

Impact of applying a 71kVA default capacity

Legal Text

In paragraph 135A of Schedule 16 it states that the use of the “Aggregated or CT” tariffs for MC C or E is only applicable for customers below 70kVA. I’m aware that 71kVA is only just higher than this but it still means that the DNOs will be knowingly charging higher capacity charges than these sites should be able to incur. Is this justified?

Tariff before revenue matching	Voltage of Connection	Metering
Domestic Aggregated or CT	LV	Current Transformer (Below 70 <u>kVA</u>)*
Non-Domestic Aggregated or CT	LV	Current Transformer (Below 70 <u>kVA</u>)*

P272

I’ve reviewed the capacities NPg put in place for our P272 customers and have found that more than 70% have MICs less than 71kVA and over 50% have MICs less than 50kVA. I would expect the P432 customers to be a similar size or smaller than the P272 customers, meaning that for the majority we expect 71kVA to be higher than the capacity required for the site, meaning that we will be knowingly over charging sites for capacity that we do not believe they require. Additionally, in their DCP458 consultation response, SSEN stated that for P272 they used defaults of 50kVA and 53kVA for SEPD and SHEPD respectively, suggesting they also believe that 71kVA is higher than their customers will require, by around 20kVA.

Impact

Table 1 shows the published 2026/27 LV site specific capacity tariff for each DNO and the additional annual charge per customer for an overestimate of the capacity by 1kVA, 2kVA and 20kVA.

Table 1 - Capacity Tariff and Annual charge by DNO

DNO	LV site specific Capacity Tariff p/kVA/day	Additional annual charge per customer (£)		
		1kVA	2kVA	20kVA
Electricity Northwest Ltd	6.92	£25.26	£50.52	£505.16
Northern Powergrid (Northeast) plc	5.48	£20.00	£40.00	£400.04
Northern Powergrid (Yorkshire) plc	3.82	£13.94	£27.89	£278.86
Scottish Hydro Electric Power Distribution plc	13.83	£50.48	£100.96	£1,009.59
Southern Electric Power Distribution plc	10.63	£38.80	£77.60	£775.99
SP Distribution plc	5.34	£19.49	£38.98	£389.82
SP Manweb plc	6.87	£25.08	£50.15	£501.51
Eastern Power Networks plc	8.04	£29.35	£58.69	£586.92
London Power Networks plc	7.23	£26.39	£52.78	£527.79
South Eastern Power Networks plc	8.57	£31.28	£62.56	£625.61
Western Power Distribution (East Midlands) plc	7.68	£28.03	£56.06	£560.64
Western Power Distribution (South Wales) plc	10.49	£38.29	£76.58	£765.77
Western Power Distribution (South West) plc	12.18	£44.46	£88.91	£889.14
Western Power Distribution (West Midlands) plc	10.66	£38.91	£77.82	£778.18

For P432 an estimate of the number of impacted customers was provided by the DNOs. In total this was circa 50,000. I have been unable to locate a breakdown of this total by DNO so in the following I have assumed they are split proportionally among the licence areas based on the number of non-domestic aggregated or CP customers included in each DNOs 2026/27 CDCM.

Table 2 shows an estimate of the extra revenue each DNO would recover over one year if the default was 1kVA, 2kVA and 20kVA too high for their customers. This shows that even using a default of 71kVA rather than 69kVA (the highest a relevant site should be, according to the legal text) means that the DNOs would be charging around £3m too much for capacity charges for these customers.

Table 2 - Estimated annual over-recovery of revenue per DNO for default capacity being set too high

DNO	2026/27 Non-Domestic Aggregate d or CT MPAN Count	Proportion of customer s	Estimate d number of relevant MPANs	Additional annual revenue recovered due to default capacity being too high (£)			
				All MPANs	All MPANs	All MPANs	50% of MPANs
				1kVA	2kVA	20kVA	20kVA
Electricity Northwest Ltd	59,230	7%	3,486	£88,049	£176,099	£1,760,988	£880,494
Northern Powergrid (Northeast) plc	37,168	4%	2,188	£43,764	£87,529	£875,288	£437,644
Northern Powergrid (Yorkshire) plc	47,890	6%	2,819	£39,305	£78,611	£786,106	£393,053
Scottish Hydro Electric Power Distribution plc	23,609	3%	1,390	£70,167	£140,333	£1,403,330	£701,665
Southern Electric Power Distribution plc	84,735	10%	4,987	£193,493	£386,986	£3,869,862	£1,934,931
SP Distribution plc	43,089	5%	2,536	£49,429	£98,858	£988,584	£494,292
SP Manweb plc	35,510	4%	2,090	£52,408	£104,816	£1,048,156	£524,078
Eastern Power Networks plc	97,402	11%	5,733	£168,241	£336,481	£3,364,812	£1,682,406
London Power Networks plc	118,959	14%	7,002	£184,779	£369,559	£3,695,586	£1,847,793
South Eastern Power Networks plc	72,671	9%	4,277	£133,787	£267,573	£2,675,734	£1,337,867
Western Power Distribution (East Midlands) plc	66,871	8%	3,936	£110,334	£220,668	£2,206,679	£1,103,340
Western Power Distribution (South Wales) plc	31,432	4%	1,850	£70,834	£141,667	£1,416,675	£708,337
Western Power Distribution (South West) plc	61,383	7%	3,613	£160,623	£321,246	£3,212,463	£1,606,231
Western Power Distribution (West Midlands) plc	69,526	8%	4,092	£159,216	£318,431	£3,184,313	£1,592,156
Total	849,476		50,000	£1,524,429	£3,048,857	£30,488,574	£15,244,287

DCP414 Consultation Responses

The following were the responses to DCP414 re. the use of a default capacity and what that capacity should be set as, which were used to advise the DCP414 proposed solutions.

DCP 414 – Consultation 2

Where the customer has not agreed a MIC during the 12 month period post migration should the distributor calculate the MIC and notify the customer of the revised value? Please provide rationale.

Responder	Response
SSE	We agree with this in principle; however, we require further detail on the timescales in order that we can fully consider the impact on resource, i.e will there be a set time proposed in producing a revised MIC, or will this be solely at the distributor's discretion?
British Gas	The MIC is agreed between the customer and the DNO and we believe the DNO should be obliged to engage with the customer to agree a value. The process should not simply be that the DNO assigns a MIC if the customer doesn't engage in the 12 month period, but rather it should be that the DNO seeks to engage with the customer during the 12 month period to agree a MIC, and only if the customer refuses to engage or agree a value should the DNO assign a reasonable value and notify the customer.
NGED	Agree with the question posed. We have customers that we have never been able to contact to set an MIC. Therefore, we are in agreement with DNOs calculating a value after 12 months.
Npower Business Solutions	We support this as a possibility and should be taken forward as backstop wherever customers have not come forward or are unable to agree a MIC with the DNO, to ensure that a MIC is in place that is informed through the relevant metering system in order to prevent excess capacity charges being in place due to either a lack of engagement or a failure to agree a MIC.
NPg	The distributor should calculate the MIC and notify the supplier of the value. The supplier is notified of any capacity changes as per normal processes. If the

	<p>distributor hasn't agreed a MIC with the customer, this is likely because there is no communication channel between the two parties. How does the Working Group propose the customer receive this notification if there are no contact details? The supplier is better placed to communicate changes in billing to the customer.</p>
UKPN	<p>We believe that it is vital that the customer is involved in any discussion to agree a MIC for their site(s) so we believe that retaining each customer on their 'default' MIC would be the most appropriate approach. This can be amended at any time on request by the customer but would no longer be backdated. If the DNO is left to determine a new MIC there may be little incentive for the customer to be pro-active during the 12 month period.</p> <p>Under section 16 of the Electricity Act, it is the customer who proposes the MIC. While either party can propose a variation under the NTC subsequently, it is only by agreement. We believe having the DNO impose a MIC is not in keeping with these principles.</p> <p>With the right communication to customers up front, they should have the understanding and ability to understand how this impacts them and contact the DNO as required.</p>
ENW	<p>We would like the Supplier to be the primary point of contact, this is because of the issues seen during the implementation of P272 when distributors contacted suppliers' customers directly. To ensure this is a smooth customer journey, we would like initial communication to be led by suppliers, it would seem appropriate that a distributor would be able to calculate the MIC and then advise the supplier to enable the supplier to notify its customer as their primary point of contact for billing.</p> <p>We would also like any communications to reference 'DCP 414' so that this is easy for call centre staff to redirect call and associate them to this change.</p> <p>We would also have a preference for digital notifications available on the Suppliers online platform for initial comms, again stating the link to 'DCP 414', we can then have the chance to follow up with a dedicated point of contact</p>

	proactively to ensure customers understand this is a genuine change. This allows for a lack of awareness by customers of what a DNO does.
WG Conclusion	<p>In response to this question there were:</p> <ul style="list-style-type: none"> • three respondents with outright support for the approach, • two suggesting that any changes should be notified to the supplier to notify the customer, • one suggesting that an obligation should be one the distributor to attempt to discuss with the customer rather than amend at the end of the process, • one suggesting that this may breach the Electricity Act and the NTC, and • one said the question was not applicable to them. <p>The Working Group reviewed the responses and decided the distributor will decide on the default MIC value were there has been no agreement with the customer.</p>

Do you believe that the MIC Default value should be left to the distributor to determine? Please provide rationale.

Responder	Response
SSE	We agree that the default MIC should be at the distributor's discretion, but it should be coordinated by the supplier
British Gas	We believe there should be a standardised approach. We are concerned that the default values used by some DNOs during P272 were inappropriately high and suggest the values should be lower than those used for P272 given that change was for PC05-08 customers and this one is predominantly for smaller PC01-04 customers. Setting the default MIC too high will result in unnecessary additional administrative effort via the retrospective element of this proposal and is also likely to result in enduring and inappropriately high capacity costs if customers do not engage with the DNO to agree a more suitable MIC.
NGED	Yes, default value left to the Distributor. We have the means to do this already

NPg	Yes. Each DNO has their own processes which they need to follow and average demand may also be different in different licence areas, meaning that a default value that is suitable for one area may not be suitable for another.
UKPN	We can see the benefit to suppliers and customers of having a common set of values used by all, especially for Suppliers when communicating with Customers, and where Customers have a number of sites across different DNOs. However our system uses 71kVA for MC=E and 101kVA for MC=C, which we feel are appropriate values, and any deviation from these would require a system change.
ENW	Yes, we believe this should be set as part of the Add load/new connection application process as we need to ensure the network can support what the MIC is set to. With data sharing, this could ultimately be set through parties utilising the same core data.
WG Conclusion	There were five responses in favour of the distributor setting this value, one seeking a common value across the industry and two offering no response. The one not in favour suggested that setting the default MIC too high will result in unnecessary additional administrative effort via the retrospective element of this proposal and is also likely to result in enduring and inappropriately high-capacity costs if customers do not engage with the DNO to agree a more suitable MIC. The Working Group reviewed the responses and agreed for the distributor should base the default MIC on actual data