







DCUSA Change Report		At what stage is this document in the process?
<h1>DCP 466</h1> <h2>Tariff Band to follow capacity</h2> <p>Date Raised: 23 October 2025 Proposer Name: Peter Waymont Company Name: Eastern Power Networks Party Category: DNO</p>		01 - Change Proposal
		02 - Consultation
		03 - Change Report
		04 - Change Declaration
Purpose of the Change Proposal To ensure tariff bands for HH settled sites are aligned to a customer's capacity at all times (e.g. tariff bands are assessed/changed whenever a capacity change is agreed.)		
	This document is issued in accordance with Clause 11.20 of the DCUSA. Parties are invited to consider the proposed amendment and submit their votes using the voting form (Attachment 2) to dcusa@electralink.co.uk by no later than 12 June 2026. Votes received after this date cannot be counted.	
	The voting process for the proposed variation and the timetable of the progression of the CP through the DCUSA Change Control Process is set out in this document.	
	If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 3011.	
	Impacted Parties Suppliers/DNOs/IDNOs/CVA Registrants	
	Impacted Clauses Schedule 32	

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Timetable			
Activity	Date		
Initial Assessment Report	19 November 2025		
Consultation Issued to Parties	22 January 2026		
Change Report Approved by Panel	20 May 2026		
Change Report issued for Voting	21 May 2026		
Party Voting Closes	12 June 2026		
Change Declaration Issued	16 June 2026		

1 Summary

What?

- 1.1 Ofgem's Targeted Charging Review (TCR) decision for Half-Hourly (HH) settled sites fundamentally changed how residual network charges are calculated and recovered. HH settled sites are assigned to specific charging bands. At present, once assigned, the customer's allocated band is fixed until the next price control period, unless a customer meets the "exceptional circumstances" rules set out in Schedule 32 of DCUSA. To meet the exceptional circumstances criteria the site's Maximum Import Capacity (MIC) must increase or decrease by more than 50%. Re-banding is not automatic; the customer must apply for an exception.
- 1.2 This CP has been raised to change the rules such that, for those customers whose tariff band is based on their capacity, the band is aligned to their capacity at all times. When a change of capacity is agreed between the Distributor and the customer, the tariff band is amended as required as per the published capacity bands.

Why?

- 1.3 The Proposer is of the view that the greater than 50% change threshold and the need for a customer application both result in discriminatory application of the tariff bands. The proposer notes that they have had many conversations with customers who are not happy with the way the re-banding currently works.

How?

- 1.4 Change Schedule 32 to state that tariff bands will be aligned to capacity, and each time capacity is agreed to be changed the band will be re-assessed according to the capacity banding thresholds.
- 1.5 This change would not impact MPANs which do not have an agreed capacity.
- 1.6 This change would apply to increases as well as decreases of capacity. Currently the process requires a customer to request a banding change following a change of capacity and it is unlikely that a customer who increases their capacity requests their band to be reviewed, resulting in differential treatment between customers (those who increase their capacity benefit from remaining in a lower band whilst those who decrease their capacity are penalised due to remaining in a higher band). This change would align the process for all customers.
- 1.7 Reviewing all sites at the time of the capacity change would avoid issues where a customer contacts the Distributor months after the capacity change took place asking for a backdated amendment to their banding, as it had not been requested at the time. It would also reduce the small number of dispute notices being issued that relate to the backdating of the band, which is outside the remit of the dispute committee. This will be especially important with the change to the settlements window reducing from 14 to 4 months following the implementation of MHHS, as the period over which changes to the DUoS Tariff ID can be backdated is limited by the settlements window.
- 1.8 In practical terms, DCP 466 means that whenever a customer's Maximum Import Capacity is formally changed and agreed, the residual charging band applied to that site will automatically update to the band corresponding to the new capacity, if applicable. Customers will no longer need to submit a separate application, and the existing >50% threshold for re-banding will not apply for HH customers.
- 1.9 The process for updating the Line Loss Factor Class (LLFC) will remain unchanged as part of this DCP as it remains sufficient to inform Suppliers of changes to customer residual bands:
 - for existing/Non-MHHS MPANs Suppliers will receive a D0171 'Notification of Distributor Changes to Metering Point Details' over the Data Transfer Network (DTN).
 - For MHHS MPANs Suppliers will receive an IF/PUB-018 'Notification of Registration Data Item Changes' from the registration service over the Data Interrogation Platform (DIP).
- 1.10 These notifications will be triggered after the customer and DNO have agreed the relevant capacity levels that may trigger a residual band change.

2 Governance

Justification for Part 1 or Part 2 Matter

- 2.1 This CP is a Part 1 Matter as it is likely to have a significant impact on the interests of electricity customers.

Requested Next Steps

- 2.2 The Panel considered that the Proposer has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 466.
- 2.3 The DCUSA Panel recommends that this CP:
- be issued to Parties for voting.

3 Background to the Current Arrangements and Rationale for Change

Background to the “Exceptional Circumstances” Rule under TCR

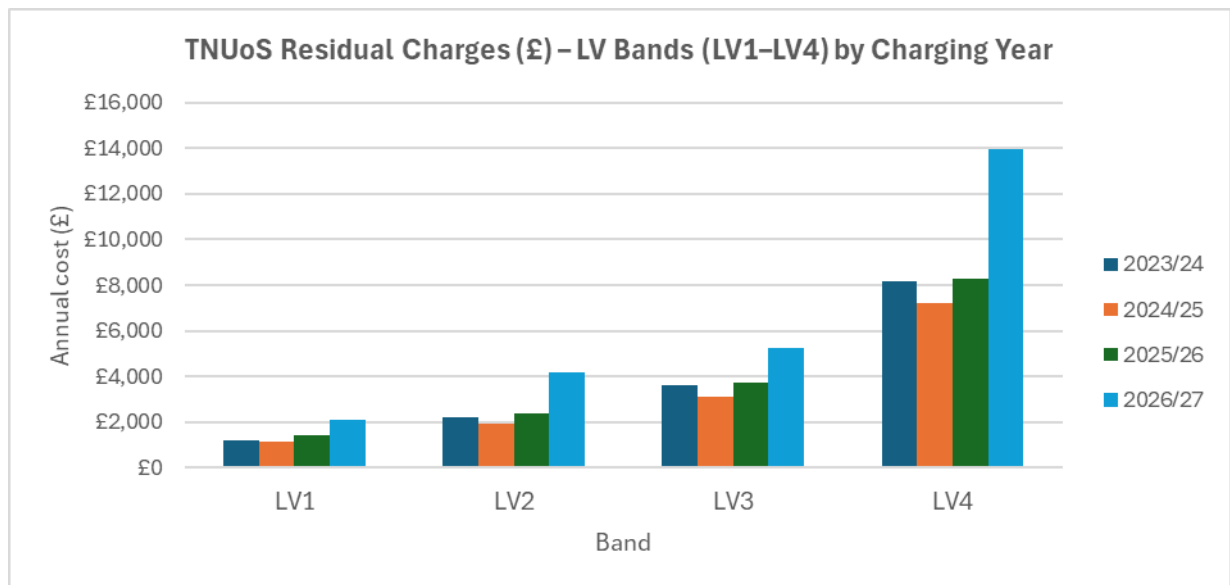
- 3.1 As part of Ofgem's TCR, residual network charges for users were reformed to improve cost reflectivity, reduce distortions to consumption behaviour, and ensure that residual charges remained largely unavoidable. For non-domestic sites, this was implemented through the introduction of fixed residual charging bands, with sites allocated to a band for the duration of a price control period.
- 3.2 In developing the TCR framework, Ofgem recognised that allowing frequent or automatic reallocation of sites between bands within a price control period could undermine the stability and predictability of residual charge recovery. In particular, there was concern that customers might adjust capacity or usage primarily to access a lower residual band, rather than as a result of a genuine and enduring change in site requirements. To mitigate this risk, the TCR decision envisaged that in-period reallocation should only be permitted in tightly restricted circumstances.
- 3.3 This approach was reflected in DCUSA Schedule 32 through the introduction of the “exceptional circumstances” process, including the requirement for a significant change in capacity (defined as greater than 50%) and a formal customer application supported by evidence. The intention was to strike a balance between allowing reallocation where a genuine material change had occurred, while preserving the overall inevitability and stability of residual charge recovery.

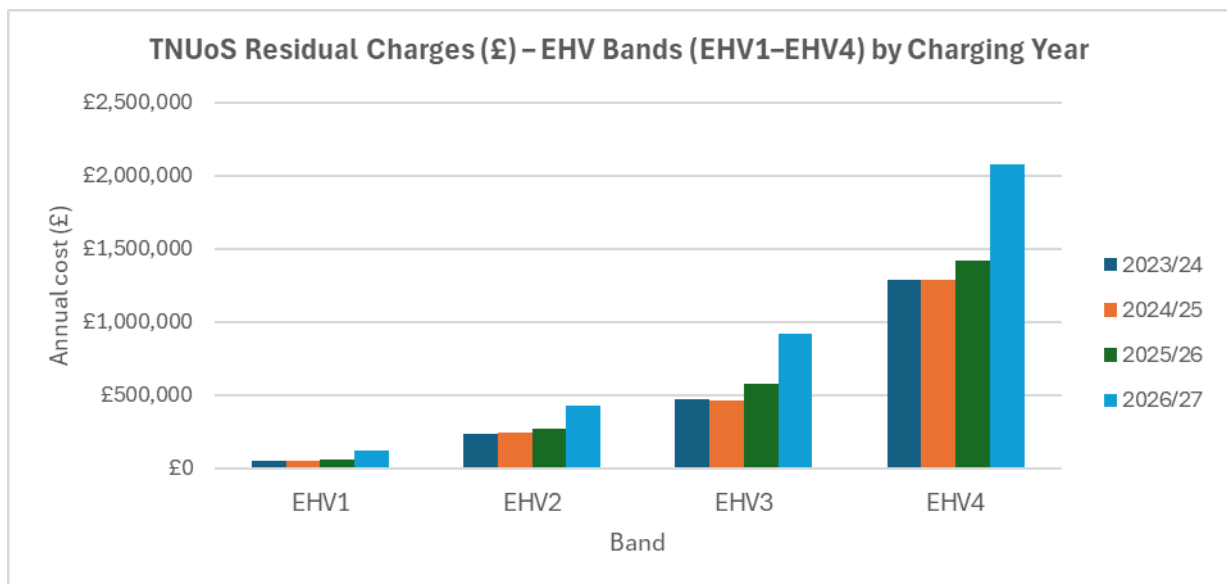
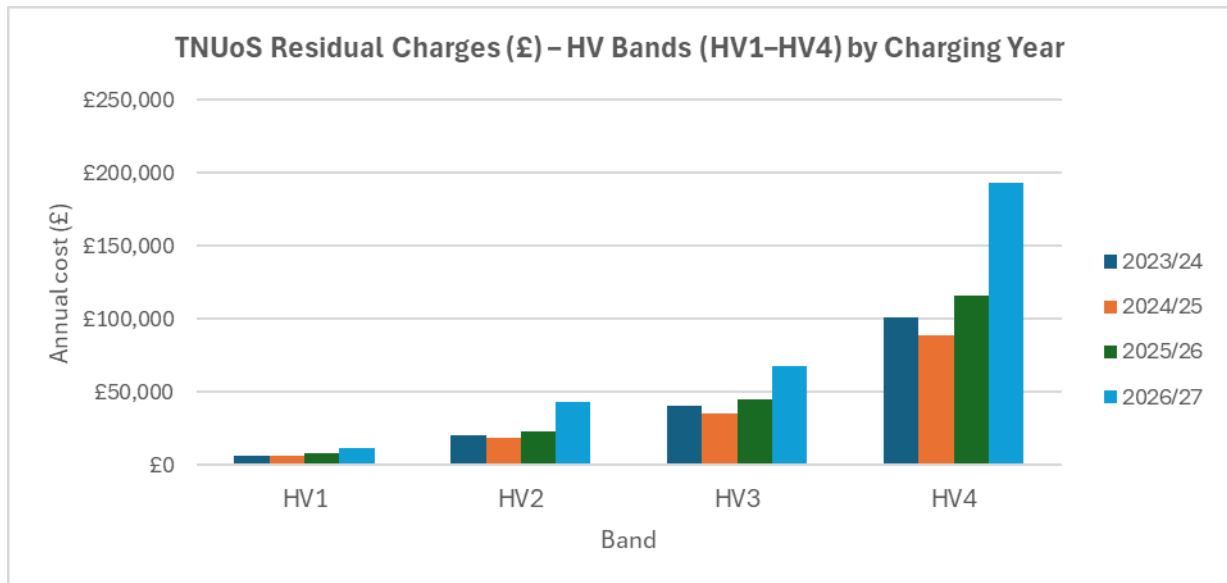
Why the Original Approach Is No Longer Considered Appropriate

- 3.4 While the Working Group considers that the original rationale for the exceptional circumstances rule was appropriate at the time of TCR implementation, it also recognises that experience since implementation has highlighted a number of unintended consequences.
- 3.5 In raising DCP 466, the Proposer noted that the issue the change seeks to address is not limited to the level of residual charges alone, but also relates to the confusion created for customers and the administrative burden placed on both customers and network operators. In practice, many customers are unaware that a separate application is required to trigger a residual band review following a change in capacity. This has led to frequent misunderstandings, complaints and disputes, with customers often assuming that a reduction in agreed capacity that crossed the threshold would automatically result in a lower residual band.
- 3.6 The Working Group also noted that the current arrangements create ongoing administrative overheads. Distributors and suppliers are required to manage customer queries, assess applications, handle requests for backdated changes that cannot be accommodated, and explain outcomes that are often perceived as arbitrary or unfair. These issues arise even where the underlying charging rules are being correctly applied.

- 3.7 At the same time, the financial significance of customers of TNUoS residual charges has increased materially since the original TCR decision.. As a result, the impacts of band misalignment — both financial and operational — are now more pronounced than was envisaged when the exceptional circumstances framework was designed.
- 3.8 This table and charts below shows the growth in fixed TNUoS residual charges since the introduction of the Targeted Charging Review in April 2023.

TNUoS Annual Residual Charges by Charging Year										
Band	2023/24 Final	2024/25 Final	Change to Prior (£)	Change to Prior (%)	2025/26 Final	Change to Prior (£)	Change to Prior (%)	2026/27 Final	Change to Prior (£)	Change to Prior (%)
LV1	£1,213	£1,142	(-)£71	94%	£1,426	£284	125%	£2,116	£690	148%
LV2	£2,228	£1,943	(-)£285	87%	£2,383	£440	123%	£4,202	£1,819	176%
LV3	£3,626	£3,098	(-)£528	85%	£3,742	£644	121%	£5,249	£1,507	140%
LV4	£8,168	£7,225	(-)£943	88%	£8,300	£1,075	115%	£13,936	£5,636	168%
HV1	£6,320	£6,006	(-)£314	95%	£7,968	£1,962	133%	£11,621	£3,653	146%
HV2	£20,343	£18,124	(-)£2,219	89%	£22,922	£4,798	126%	£42,761	£19,839	187%
HV3	£39,944	£34,779	(-)£5,164	87%	£44,455	£9,676	128%	£67,678	£23,222	152%
HV4	£101,378	£88,927	(-)£12,451	88%	£115,923	£26,997	130%	£193,053	£77,130	167%
EHV1	£47,837	£48,491	£654	101%	£58,679	£10,189	121%	£118,799	£60,120	202%
EHV2	£235,210	£244,016	£8,806	104%	£270,752	£26,736	111%	£423,174	£152,422	156%
EHV3	£474,259	£458,385	(-)£15,874	97%	£575,325	£116,940	126%	£917,220	£341,895	159%
EHV4	£1,291,548	£1,284,823	(-)£6,725	99%	£1,417,199	£132,376	110%	£2,079,911	£662,712	147%





- 3.9 DUoS residual tariff changes are not presented in a band-by-band movement table equivalent to Table 3.8 because each individual DNO has region specific DUoS residual charges which do not lend themselves to national aggregation.
- 3.10 The Working Group further noted that the safeguards originally relied upon to prevent gaming by changing capacity continue to remain effective, such as limits on the frequency of capacity reductions, and the risk that any capacity given up may not be readily available if a user later seeks to increase capacity again.
- 3.11 For these reasons, the Working Group considers that automatically aligning tariff bands with agreed capacity at the point of a formal capacity change is now a more proportionate and transparent approach. This maintains the principle that residual charges are unavoidable at a system level, while reducing customer confusion, lowering administrative burden, and ensuring that individual customers are charged in a way that more accurately reflects their agreed use of the network.
- 3.12 The detailed evidence underpinning this conclusion, including the Working Group's assessment of impacts on volatility, revenue recovery and unintended consequences, is set out in Section 6 of this Change Report.

LV sites not billed on a MIC

- 3.13 Designated Properties connected at LV, without a MIC as the basis for their current Use of System Charges are not affected by this change proposal (i.e. Paragraph 1.5d of Schedule 32).

4 Initial Working Group Assessment – Pre Consultation

Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess this CP. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.

Current Situation

- 4.2 Schedule 32 of DCUSA governs the allocation of residual charging bands. For HH settled sites, these bands are typically fixed for a price control period unless "exceptional circumstances" apply. For "exceptional circumstances" to apply, there must be a significant shift in Maximum Import Capacity (MIC). Currently, "significant" is defined as an increase or decrease of more than 50% compared to the values used for the initial allocation. Re-banding is not automatic; it requires a customer application.
- 4.3 Customers who decrease capacity may not realise that they need to have changed by more than 50% or that the DCUSA requires them to apply for a lower band, while those increasing capacity are unlikely to volunteer for a higher band. As previously noted, the proposer has had many conversations with customers who are not happy with the way the re-banding currently works.
- 4.4 One of the reasons for introducing the exceptional circumstances rule was to prevent users from manipulating their capacity or usage simply to drop into a lower-cost charging band without a genuine change in site use. The Working Group considered this and believes that this risk is mitigated by the fact that customers are only permitted to apply for a reduction in their MIC once per year, preventing them from frequently toggling capacity levels to avoid charges. There is also no guarantee that a customer can easily increase their capacity back to previous levels once reduced, as the network capacity may have been reallocated to other users in the interim.
- 4.5 Furthermore, the working group noted that the financial landscape has shifted significantly since the TCR decision was reached in 2019. At that time, the financial impact of the exceptional circumstances rule was lower because Transmission Network Use of System (TNUoS) charges, which are a major component of these fixed residual charges, were not as high as they are in 2026. This increased financial burden on customers makes the flexibility to re-evaluate capacity and banding even more critical than it was when the rule was first introduced.

Proposed Solution

- 4.6 DCP 466 was raised to address defects in the current banding mechanism. It seeks to ensure that tariff bands for HH settled sites are dynamic and strictly aligned with agreed capacity. It seeks to remove the 50% threshold and the director's application letter required for re-banding and instead under the proposed new rules, the tariff band applied would be the one that the capacity falls into at any given time. Whenever a capacity change is agreed upon between the Distributor and the customer, the tariff band would be automatically amended to reflect the new capacity.
- 4.7 The intent is to treat all consumers consistently, ensuring residual charges are always based on their current agreed capacity, even if it leads to a charge increase for some.
- 4.8 Allocation to charging bands would follow changes to capacity, and the frequency of capacity reductions is already limited to once per year within the connection terms, whilst increases can be requested without limits.

Impacts

- 4.9 If DCP 466 is approved, Distributors would initially need to assess tariff bands for all HH settled sites and reallocate as necessary. These customers would be reallocated from the date DCP 466 is implemented. It would also mean more customers will shift between bands during their current price control period moving forward
- 4.10 The Working Group noted that The TCR bands have changed from April 2026 for which an exercise has been undertaken to re-assess the bands that customers fall into and amend those where required. This DCP is primarily focussed on the business as usual processes between TCR reviews.

5 Working Group Consultation Review

- 5.1 The Working Group issued a consultation to industry on 22nd January 2026. The following section provides a summary of the 16 responses received to 13 questions. The full consolidated version of the consultation responses can be found in Attachment 3.

Q.1 Do you understand the intent of the Change Proposal?

- 5.2 Respondents unanimously confirmed that they understood the intent of DCP 466. Parties generally recognised that the proposal seeks to remove the current reliance on the “exceptional circumstances” process and instead ensure that tariff bands for HH settled sites automatically align with a customer’s agreed capacity whenever that capacity changes. Several respondents explicitly noted that this would remove the arbitrary >50% threshold and the need for customer application.

Q.2 Are you supportive of the principle of the Change Proposal?

- 5.3 The majority of respondents expressed support for the principle of the Change Proposal. Supporters considered that automatically aligning tariff bands with agreed capacity would improve fairness, transparency and customer understanding, and would remove what they viewed as an outdated and discriminatory feature of the current arrangements.
- 5.4 A smaller number of respondents did not support the proposal. These parties raised concerns that the issue lies with the design of the TCR residual bands themselves rather than the re-banding mechanism, and that the proposal could introduce unintended behavioural incentives, revenue volatility, or investment risk. Some respondents expressed mixed views, supporting a review of the current arrangements but questioning whether the proposed solution was the most appropriate approach.
- 5.5 Overall, the consultation demonstrated broad support for addressing the defect identified, with some disagreement on the preferred solution and its potential wider impacts.

Q.3 To Distributors: What is your experience of customer interactions regarding band changes?

- 5.6 Distributor and IDNO responses consistently highlighted that customer understanding of the current re-banding process is low. Many respondents reported frequent customer dissatisfaction, particularly where customers reduce capacity but do not realise that a change greater than 50% and a separate application is required to trigger a band change. This often leads to complaints, confusion, and requests for backdated corrections.
- 5.7 Several respondents noted that requests following capacity increases are extremely rare, reinforcing concerns about asymmetric outcomes under the current rules. Some parties indicated that banding queries are a significant driver of DUoS-related customer contact. A small number of respondents suggested that the overall volume of requests is low, but still acknowledged that misunderstandings and perceived unfairness arise when they do occur.
- 5.8 Overall, responses indicated that the current arrangements are poorly understood and administratively burdensome, and that automatic alignment would reduce disputes and improve customer experience.

Q.4 To Distributors: What process do you follow when dealing with exceptional circumstances?

- 5.9 Responses confirmed that, under the current arrangements, re-banding within a price control period is application-led and not automatic. Distributors generally require customers to submit a formal request supported by evidence (typically a director-signed letter) demonstrating a qualifying change in circumstances, including a capacity change exceeding the 50% threshold.
- 5.10 Several respondents noted that changing capacity alone does not automatically trigger a residual band review and that this distinction is not well understood by customers. Some parties commented that the consultation question largely restated existing DCUSA provisions.
- 5.11 Overall, responses confirmed that the current process is manual, evidence-based, and reliant on customer action, which contributes to delay, confusion and inconsistent outcomes.

Q.5 To Distributors: As of today, how many sites are in a band not reflective of their MIC?

- 5.12 In reviewing responses, the Working Group noted that while consultees provided helpful indications of the scale of band misalignment within individual licence areas, the information supplied varied significantly in scope, format, assumptions and reference periods. As a result, the responses did not provide a sufficiently consistent or comparable evidence base to support a robust impact assessment at a system-wide level. The Working Group therefore agreed that a more formal and structured RFI, supported by a standardised template, should be issued to DNOs to enable consistent data collection and aggregation across licence areas. The outputs of this RFI were subsequently used to inform the Working Group's detailed assessment of impacts, as set out in Section 6 of this Change Report.

Q.6 Does the change to the TCR bands in April interact with this Change Proposal, and how?

- 5.13 Many respondents acknowledged an interaction between DCP 466 and the April 2026 TCR band updates. Several parties noted that the April re-banding exercise will already reset customer bands, and that introducing DCP 466 close to this point could either reduce implementation effort or, if poorly timed, result in multiple band changes over a short period.
- 5.14 Some respondents considered that the April 2026 reset would be an appropriate point to introduce the new process, as it would ensure all sites start from a correct baseline. Others raised concerns about operational complexity, customer confusion, and potential impacts on revenue recovery if changes occur too close together.
- 5.15 A number of respondents considered the two changes to be complementary, with the TCR reset establishing new thresholds and DCP 466 addressing business-as-usual changes between price control reviews. Overall, timing and implementation sequencing were identified as important considerations rather than fundamental barriers.
- 5.16 A respondent considered that a number of potential impacts of the proposal had not been sufficiently considered or addressed by the Working Group. For examples, should the outcome be that significant numbers of sites move between bands, this could result in a material change in the charging base for those bands, distorting the original residual cost allocation. The CP may result in material changes to over- or under-recovery of the residual. The impact on the recovery of the TNUoS recovery (from distribution customers) also needed to be assessed.

Q.7 To Distributors and Suppliers: If implemented, what impacts would this change have on resources at implementation and thereafter?

- 5.17 Responses generally suggested that the change would require a one-off implementation effort, particularly if existing sites need to be reviewed and moved to a different charge band. Several distributors noted that system changes or exception reporting would be required to ensure capacity changes automatically trigger band updates.
- 5.18 However, many respondents expected a net reduction in resource requirements over time. Parties highlighted that removing the application-led exceptional circumstances process would reduce manual intervention, complaints, disputes, and ongoing monitoring. Some suppliers emphasised the importance of clear and timely communication of band changes to support accurate billing.

- 5.19 Overall, while acknowledging initial implementation effort, most respondents considered that the change would lead to more efficient business-as-usual processes in the longer term.

Q.8 To Suppliers: What would the impacts be on your existing and future customer contracts and would these impacts be acceptable?

- 5.20 Working Group Conclusions (summary): The impacts of the CP on existing and future customers were noted as contract-dependent, with some contracts potentially not obliging suppliers to update tariffs following residual band changes (risking under- or over-charging and customer dissatisfaction). Some respondents anticipated a need to review future contract pricing, particularly for products that lock in non-commodity costs, to account for increased risk where residual banding could change at any point in time (especially where changes increase fixed charges). Other respondents did not foresee large-scale contractual issues, noting that any required adjustments may be smaller and more sporadic than those arising from the current periodic TCR rebanding exercise.

Q.9 Do you agree with removing the “exceptional circumstances” rule?

- 5.21 Most respondents supported the removal of the exceptional circumstances rule. Supporters viewed the >50% threshold as arbitrary, difficult for customers to understand, and a source of unequal treatment. They considered that automatic re-banding would treat capacity increases and decreases symmetrically, reduce disputes, and better reflect current network commitments.
- 5.22 One respondent flagged that the “exceptional circumstances” process was in fact not to be removed for NHH customers, and that this it would create an imbalance between customers, with NHH still remaining subject to an ‘arbitrary’ 50% threshold.
- 5.23 A minority of respondents opposed removal, citing concerns about revenue volatility, investment risk, potential gaming, and alignment with the original intent of the TCR. Some respondents suggested that reforming rather than removing the threshold could be explored.
- 5.24 Overall, consultation responses showed strong support for removing the rule, with acknowledged concerns relating primarily to implementation safeguards and wider charging impacts.

Q.10 Does the proposal better facilitate the DCUSA General Objectives?

- 5.25 Most respondents considered that DCP 466 better facilitates DCUSA General Objectives, particularly those relating to competition, non-discrimination, and efficient administration. Respondents highlighted improved transparency, predictability of charges, and fairer treatment of customers with similar capacities.
- 5.26 Some respondents disagreed or considered impacts neutral, particularly where concerns were raised about investment certainty or differential treatment between HH and NHH customers. A small number suggested that Charging Objectives may be more relevant than General Objectives given the nature of Schedule 32.
- 5.27 Overall, the balance of responses supported the view that the proposal better facilitates the DCUSA General Objectives.

Q.11 Are you aware of any wider industry developments that may interact with this Change Proposal?

- 5.28 Respondents referenced several wider industry developments, including MHHS, DUoS and TNUoS charging reforms, and network access, connection reforms and Ofgem’s Energy system cost allocation and recovery review¹. Some respondents noted that reduced settlement windows under MHHS increase the importance of timely and accurate tariff updates.
- 5.29 Several parties considered that DCP 466 would complement wider efforts to unlock network capacity and improve efficiency, rather than conflict with them. No respondents identified industry developments that would prevent implementation of the proposal.

¹ [Energy system cost allocation and recovery review | Ofgem](#)

Q.12 Are you supportive of implementing this Change Proposal in the next standard DCUSA release?

- 5.30 Most respondents supported implementation via a standard DCUSA release following Authority approval. Some parties emphasised the need for sufficient lead time and clarity around interactions with annual allocation reviews and charging year boundaries. A small number suggested deferral to align with charging years or to manage operational risk.
- 5.31 Overall, the majority of respondents supported implementation via the standard release process, subject to appropriate timing and communication.

Q.13 Do you have any comments on the draft legal text?

- 5.32 Most respondents did not raise substantive concerns with the draft legal text. Some respondents requested a narrative for what were a set of extensive and complex changes, greater clarity on effective dates, interaction with the Annual Allocation Review, or treatment of non-capacity-banded sites. A small number of respondents suggested additional narrative or clarification to support understanding of the proposed amendments.
- 5.33 A respondent noted that there seemed to be a number of housekeeping changes which don't directly pertain to the CP and should therefore be clearly identified as such.
- 5.34 Overall, no material drafting defects were identified that would prevent progression of the Change Proposal.

6 Working Group Conclusions & Final Solution

- 6.1 Following the close of the industry consultation, the Working Group undertook a detailed review of the responses received. While the consultation demonstrated broad understanding of, and support for, the intent of DCP 466, responses also highlighted areas where additional evidence, clarification, or refinement of the proposed solution was required before a final recommendation could be made.
- 6.2 In particular, the Working Group recognised that some consultation questions did not provide sufficiently consistent or granular data to support a robust impact assessment. Respondents also raised some concerns and considerations that required further review, including potential impacts on charge volatility, revenue recovery and implementation timing.
- 6.3 As a result, the Working Group agreed a programme of work to ensure that:
- the impacts of the proposal could be assessed on a more consistent and evidence-based footing;
 - concerns raised by consultees were properly considered and responded to; and
 - legal text was reviewed and updated if necessary; and
- 6.4 The sections below set out the key areas of further work undertaken by the Working Group following consultation, the outcomes of that work, and how it informed the agreed final solution progressed in this Change Report.

Additional Impact Assessment Requirements and Decision to Issue a Further RFI

- 6.5 As part of its post-consultation review, the Working Group concluded that further quantitative evidence was required to support a robust assessment of the impacts of the proposed solution. In particular, the Working Group noted that consultation responses provided inconsistent data on the number of affected sites, the direction of band movements, and the associated charging impacts. This limited the ability to assess impacts in a consistent and comparable way across licence areas.
- 6.6 To address this, the Working Group agreed to issue a targeted Request for Information (RFI) to Distribution Network Operators, supported by a standardised DUoS and TNUoS impact assessment template. The use of a common template was intended to ensure that data was provided on a

consistent basis, enabling aggregation across all DNO licence areas and supporting a more robust assessment of both distribution-level and transmission-level impacts.

6.7 The RFI template requested DNOs to provide data related to 2026/27, for their licence area:

- the current allocation of HH settled sites to ET3 residual charging bands, split by voltage level (LV, HV and EHV);
- the revised allocation of those sites to residual charging bands if tariff bands were aligned to current agreed capacity in line with DCP 466;
- the residual DUoS charges applicable to each band, using published 2026/27 tariffs;
- the corresponding TNUoS residual charges applicable to each band; and
- the allowed revenue for the licence area, to provide context for the scale of any charging impacts.

6.8 Using this information, the template calculated:

- the change in DUoS residual revenue arising from sites moving between bands under the proposed solution to be adjusted for in 2028/29 tariffs;
- the change in TNUoS residual revenue arising from the same movements; to be adjusted for in 2027/28 tariffs.
- the net impact at each voltage level and in aggregate; and
- the scale of these impacts relative to total allowed revenue;.

6.9 The Working Group agreed that this approach would allow both DUoS and TNUoS impacts to be assessed in a consistent manner, using published tariffs. To address confidentiality concerns and avoid attributing impacts to individual networks, it was also agreed that RFI outputs would be analysed and presented in aggregated form across all DNO licence areas.

6.10 The results of this additional impact assessment, and how they informed the Working Group's consideration of volatility, revenue impacts and the final solution, are set out in the section below.

RFI Analysis and Conclusions

6.11 Following the circulation of the targeted RFI, the Working Group reviewed aggregated impact assessment results based on responses received from all 14 DNO licence areas. The RFI provided a consistent and comparable evidence base to assess the potential impacts of aligning tariff bands with agreed capacity, covering both DUoS and TNUoS residual charges.

6.12 The aggregated analysis for 2026/27 showed that the proposed change would result in a mix of increases and decreases in residual charges across licence areas and voltage levels but overall would result in an under-recovery of residual revenue in-year of £3.02m for DUoS and £31.3m for TNUoS, which would be recovered through existing revenue recovery arrangements in subsequent charging years.

6.13 Across all licence areas, the Working Group noted that:

- the net DUoS residual impact represents a very small proportion of total DUoS allowed revenue (0.04%); and
- the net TNUoS residual impact, while larger in absolute monetary terms, represents a very small percentage of total transmission revenue recovered nationally (0.41%).

6.14 The Working Group agreed that expressing impacts as a percentage of total target revenue (rather than residual revenue alone) provides the most appropriate context, as it reflects the scale of any under- or over-recovery relative to the overall revenue framework. On this basis, the percentage impacts identified were considered very small from a system-wide perspective.

6.15 The below table shows the DUoS and TNUoS impacts across the different voltage levels.

DCP 466 – Aggregated Recovery Impact Summary (DUoS & TNUoS)		
Band	DUoS	TNUoS
LV	-£1,637,160	-£18,354,549
HV	-£1,822,359	-£14,238,832
EHV	£431,980	£1,287,381
Total	-£3,027,540	-£31,306,001
Total % impact vs allowed revenue	-0.04%	-0.41%

6.16 The below table summarises the expected reallocation of sites between voltage bands if the DCP 466 solution is approved. It compares current site counts to the revised DCP 466 allocation, with Sites and % Change showing which bands gain (e.g. LV1 +5.33%) and which reduce.

ET3 Site Counts by Band – Aggregated (All Licence Areas)				
Band	Current ET3 Sites	DCP 466 ET3 Sites	Movement (#)	Movement (%)
LV1	87,578	92,246	4,668	5.33%
LV2	58,096	55,315	-2,781	-4.79%
LV3	30,769	29,645	-1,124	-3.65%
LV4	26,186	25,422	-764	-2.92%
HV1	9,135	9,373	238	2.61%
HV2	5,526	5,401	-125	-2.26%
HV3	3,316	3,235	-81	-2.44%
HV4	3,107	3,076	-31	-1.00%
EHV1	339	332	-7	-2.06%
EHV2	323	327	4	1.24%
EHV3	149	154	5	3.36%
EHV4	170	168	-2	-1.18%
LV Total	202,629	202,628	-1	
HV Total	21,084	21,085	1	
EHV Total	981	981	0	
Grand Total	224,694	224,694	0	

6.17 In considering concerns raised in response to the consultation about charge volatility and revenue recovery, the Working Group concluded that for the year 2026/27:

- any under- or over-recovery arising from in-year movements between tariff bands would be small in proportion to overall revenues and would be managed through existing recovery mechanisms; and
- the proposed change would not introduce significant new volatility, but would make visible and corrects volatility that already exists under the current arrangements, where bands can remain misaligned with capacity for extended periods.

6.18 The Working Group also considered concerns about unintended behavioural incentives or “gaming”. It was noted that:

- capacity reductions are already constrained by connection agreements, typically limiting reductions to once in a 12 month period and sites cannot reduce below the maximum demand over that period; and
- customers face a real risk that any capacity they release may not be available to reclaim in future, which acts as a natural deterrent to speculative reductions.

- 6.19 On this basis, the Working Group considered the risk of material gaming or unintended behavioural impacts to be low.
- 6.20 Overall, the Working Group concluded that the RFI analysis demonstrated that the impacts of DCP 466 on DUoS and TNUoS revenues are small in percentage terms, manageable within existing revenue recovery arrangements, and proportionate to the benefits of improved fairness, transparency and alignment of charges with agreed capacity. The Working Group therefore considered that concerns raised during the consultation in relation to volatility, revenue recovery and unintended consequences had been adequately addressed through the additional analysis from the RFI.

Working Group Conclusions

- 6.21 Having reviewed consultation feedback, undertaken additional quantitative analysis through the targeted RFI, and considered concerns raised in relation to volatility, revenue recovery and unintended consequences, the Working Group concluded that the proposed solution remains appropriate and proportionate.
- 6.22 The additional analysis demonstrated that the impacts of aligning tariff bands with agreed capacity are small in percentage terms, manageable within existing recovery arrangements, and do not undermine the overall recovery of residual revenues. The Working Group also concluded that the proposal improves transparency and fairness by ensuring charges more accurately reflect agreed capacity on an ongoing basis, rather than relying on infrequent re-banding exercises or customer-initiated exceptions.
- 6.23 The Working Group therefore agreed that the proposed solution should be progressed, subject to the supporting legal text accurately reflecting the agreed approach and implementation arrangements. The proposed legal text is set out in Section 10 of this Change Report.

7 Relevant Objectives

Assessment Against the DCUSA Objectives

- 7.1 For a DCUSA CP to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. This CP is being assessed against the DCUSA General Objectives.

	DCUSA General Objectives	Identified impact
<input type="checkbox"/>	The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Neutral
<input checked="" type="checkbox"/>	The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Positive
<input checked="" type="checkbox"/>	The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
<input checked="" type="checkbox"/>	The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<input type="checkbox"/>	Compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Neutral

- 7.2 Aligning the residual charging band to customers' agreed capacities will reduce discrimination and hence facilitate License compliance, facilitate competition by providing clarity for suppliers and customers (and hence promote competition), and improve the efficiency in the implementation and administration of the DCUSA. The band that is applied will be the band that the capacity falls into at any given time.

8 Impacts & Other Considerations

Impacts on any Significant Code Review (SCR) or other significant industry change projects

- 8.1 This CP may impact upon the DUoS SCR, however this is considered to be a defect and resolving this should be acceptable.

Impacts on other Codes

- 8.2 There are no impacts on other codes.

Consumer Impacts

- 8.3 The change will result in the residual charging bands being aligned to agreed capacities at all times. Whilst some consumers may see their residual charges increase, treatment will be consistent, and all consumers will be treated fairly.

Environmental Impacts

- 8.4 In accordance with DCUSA Clause 10.4.5A, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if this CP were implemented. No impacts on greenhouse gas emissions were identified.

Are there any wider industry impacts?

- 8.5 Several wider industry developments were identified, including MHHS, DUoS and TNUoS charging reforms, network access, connection reforms and Energy System Cost Allocation and Recovery Review².
- 8.6 The Working Group discussed Ofgem's Energy System Cost Allocation and Recovery Review and noted that it is a separate, ongoing process under Ofgem's wider charging reform programme, with no decisions yet made. It was agreed that DCP 466 is independent of this review, addresses a distinct issue within DCUSA, and should therefore proceed on a standalone basis.

9 Implementation

- 9.1 It is proposed that DCP 466 is implemented on the first day of the second month following Authority approval. For example, if Authority approval is granted on 12 June, the change would take effect in DCUSA on 1 August.
- 9.2 This approach provides sufficient time for necessary preparatory activities to be completed ahead of go-live.
- 9.3 This lead-in period is required to allow Distributors to complete the required alignment of sites MIC to the appropriate charging band prior to implementation. This activity must be undertaken in advance of the DCUSA implementation date so that, on the day the change takes effect, sites are aligned to the correct band and the revised charging arrangements apply from day one.
- 9.4 DCP 466 is not retrospective in effect.

² [Energy system cost allocation and recovery review | Ofgem](#)

10 Legal Text

- 10.1 The DCP 466 legal text amends Schedule 32 to remove the exceptional circumstances provisions for half-hourly metered non-domestic premises and to update the reallocation rules so that residual charging bands are determined by, and move in line with, a site's current Maximum Import Capacity.
- 10.2 In addition to the changes required to implement DCP 466, a small number of housekeeping amendments have been made to tidy up Schedule 32.
- 10.3 These include:
- the deletion of Paragraphs 2.1 to 2.5 "Initial Determination of Charging Bands" (note that aspects of Paragraph 2.4 have been retained and moved to the now new 2.4), and
 - the deletion of Paragraphs 5.1 to 5.3.
- 10.4 These provisions relate to processes and activities associated with the original implementation of the TCR framework, which are no longer required. The removal of these Paragraphs simplifies the drafting of Schedule 32 by removing legacy text, ensuring that the Schedule focuses on the enduring arrangements for allocation and reallocation of charging bands.
- 10.5 The legal text can be found in Attachment 1.

11 Code Specific Matters

Reference Documents

- 11.1 There are no additional reference documents included with this document.

12 Recommendations

- 12.1 The Panel approved this Change Report on 20 May 2026. 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 this CP.
- 12.2 The Panel has recommended that this report is issued for voting and DCUSA Parties should consider whether they wish to submit views regarding this CP.

13 Attachments

- 13.1 Attachment 1 - DCP 466 Legal Text
- 13.2 Attachment 2 - DCP 466 Voting Response Form
- 13.3 Attachment 3 - DCP 466 Consultation, Industry Responses and Working Group Feedback
- 13.4 Attachment 4 - DCP 466 Change Proposal Form