e), a signed letter from the Customer's company director (or equivalent) on company headed paper:

(i) confirming that they would like to be considered as a HCULU Final Demand Site;

(ii) declaring that they are unable to change their current usage patterns, together with an explanation of the reasons for this;

(iii) confirming it has a Maximum Import Capacity set appropriate to its business needs; and

(iv) submitting half hourly data and their own assessment of their HCULU eligibility, using the established criteria.

6.3 The exceptional circumstances described in Paragraph 6.1(b) will be subject the following materiality threshold:

(a) (subject to Paragraph 6.3(b)) for Final Demand Sites allocated in accordance with Paragraph 4.1(a) or 4.1(b)(i), the Maximum Import Capacity at the Final Demand Site must have either increased or decreased by more than 50 percent in comparison to the Maximum Import Capacity of the Final Demand Site at the end of the period used for the purposes of such allocation (and the average Maximum Import Capacity is not to be used as the comparator);

(b) for Final Demand Sites allocated in accordance with Paragraph 4.1(a) or 4.1(b)(i) and then re-allocated under Paragraph 6.1, the Maximum Import Capacity at the Final Demand Site must have either increased or decreased by more than 50 percent in comparison to the Maximum Import Capacity of the Final Demand Site at the end of the period used for the purposes of such re-allocation (and the average Maximum Import Capacity is not to be used as the comparator);

(c) Final Demand Sites allocated in accordance with Paragraph 4.1(b)(ii) may only be re-allocated under Paragraph 6.1 following their re-allocation under Paragraph 6.7, and only if the Maximum Import Capacity at the Final Demand Site has either increased or decreased by more than 50 percent in comparison to the Maximum Import Capacity of the Final Demand Site at the end of the period used for the purposes of such re-allocation (and the average Maximum Import Capacity is not to be used as the comparator); and/or

(d) for Final Demand Sites allocated under Paragraph 4.2 (whether or not re-allocated under this Paragraph 6), the forecast annual consumption at the Final Demand Site must have increased or decreased by more than 50 percent in comparison to the consumption which was used for the purposes of the allocation which the applicant is seeking to have changed.

**OPTION 1:** 6.4A A Final Demand Site that has been allocated in accordance with Paragraph 4.1(b)(ii), will only be able to apply for HCULU status following its re-allocation under Paragraph 6.7.

OR

**OPTION 2:** 6.4A A Final Demand Site that has applied to be a HCULU status and has been allocated in accordance with Paragraph 4.1(b)(ii), will only be able to be re-banded as a HCULU site following its re-allocation under Paragraph 6.7.

6.4B A Final Demand Site that has been identified as a HCULU site will have its band reduced to next lowest band.6.4C A Final Demand Site that has been identified as a HCULU site and has had its band reduced under Paragraph 6.4B may, at any time, request that it be returned to its original band.

6.4D Reallocation of a Final Demand Site to a different charging band may result in the Registrant for the Final Demand Site being either eligible for a rebate (which shall be backdated to the time when the request was received) or subject to an additional charge (which shall be backdated to the date on which the DNO/IDNO Party notified the Registrant of the charge's application). The revised charging band will be applied from the next billing period.

6.4E Where a Customer applies for HCULU status within the first six months following the implementation of DCP 412 and is reallocated to a different charging band, this will be backdated to a date 12 months prior to the application date, and the Final Demand Site will eligible for a rebate for the difference between the charges.

6.F Where Paragraph 6.1(d) applies, the DNO/IDNO Party shall, each time that the Maximum Import Capacity of the Phased Capacity Site is increased, re-allocate the Final Demand Site based on the revised Maximum Import Capacity.

6.4G Unless the site has been reallocated as per paragraphs 6.4C or 6.4H, a Final Demand Site that has been classified as a HCULU site will retain this status for the duration of the current transmission price control period, after which it will expire and will require the customer to reapply for HCULU status for the next transmission price control period, which can be submitted up to 12 months prior to the commencement of the next transmission price control period.

6.4H Where evidence indicates there has been a significant change in usage within the transmission price control period, the DNO/IDNO Party may, at any time, check whether the site is still eligible to be classed as a HCULU site. This review will be based on the most recent 12 months of half hourly (active and reactive) consumption data.

6.4I Where a Final Demand Site is no longer eligible to be classed as a HCULU site, following the review under paragraph 6.4H, it will be reallocated to its previous charging band and the DNO/IDNO Party will notify the Registered Supplier of the charging band change.

6.4J A Final Demand Site can only apply for HCULU status once in each charging year.

**8. DEFINITIONS**

8.1 Words beginning with a capital letter that are not otherwise defined in this Schedule have the meanings given to then 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:

|  |  |
| --- | --- |
| High Capacity Usage, Low Utilisation | means where, for a given Final Demand Site over the previous 12 months, its capacity utilisation is greater than or equal to 90% over a half-hourly period and its load factor is less than or equal to 10% over the 12-month period. |

**Annual allocation review of new Final Demand Sites including those allocated based on no recorded data**

6.5 Subject to Paragraph 6.6, each September, each DNO/IDNO Party shall review the allocation of all Final Demand Sites allocated to a charging band in accordance with Paragraph 4.1(b)(ii), Paragraph 4.2(a)(iii), Paragraph 4.2(b)(ii) and Paragraph 4.2(b)(iii). This is known as the “Annual Allocation Review” and may result in a Final Demand Site being reallocated from its current charging band (the “Old Charging Band”) to a new charging band (the “New Charging Band”). The Annual Allocation Review does not apply to Phased Capacity Sites.

6.6 Without prejudice to Paragraph 6.1, once each Final Demand Site has been allocated in accordance with Paragraph 4, it will be subject to the Annual Allocation Review only once.

6.7 For Final Demand Sites allocated in accordance with Paragraph 4.1(b)(ii), and where a Final Demand Site has a minimum of 12 months of Maximum Import Capacity data up to and including 30 June of that year, the Final Demand Site will be reallocated based on the average Maximum Import Capacity over that period.

6.8 For Final Demand Sites allocated in accordance with Paragraph 4.2(a)(iii), and where a Final Demand Site has a minimum of 12 months metered import consumption data up to and including 30 June of that year, the Final Demand Site will be reallocated based on the average annual import consumption over that period.

6.9 For Final Demand Sites allocated in accordance with Paragraph 4.2(b)(ii) or Paragraph 4.2(b)(iii), and where a Final Demand Site has an Estimated Annual Consumption which is not a Default Estimated Annual Consumption from a P0222 Report up to and including May of that year, the Final Demand Site will be reallocated based on the most recent Estimated Annual Consumption which is not a Default Estimated Annual Consumption.

6.10 On or before 15 September of the Annual Allocation Review, the DNO/IDNO Party shall provide each Supplier Party with a list of each and every MPAN associated with a Non-Domestic Premises that is connected to the DNO/IDNO Party’s Distribution System that has been reallocated to a New Charging Band as a result of the Annual Allocation Review, identifying the Old Charging Band and New Charging Band to which each such MPAN has been allocated, and the LLFC Id which is assigned to the MPAN.

6.11 Reallocation of a Final Demand Site to a New Charging Band may result in the Registrant for the Final Demand Site being either eligible for a rebate or subject to an additional charge both of which shall be backdated to the date on which the Final Demand Site was first charged the Old Charging Band residual fixed charge. The New Charging Band will be applied from the next billing period.