

**DCP 412 - Allocation of banding for Targeted Charging Review Charges for ‘Peaky’
Final Demand Customers**

Legal Text (Proposed Solution)

Amend Paragraph 4 of Schedule 32 (Residual Charging Bands) as follows:

- 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:
 - (i) the average of Maximum Import Capacity over that period for which data is available; or
 - (ii) if no such data is available, other available information that is appropriate for a typical profile of a similar site to best estimate the expected demand of the Final Demand Site.
- 4.2 For Final Demand Sites within the group identified in Paragraph 1.5(d), 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) for a Final Demand Site that is half hourly settled:
 - (i) if 24 months of data is available, the average annual import consumption based on metered data over the 24 months; or if not available
 - (ii) when a minimum of 12 months of data is available, the average annual import consumption over the period for which metered data is available; or if not available
 - (iii) other available information that is appropriate for a typical profile of a similar site to best estimate the expected annual import consumption of

the Final Demand Site-; or

- (b) for a Final Demand Site that is non-half hourly settled:
 - (i) the most recent Estimated Annual Consumption for that Final Demand Site; or if not available
 - (ii) the Default Estimated Annual Consumption for that class of Final Demand Site; or if not available
 - (iii) other available information that is appropriate for a typical profile of a similar site to best estimate the expected annual import consumption of the Final Demand Site.

4.2A If a Final Demand Site has been re-allocated to a different charging band, in accordance with Paragraph 6.1 (a), (b), (c) or (d) or Paragraph 7.17, with effect from a time which falls within the 24 months before the time of the assessment under Paragraph 4.1 or 4.2, then the time period used for the purposes of such assessment shall be the time since the date when the last band re-allocation became effective. For clarity, where a Final Demand Site is re-allocated due to it being classified as HCULU Site, data from the period prior to its re-allocation shall be used to the extent relevant to the 12-month period referred to in the definition of HCULU Site.

4.3 Each Final Demand Site will be allocated in accordance with Paragraphs 4.1 to 4.2A to the charging band where its capacity or consumption (as applicable) is greater than the minimum threshold for that charging band, and less than or equal to the maximum threshold for that charging band (as determined under Paragraph 2 or 3); unless the Final Demand Site is classified as a HCULU Site, in which case it will be banded one band lower than it would otherwise have been banded (but no lower than charging band 1).

4.4 The allocation of each Final Demand Site will be re-assessed by the DNO/IDNO Party prior to the start of each onshore electricity transmission owner price control period, following the relevant review under Paragraph 3. A Final Demand Site can only initially be classified as a HCULU Site at the Customer's or the Registrant's request in accordance with Paragraph 6. A Final Demand Site which remains classified as a HCULU Site when a DNO/IDNO Party comes to re-assess allocations under this

Paragraph 4.4 will be re-assessed by the DNO/IDNO Party for continued eligibility during the period of January-March (inclusive) prior to the start of the price control period using the previous calendar year's data.

- 4.5 Subject to Paragraphs 4.6 and 5A, Final Demand Sites will remain in a charging band for the duration of the onshore transmission owner price control period, subject to any re-allocation under~~exceptional circumstances as defined in~~ Paragraph 6 and/or a successful dispute under~~as defined in~~ Paragraph 7.
- 4.6 During the period to 31 October 2021, a site may be re-classified as a Final Demand Site (from a Non-Final Demand Site) or as a Non-Final Demand Site (from a Final Demand Site) in accordance with Paragraph 5.

Amend Paragraphs 6.1-6.5 of Schedule 32 (Residual Charging Bands) as follows:

Exceptional circumstances

- 6.1 A Final Demand Site may be re-allocated 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); ~~and/or~~

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

(e) the Final Demand Site is a High Capacity Usage, Low Utilisation Site (a HCULU Site), and a Customer or its Registrant requests that the Final Demand Site is re-allocated under this Paragraph 6.1(e).

6.2 Where a Customer or its Registrant applies to the DNO/IDNO Party to have a Final Demand Site re-allocated as described in Paragraph 6.1(b) or 6.1(e), 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; ~~or~~

(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 a board director (or equivalent) of the Customer on the Customer's headed paper:

(i) confirming that the Customer would like to be considered as a HCULU Site;

(ii) declaring that the Customer is unable to change its current usage patterns and explaining the reasons for this; and

(iii) confirming that the Customer has a Maximum Import Capacity that is set at a level which is appropriate to its business needs and explaining the reasons for this.

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.

6.3A A Final Demand Site can only be classified as a HCULU Site once at least 12 months of energised data is available (without one or more periods of de-energisation lasting longer than 7 consecutive days). A request may be made under Paragraph 6.1(e) in advance of having such data, but the Final Demand Site will only be assessed by the DNO/IDNO Party once such period of energised data is available. For sites to be allocated under Paragraph 4.1(b)(ii), the DNO/IDNO Party shall first allocate the Final Demand Site to a standard charging band.

- 6.3B Where a Final Demand Site is determined to be a HCULU Site pursuant to a request under Paragraph 6.1(e), it will be re-banded as described in Paragraph 4.3 effective from the start of the billing period following the date of the re-banding request (subject to Paragraph 6.3C), and a rebate or additional charge will apply under Paragraph 6.4 (but on the basis that both the rebate or additional charge will apply by reference to the start of the billing period following the date of the re-banding request).
- 6.3C Where a Customer or Registrant requests that a site is classified as a HCULU Site within the first six months following the implementation of Change Proposal DCP 412 and the site is determined to be a HCULU Site, then it will be re-banded effective from the date which is 12 months prior to the date on which such Change Proposal was implemented, and a rebate will apply under Paragraph 6.4 (as if that date had been the date of the request).
- 6.4 Re-allocation 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 start of the billing period following 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.¹
- 6.4A 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.
- 6.4B The Customer or Registered Supplier for a Final Demand Site that has been classified as a HCULU Site may, at any time, request that the DNO/IDNO Party re-classifies the site as not being a HCULU Site, in which case it will be re-allocated to its standard charging band with effect from the start of the billing period following the date of the request.
- 6.4C The DNO/IDNO Party may, at any time, assess whether a Final Demand Site is still eligible to be classified as a HCULU Site. This review will be based on the most recent 12 months of consumption data at the time of the assessment. Where the Final Demand

¹ Paragraph 6.4 is subject to potential change under DCP439. If both changes are approved, the additions made by this DCP412 and DCP439 are intended to apply cumulatively, with the net effect that paragraph 6.4 (as amended by DCP439) may limit the extent to which charges/rebates can be backdated.

Site is no longer eligible to be classified as a HCULU Site, the DNO/IDNO Party shall notify the Registered Supplier and the site will be re-allocated to its standard charging band with effect from the start of the billing period following such notification.

6.4D An application for classification as a HCULU Site for any given Final Demand Site may only be made once in each charging year (April-March). For clarity, this restriction applies even if the previous application was made by a different Customer and/or a different Registrant.

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 re-allocated 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 or sites that have been classified as HCULU Sites.

Add the following definition in Paragraph 8 of Schedule 32 (Residual Charging Bands):

<u>High Capacity Usage, Low Utilisation Site (or HCULU Site)</u>	<u>means a Final Demand Site for which, over the previous 12 months: (a) the utilisation of Maximum Import Capacity is greater than or equal to 90% in at least one half-hourly settlement period; and (b) the load factor (as defined in the glossary in Schedule 16) is less than or equal to 10% over such 12-month period.</u>
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