

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	1. Do you understand the intent of the CP?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	Yes.	
<b>ENC</b> [IDNO]	Non-Confidential	Yes.	
<b>ESP</b> [IDNO]	Non-Confidential	Yes, we understand the intent.	
<b>IDCSL</b> [IDNO]	Non-Confidential	Yes.	
<b>NPg</b> [DNO]	Non-Confidential	Yes, we understand the intent of the CP.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	Yes.	
<b>SPEN</b> [DNO]	Non-Confidential	Yes.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	Yes, we do.	

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>SSEN</b> [DNO]	Non-Confidential	Yes.	
<b>Stark</b> [IDNO]	Non-Confidential	Yes. The intent is to ensure tariff bands always follow agreed MIC and update automatically when capacity changes.	
<b>UKPN</b> [DNO]	Non-Confidential	Yes.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	2. Are you supportive of the principle of the CP?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	<p>We are supportive of taking action to address feedback from customers that they dislike the TCR bands, but we do not support the proposed solution.</p> <p>We believe that the real defect here is with the TCR bands themselves and not the ability of customers to move between them. The TCR banded charges are difficult to justify to customers and the cliff edges between the bands can be significant and are set to increase significantly over the next few years.</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<p>The allocation of the residual under the Targeted Charging Review was designed to be unavoidable. This was deliberate to avoid unintended behavioural signals being sent to the market.</p> <p>We have concerns that customers that are just above a band threshold would be given an uneconomical incentive to marginally reduce their capacity to achieve a significant charge reduction under this proposal.</p> <p>Also, if customers reduce their TCR band during the year this will create under recovery of network owner allowed revenue, which will then be recovered from all customers in later year's charges. This poses questions of fairness.</p> <p>Perhaps the defect would be rectified more adequately by moving the residual recovery into the capacity charge for this subset of customers. This would avoid the large step changes between bands, allowing customers to have greater control over their residual costs whilst minimising unintended consequences.</p>	
<b>ENC</b> [IDNO]	Non-Confidential	Yes.	
<b>ESP</b> [IDNO]	Non-Confidential	Yes, we support the intent.	
<b>IDCSL</b> [IDNO]	Non-Confidential	Yes.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>NPg</b> [DNO]	Non-Confidential	Yes, we are supportive of the principle of the CP. The world has moved on since the concept of the TCR was developed and with the benefit of hindsight we can see that there are issues with the rigidity of the current approach to reallocation. We welcome the proposed changes which should provide a much better customer experience.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	Yes.	
<b>SPEN</b> [DNO]	Non-Confidential	Yes.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	<p>We have mixed views but agree that some elements of the TCR provisions should be reviewed.</p> <p>On the one hand, we consider that this CP would alter a key feature of Ofgem’s TCR residual banding approach, namely the stipulation that site bands are set for a fiveyear period, as set out under DCP360 (e.g. paragraphs 4.38 and 6.6 of the Change Declaration).</p> <p>Our understanding is that this feature was to reflect the cost-recovery nature of the residual charges. These charges are not to give a locational signal and should not lead to network user behaving in a way which is intended to avoid the charge – as set out in para 4.4 of this consultation: “...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”.</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<p>On the other hand, we agree that the current system (which only permits within-price control banding reviews under ‘Exceptional Circumstances’, applying a 50% change threshold) may need to be evaluated, given that the TCR has been in force since April ’22 at distribution level, and April ’23 at transmission level. For instance, a different threshold level may be more appropriate for permitting an exceptional banding review.</p> <p>We also consider that at almost two years, the current time lag between the five-yearly banding review and the start of the new bands being implemented may be too long, resulting in the reviewed bandings no longer being accurate by the time they come into force.</p>	
<b>SSEN</b> [DNO]	Non-Confidential	<p>In its current format we believe this CP has the potential to draw focus onto the perhaps perceived ‘unfair’ nature of the current re-allocation process. It would create further unfairness, in a difference of approach between HH and NHH where NHH customers are still obliged to achieve a 50% reduction, which this CP is looking to remove as it is an ‘arbitrary’ figure. Although in principle this CP would make the TCR process much more transparent, and customers would have more flexibility around releasing capacity in order to maximise residual band saving, we believe that considering the discussions had during the initial creation of the TCR and the subsequent CPs that have occurred after it’s implementation that this fundamental a change would need further justification.</p>	

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>Stark</b> [IDNO]	Non-Confidential	Yes. This improves fairness, removes the arbitrary >50% rule, and reduces customer disputes.	
<b>UKPN</b> [DNO]	Non-Confidential	Yes.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	3. To Distributors: What is your experience of the customer interactions regarding band changes?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	N/A.	
<b>ENC</b> [IDNO]	Non-Confidential	We regularly receive requests from customers asking for an amendment to their capacity.	
<b>ESP</b> [IDNO]	Non-Confidential	<p>Customers are becoming more sophisticated in their understanding of charging and are adjusting their connections to minimise costs where possible – including reducing capacity, if practical.</p> <p>However, they are also aware of the struggle to secure capacity both at new sites and when increasing load on existing sites.</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		Customers expect their banding to change immediately when they reduce capacity as they want the full cost benefit of the reduction as soon as possible – some customers are deliberately reducing their load demand below banding thresholds, to obtain the benefits of lower fixed tariffs.	
<b>IDCSL</b> [IDNO]	Non-Confidential	As a new IDNO that has recently entered the market, we have no experience of interacting with customers regarding band changes as all our existing connections are on the correct charging bands in relation to their agreed MIC.	
<b>NPg</b> [DNO]	Non-Confidential	Customers often claim the current rules are ‘unfair’ or ‘rigged’. They claim that there is little logic behind the rules and some simply cannot believe that the rules are the rules. We often feel the need to apologise to customers who have pulled the short straw during the allocation process. We must explain that we are obligated under the licence to follow the rules in the DCUSA and that we are unable to help them if they are unable to reduce their MIC by more than 50%.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	N/A.	
<b>SPEN</b> [DNO]	Non-Confidential	Band changes are the main reasons for DUOS-related contacts. It does not always appear to be a well understood area. Customers and sometimes their third-party representatives often expect that a band change would happen automatically with a reduction in capacity. It is	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		extremely rare to get these enquiries from customers who have increased their capacity.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	The intent of this question isn't clear to us. This question seems more appropriate for a Request for Information (RFI) in advance of this consultation, so that the information obtained can be shared with consultees and help shape their position. In addition, the question is very broad, and it is not clear what exactly it is getting at.	
<b>SSEN</b> [DNO]	Non-Confidential	Initially we would have been approached by customers/suppliers/brokers asking us to review bands and issues might have occurred due to them not being aware of the 'Exceptional Circumstances' process. Some customers have taken issue with not being made aware of this process in advance of the TCR Banding exercise, advising they would have lowered their capacity earlier so the 24-month average would have taken this into account. There have also been issues with the 50% reduction, again some customers advising this is an unfair rule that they were not previously aware of, further compounded by the implementation of DCP 389. Confusion does still occur where a customer is going through this process for the first time and does not agree with the need for there to be a separate process to have their band re-assessed when they have already gone through the process of reducing their capacity.	
<b>Stark</b> [IDNO]	Non-Confidential	Customers are often unaware they must apply for rebanding, leading to confusion, misaligned bands, and requests for backdated corrections/disputes noted in the consultation. Moving to automatic banding at MIC change should materially reduce these issues.	



## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>UKPN</b> [DNO]	Non-Confidential	<p>Customers do not understand the process. They are often not aware of the 50% criteria, and they are not aware of the need to apply.</p> <p>This will often result in a complaint when they realise the band change is not applied automatically or retrospectively.</p>	
Working Group Conclusions:			

Company	Confidential/ Anonymous	4. To Distributors: What process do you follow when dealing with exceptional circumstances? Does the customer have to apply, or do you have any other ways of identifying these customers?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	N/A.	
<b>ENC</b> [IDNO]	Non-Confidential	We receive requests from customers directly, asking for an amendment to their capacity. As part of the process, we will obtain a Max Demand Report for the customer as the first port of call, to ensure they are aware of their capacity usage, before deciding on the amendment.	
<b>ESP</b> [IDNO]	Non-Confidential	N/A.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>IDCSL</b> [IDNO]	Non-Confidential	As above, we have no experience of a customer applying for a change in charge band due to exceptional circumstances. All reductions to MIC requests are managed by our MPAN team and to date, we have not received a change to MIC due to the fact the majority of our energised connections are less than 12 months old.	
<b>NPg</b> [DNO]	Non-Confidential	<p>Yes, the customer must specifically apply and then provide a letter that declares exceptional changes at site (as per the DCUSA legal text).</p> <p>We do provide reallocation process information whenever a customer changes their MIC via our connection records team, which prompts them to contact the reallocation team and lays out the criteria required for reallocation.</p>	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	N/A.	
<b>SPEN</b> [DNO]	Non-Confidential	The customer contacts us after a change in capacity, and we request a letter stating that there has been change of use, if this has not already been provided.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	The consultation document, para 4.2, has already answered the question: “Re-banding is not automatic; it requires a customer application.”, and this is as implied under DCUSA Schedule 32, para 6.2: “Where a Customer or its Registrant applies to the DNO/IDNO	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		Party of have a Final Demand Site reallocated...” , so the question seems obsolete.	
<b>SSEN</b> [DNO]	Non-Confidential	Currently we follow the process as set out by DCUSA Schedule 32 i.e. the customer must apply having changed their capacity by more than 50%. When a customer applies to have their capacity changed we make them aware of the Schedule 32 process, clearly stating it is a separate process and that changing capacity alone will not automatically result in a residual band re-assessment. We also flag that residual band reallocations will only take effect from the time we receive the Director letter in line with DCUSA.	
<b>Stark</b> [IDNO]	Non-Confidential	Under Schedule 32, in-period rebanding relies on a customer/registrant application with specified evidence (e.g., director-signed confirmation), i.e., not automatic.	
<b>UKPN</b> [DNO]	Non-Confidential	The customer has to apply.	
Working Group Conclusions:			

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	5. To Distributors: As of today, how many sites are in a band that is not reflective of their MIC? Please provide the total split (i.e number of sites moving up and down) and confirm the residual charge cost implication (- /+£). Please also provide the total number of HH settled sites.	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	N/A.	
<b>ENC</b> [IDNO]	Non-Confidential	Attached.	
<b>ESP</b> [IDNO]	Non-Confidential	N/A.	
<b>IDCSL</b> [IDNO]	Non-Confidential	Zero. All of our sites are in the right band according to their agreed MIC.	
<b>NPg</b> [DNO]	Non-Confidential	We have provided analysis for both 'As of today' which represents the 2025/26 period and tariffs, as well as for 2026/27 so we can also see the future impact in the ET3 allocation period which operates on different thresholds.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<table><tr><th colspan="6">2025/26</th></tr><tr><th>Voltage</th><th>Total MPANs</th><th>Impacted MPANs</th><th>MPAN %</th><th colspan="2">Annual £</th></tr><tr><td>LV</td><td>28,071</td><td>1,797</td><td>6%</td><td>-£</td><td>566,702</td></tr><tr><td>HV</td><td>2,736</td><td>238</td><td>9%</td><td>-£</td><td>615,162</td></tr><tr><td>EHV</td><td>133</td><td>5</td><td>4%</td><td>-£</td><td>71,534</td></tr><tr><td>ALL</td><td>30,940</td><td>2,040</td><td>7%</td><td>-£</td><td>1,253,398</td></tr></table> <p>The below uses the ET3 thresholds against the latest ET3 allocations that come into effect 01/04/2026.</p> <table><tr><th colspan="6">2026/27</th></tr><tr><th>Voltage</th><th>Total MPANs</th><th>Impacted MPANs</th><th>MPAN %</th><th colspan="2">Annual £</th></tr><tr><td>LV</td><td>27,711</td><td>1,274</td><td>5%</td><td>-£</td><td>619,098</td></tr><tr><td>HV</td><td>2,749</td><td>157</td><td>6%</td><td>-£</td><td>383,539</td></tr><tr><td>EHV</td><td>133</td><td>3</td><td>2%</td><td>£</td><td>108,112</td></tr><tr><td>ALL</td><td>30,593</td><td>1,434</td><td>5%</td><td>-£</td><td>894,525</td></tr></table>	2025/26						Voltage	Total MPANs	Impacted MPANs	MPAN %	Annual £		LV	28,071	1,797	6%	-£	566,702	HV	2,736	238	9%	-£	615,162	EHV	133	5	4%	-£	71,534	ALL	30,940	2,040	7%	-£	1,253,398	2026/27						Voltage	Total MPANs	Impacted MPANs	MPAN %	Annual £		LV	27,711	1,274	5%	-£	619,098	HV	2,749	157	6%	-£	383,539	EHV	133	3	2%	£	108,112	ALL	30,593	1,434	5%	-£	894,525	
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## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>SSEN</b> [DNO]	Non-Confidential	Please see the spreadsheet ref: SSEN DCP466. These figures are as of December 2025 and do not take into account the re-banding of MPANs that will occur in April 2026.	
<b>Stark</b> [IDNO]	Non-Confidential	<p>As a newly established IDNO, Stark Infra does not yet hold full historic visibility of banding or DUoS Tariff ID allocations administered by host DNOs.</p> <p>As such, we cannot provide a reliable quantified split of sites whose bands may not currently reflect their MIC without undertaking a bilateral data-gathering exercise with the relevant host DNOs.</p> <p>Nonetheless, we recognise that misalignment can occur under the existing application-led rebanding rules, and support DCP466 as a means of reducing such discrepancies going forward.</p>	
<b>UKPN</b> [DNO]	Non-Confidential	<p>We have 68,200 customers.</p> <p>3,800 are on a band that does not match their MIC. Of which 1,400 should be in a higher band and 2,400 should be in a lower band.</p> <p>The net impact on charges of putting those into the correct band would be a reduction of £18k per year at current prices across our three regions.</p>	
Working Group Conclusions:			

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	6. Does the change to the TCR bands in April interact with this change and how?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	<p>Although there would be no initial impact on the TCR band changes in April there could be unintended consequences. It is unclear how many sites have the potential to move between bands, especially given the additional incentive to reduce their agreed capacity created by this proposal.</p> <p>Could the distribution of customers across the charging bands be materially different to the distribution used to create the band thresholds themselves, leading to a distortion?</p>	
<b>ENC</b> [IDNO]	Non-Confidential	The interaction occurs when the band threshold changes and a customer has not changed their MIC but changes band due to a threshold change. This does however interact in the same manner as the current process, as customers can currently move band when the TRC thresholds change every five years despite not changing capacity.	
<b>ESP</b> [IDNO]	Non-Confidential	The bandings all reset at the transmission price control period so, once the banding update is complete, all bands will be correct as of April 26. This would be the ideal time to introduce the new process as it would reduce the workload necessary at implementation.	
<b>IDCSL</b> [IDNO]	Non-Confidential	No comment.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>NPg</b> [DNO]	Non-Confidential	No the revised tariff band boundaries effective from April 2026 do not affect the principle of this change but as can be seen in the answer to the previous question they change the impact analysis slightly.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	We do not see a direct interaction between the residual band boundaries changing for April 2026.	
<b>SPEN</b> [DNO]	Non-Confidential	We do not believe that there is an interaction with this change, the principle will still apply after April 2026.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	<p>This would depend on the implementation date, should the CP be approved.</p> <p>We consider that this CP has not sufficiently considered a number of the impacts, and some of these are likely to affect implementation timelines:</p> <ul style="list-style-type: none"> <li>a. The CP is likely to result in an <b>increase in the number of re-bandings</b> overall, and on an ongoing basis (i.e. not just every five years, and in between for a small number of ‘Exceptional Circumstances’ cases). This will require additional resource and time at both DNO and supplier level which ought to be assessed by the Working Group.</li> <li>b. A large number of ongoing re-bandings could materially affect the number of sites in each band, with significantly</li> </ul>	



## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<p>more or fewer sites than originally assigned having to cover their band’s share of the overall residual pot, potentially resulting in distortions between bands, as well as potentially increase the volatility of residual charges.</p> <p>c. The Working Group should explore the impact of the change on DNO revenue collection, e.g. will there be more or less <b>residual over- or under-recovery</b> than is currently the case?</p> <p>d. The CP is likely to affect the collection of the <b>TNUoS residual from distribution customers</b>, too. This should also be assessed.</p> <p>e. We think that if the re-banding process is changed for distribution customers, this should also be considered for transmission-connected customers, i.e. a CUSC change should be raised to align practices for the two network levels.</p>	
<b>SSEN</b> [DNO]	Non-Confidential	<p>The change to the TCR Band threshold would interact with this change as such that if it were to be approved and implemented after April 2026 then the new thresholds would have to be applied and customers sorted into bands that would differ from their current standing i.e. the numbers associated with question 5 will no longer be relevant as most of the capacity changes that have taken place since 2021’s banding process should have been addressed in the 2026 exercise. The changing of the thresholds would also cause some to re-assess the potential to release capacity now knowing that it does not</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		have to be 50%. Therefore it could be possible to see a not insignificant shifting of customers within bands, this would inevitably have an effect on collection of revenue.	
<b>Stark</b> [IDNO]	Non-Confidential	<p>The April 2026 TCR rebasing will itself trigger a one off re assessment exercise; DCP466 is focused on business as usual between TCR reviews.</p> <p>They are therefore complementary: TCR sets the band thresholds for the next period, while DCP466 ensures bands track agreed MIC changes within the period rather than waiting for the next control.</p>	
<b>UKPN</b> [DNO]	Non-Confidential	The re-banding in April will move some customers onto the correct bands. It resets things but over time this issue will become apparent as customers subsequently change capacity without applying for the band to be reviewed or are caught in the averaging over a number of months used in the re-banding process.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	7. To Distributors and Suppliers: If implemented, what impacts would this change have on resources at the point of implementation and thereafter?	Working Group Comments
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## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>Centrica</b> [Supplier]	Non-Confidential	<p>We foresee administration costs associated with additional customer contact regarding banding changes and contractual amendments for sites moving between bands.</p> <p>However, we expect the number of customers moving between bands due to their agreed capacities changing to be smaller than the number of band movements caused by current five yearly rebanding process.</p>	
<b>ENC</b> [IDNO]	Non-Confidential	<p>Amending the customers tariff band following a change in capacity is something we deal with on a regular basis. we believe that we have the right resources to facilitate this change at the point of implementation and afterwards.</p>	
<b>ESP</b> [IDNO]	Non-Confidential	<p>We expect limited impact to our resources if this change is implemented.</p> <p>As mentioned in Q6 – as the price control period commences in April 2026 all MPANs will be correct as of that date, so implantation before this means would not require any additional effort. If implementation is after this date, it may take some time to manually re-band all MPANs – numbers should be lower for smaller distributors.</p>	
<b>IDCSL</b> [IDNO]	Non-Confidential	<p>IDCSL are a new IDNO with zero sites on the ‘wrong’ band according to MIC. For our sites, the resource will be BAU to manage MIC change requests.</p>	

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>NPg</b> [DNO]	Non-Confidential	<p>If implemented this would require a one-off exercise to move all MPANs to the correct LLFC.</p> <p>But it should free up resource going forward as there would be no reallocation requests or complaints to deal with. A single team could deal with the LLFC change at the same time as the capacity was reduced. There would be no life-span monitoring of MPAN allocations to ensure they were always in the right band. It would also mean there is no need for annual allocation reviews etc for HH (MIC) customers.</p> <p>In summary, we think it would be a far more efficient process for both customers and Distributors if the tariff was aligned to the MIC.</p>	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	<p>We expect impacts of this change to have a low impact on resources as we have existing processes in place for managing changes to DUoS tariffs.</p>	
<b>SPEN</b> [DNO]	Non-Confidential	<p>This would be determined if and when the proposal is approved, and the new process is implemented. It is hoped that any impact on day-to-day processes would be balanced out by the reduction in resources required for initial banding and for Annual Allocation Review. Clarity over what changes will take place in the Annual Allocation Review would be welcomed.</p>	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	<p>We anticipate that this CP is likely to result in an increase in the number of re-bandings overall, and on an ongoing basis. However, without a quantified impact assessment, we are not able to estimate</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		the impacts of this CP on our resource requirements. As per our response to q.6, we’d like the Working Group to provide such an impact assessment.	
<b>SSEN</b> [DNO]	Non-Confidential	No significant impacts are envisaged if this change were to be implemented.	
<b>Stark</b> [IDNO]	Non-Confidential	We anticipate a net reduction in rework and dispute handling following transition, as the proposal removes the manual, application-led “exceptional circumstances” pathway and replaces it with a transparent, automatic process.	
<b>UKPN</b> [DNO]	Non-Confidential	Minimal impact.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	8. To Suppliers: What would the impacts be on your existing and future customer contracts and would these impacts be acceptable?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	We do not foresee large scale contractual issues with this change on existing or future contracts. There will be a potential influx of requests to revise contracted standing charges, but likely a lower	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		volume and more sporadic than the customer contact driven by the current TCR rebanding exercise that takes place every five years.	
<b>ENC</b> [IDNO]	Non-Confidential	N/A.	
<b>ESP</b> [IDNO]	Non-Confidential	N/A.	
<b>IDCSL</b> [IDNO]	Non-Confidential	Not applicable.	
<b>NPg</b> [DNO]	Non-Confidential	N/A.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	<p>We anticipate that existing &amp; future contracts may have some impact as per response to Q7, in so far as they may either require some pricing changes in some cases.</p> <p>The impact would be acceptable because this change removes complexity, making it very clear that the capacity level agreed directly relates to the residual band threshold levels and in turn the residual band a site is allocated too, so there cannot be any doubt that a site is allocated to the correct residual band.</p>	
<b>SPEN</b> [DNO]	Non-Confidential	N/A.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	<p>The impacts of the CP on our existing and future customers would depend on the type of contract the customer has with us. For instance, under some types of contracts, there may not be any obligation on suppliers to update tariffs in relation to residual banding amendments, though we recognise that this could result in customer dissatisfaction in the case of a band reduction (though probably not in the case of an increase in a site’s band). Where a tariff change is not passed on to the customer under their existing contract, they may be under- or over-charged for a period of time.</p> <p>With regard to future contracts, for those products which would lock in non-commodity costs, we may need to review our charges to account for the additional risk that this CP creates by allowing residual banding changes at any point in time, in particular, changes resulting in fixed charge increases.</p>	
<b>SSEN</b> [DNO]	Non-Confidential	N/A.	
<b>Stark</b> [IDNO]	Non-Confidential	Not applicable.	
<b>UKPN</b> [DNO]	Non-Confidential	N/A.	
Working Group Conclusions:			

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	9. Do you agree with the proposed solution of removing the “exceptional circumstances” rule? Please provide your rationale either way.	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	Yes, should this modification be approved the exceptional circumstances rule would appear to be largely superfluous.	
<b>ENC</b> [IDNO]	Non-Confidential	Yes, this change would mean the exceptional circumstances process is no longer necessary, as when capacity changes, the band will change along with it if applicable. Any site which would be eligible for exceptional circumstances would also be able to change band as a result of this change.	
<b>ESP</b> [IDNO]	Non-Confidential	<p>Yes, we agree.</p> <p>Impacts of the current process are greater than was anticipated when it was created in 2019.</p> <p>The immediate movement to the corresponding tariff band creates further incentive for connections to minimise reserved capacity as far as possible. This supports the capacity constrained networks by freeing up unused capacity, in turn, supporting reduction of the queue for connections.</p> <p>The change would encourage ramping of loads reflecting the real capacity demands of connections. If connecting customers are</p>	



## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<p>incentivised to start with lower capacity this allows DNOs time to reinforce networks while in advance of the need for the higher capacity.</p> <p>Customers also see more cost reflective tariffs as they are only paying the residual charges associated with the capacity they have reserved, rather than over or underpaying for up to 5 years.</p> <p>The risk of gaming is low as connectees are unlikely to voluntarily reduce their capacity beyond their needs, as they recognise the risk of not being able to regain it later.</p> <p>We did have some concern around volatility of tariffs this change may introduce however we believe this is mitigated by the connection agreement only allowing reductions to capacity once in a 12-month period.</p>	
<b>IDCSL</b> [IDNO]	Non-Confidential	<p>IDCSL believe that removing the ‘exceptional circumstances’ is a better experience for the customer and the distribution system constraints. The customer may be looking to reduce their DUoS charges (especially the residual element), which will benefit the distribution system overall by releasing ‘stale’ capacity, but would be frustrated when the residual charge itself remains the same (albeit the capacity charges are reduced). This can be supported by the customer inputs to DCP420 and DCP454 – it is the residual charge that the customers appears to be arguing is cause for concern.</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>NPg</b> [DNO]	Non-Confidential	<p>Yes, we believe it is a much more pragmatic approach, that provides a better customer experience whilst introducing more efficient processes. Furthermore, it will be more transparent for customers and does not require them to have a deep understanding of the DCUSA. It will mean also that a customer or Supplier can always identify which band a site is in based solely on the current MIC, rather than having to ask the DNO what the average MIC used to band the site was.</p> <p>There are some issues that need to be addressed as this mod progresses, such as the periodic threshold review process and how that might become an issue if customers reduce/increase capacities to a value close to the band boundaries, but these do not feel insurmountable.</p>	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	<p>We agree and support the removal of the exceptional circumstances rule, in this case that requires a change in capacity of +/- 50% in order for the residual band to be reassessed and moved within the boundaries.</p> <p>This will make remove all the complexity that underpins this rule, as it is not easily understandable to customers subject to the rule.</p> <p>Whilst we understand the rule was introduced under the TCR as a method to prevent gaming by preventing small changes in agreed capacity resulting in movement of band allocated to the site, the complexity surrounding it has had an unintended consequence of</p>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		perceived unfairness as customers remain subject to residual bands that do not reflect their newly agreed capacity levels. Simplifying the rule so when capacity changes are agreed that movement between the residual band thresholds also changes alleviate’ s this perceived unfairness and is much simpler for customers to understand.	
<b>SPEN</b> [DNO]	Non-Confidential	Yes, since this would allow customer’s banding to change more dynamically, both up and down, and would therefore be more reflective of capacity.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	No. We suggest that the Working Group explores an alternative solution to the proposed solution, whereby the ‘Exceptional Circumstances’ provisions are reviewed, especially now that the TCR has been in force for a while. For instance, it may be appropriate to change the current 50% eligibility threshold and replace it with a more evidence-based value.	
<b>SSEN</b> [DNO]	Non-Confidential	We recognise that the “exceptional circumstances” conditions could be regarded as random, with no empirical evidence supporting these requirements, but they were implemented to facilitate Ofgem’s TCR decision document which stipulated any proposed solution for customers being reallocated within a price control period should be subject to ‘tightly restricted circumstances’. At present, the consequential revenue shifting if the exceptional circumstances process is removed is unknown but could potentially be significant in regards of £ GBP sums. Should DCP 466 include a provision for Network Operators to request a derogation enabling in-year tariff changes? In addition if the “exceptional circumstances” process was	

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		not removed for NHH customers it would create an imbalance between customers, with NHH still subject to an 'arbitrary' 50% threshold.	
<b>Stark</b> [IDNO]	Non-Confidential	<p>Yes. The &gt;50% threshold is arbitrary and creates unequal outcomes: customers who increase MIC can benefit from remaining in a lower band, while those who decrease MIC may not automatically see a lower band unless they apply.</p> <p>An automatic, capacity follows band rule at the moment the MIC change is agreed treats increases and decreases symmetrically, reduces backdating disputes, and aligns charges to the current network commitment.</p>	
<b>UKPN</b> [DNO]	Non-Confidential	Yes, as it would not be required if this change were to be implemented.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	10. Do you consider that the proposal better facilitates the DCUSA General Objectives? Please give supporting reasons.	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	We do not agree with the proposer that this change better facilitates DCUSA Objectives.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>ENC</b> [IDNO]	Non-Confidential	<p>We consider DCP466 better facilitates DCUSA General Objectives 2, 3 and 4. General Objective 2 is better facilitated by introducing this rule of re-banding, if applicable, as soon as capacity increases or decreases, customers can better predict their charges going forward, improving competition.</p> <p>Objective 3 is better facilitated as removing the &gt;50% threshold reduces risk of treating certain customers in a discriminatory manner, customers will therefore be treated more fairly and consistently.</p> <p>Objective 4 is better facilitated because it ensures the customers banding is updated automatically whenever their capacity changes. DCP466 improves both transparency and predictability for customers, suppliers, DNOs and IDNOs which better facilitates competition.</p>	
<b>ESP</b> [IDNO]	Non-Confidential	<p>Cost reflectivity is optimised, as consumers pay only for what they have reserved, and the cost is adjusted if they adjust their capacity requirement.</p> <p>Efficiency of application of DCUSA is improved as there would be no need for a re-banding exercise at each price control period. It may also facilitate other applications in the connection queue to connect more quickly than before.</p>	
<b>IDCSL</b> [IDNO]	Non-Confidential	IDCSL agrees with the WG that Objectives 2, 3 and 4 are better facilitated by the CP. It promotes competition, removes	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		discrimination and makes the implementation of DCUSA easier to support.	
<b>NPg</b> [DNO]	Non-Confidential	Yes, we believe it would better facilitate the DCUSA general objective, it removes an element of the winner/loser outcome that exists in the initial concept of the TCR. All customers with the same MIC will be in the same charging band, leading to more effective competition in supply and fairer treatment all round. It would also be much more efficient and transparent if the LLFC is tied to the MIC.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	We agree with the proposer’s rationale that DCUSA objectives 2,3 & 4 are better facilitated by this change.	
<b>SPEN</b> [DNO]	Non-Confidential	Yes, particularly objectives three and four.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	<p>We consider that because Schedule 32 is part of the network charging methodologies, the Charging Objectives (rather than the General Objectives) should apply to this CP. This would be in line with other TCR-related CPs, such as DCP360 which has so far determined the process for allocating and reallocating sites to residual charging bands.</p> <p>We consider that the impacts of this CP on all six Charging Objectives are neutral.</p> <ul style="list-style-type: none"> <li>• Objective 1 (DNOs’ obligations) – neutral</li> </ul>	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<ul style="list-style-type: none"> <li>• Objective 2 (competition) – neutral</li> <li>• Objective 3 (charges which reflect the costs incurred) – neutral</li> <li>• Objective 4 (developments in DNOs’ business) – neutral</li> <li>• Objective 5 (EU regs) – neutral</li> <li>• Objective 6 (Charging Methodology efficiency) - neutral</li> </ul>	
<b>SSEN</b> [DNO]	Non-Confidential	Partly - we agree that, if approved, DCP 466 positively affects DCUSA General Objectives 2, 3 and 4 for HH customers, but this would not be the case for NHH customers. It highlights the potential imbalance in approach between HH and NHH customers, not helping to facilitate the DCUSA General Objectives for all.	
<b>Stark</b> [IDNO]	Non-Confidential	<p>Objective 2 (competition): clearer, consistent application of bands improves price signals and comparability for customers and suppliers, aiding effective competition.</p> <p>Objective 3 (licence obligations): aligning bands to agreed MIC supports non-discriminatory charging and accurate recovery of allowed revenues consistent with licence and TCR intent.</p> <p>Objective 4 (administrative efficiency): reduces exception processing, disputes, and backdating complexity by making re allocation automatic and event driven.</p>	
<b>UKPN</b> [DNO]	Non-Confidential	Yes, as proposer of this change we believe that DCUSA General Objectives 2, 3 and 4 are better facilitated by this change as aligning the residual charging band to customers’ agreed capacities will reduce discrimination and hence facilitate License compliance,	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		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 within the thresholds of, at any given time.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	11. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	DUoS SCR, MHHS, TNUoS charging reform following the REMA decision.	
<b>ENC</b> [IDNO]	Non-Confidential	Not at this time.	
<b>ESP</b> [IDNO]	Non-Confidential	N/A.	
<b>IDCSL</b> [IDNO]	Non-Confidential	Ofgem/DESNZ/DfT have made reference to a Q3 2026 review of EVCP charging structures but the detail is not yet known to make an informed comment on.	
<b>NPg</b>	Non-Confidential	No, not at this time.	



## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

[DNO]			
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	None.	
<b>SPEN</b> [DNO]	Non-Confidential	No.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	Ofgem’s system cost recovery review seems relevant in the context of this CP. We would like the Working Group to explore this link.	
<b>SSEN</b> [DNO]	Non-Confidential	None.	
<b>Stark</b> [IDNO]	Non-Confidential	<p>With MHHS reducing the settlement window from 14 to 4 months, any incorrect DUoS Tariff ID at the time of a MIC change may not be correctable before final reconciliation. This increases the risk of uncorrected charges, supplier/IDNO exposure, and customer disputes.</p> <p>Automatic rebanding under DCP466 will have a positive impact, helping to prevent errors that MHHS will no longer give time to fix.</p>	
<b>UKPN</b> [DNO]	Non-Confidential	No.	
Working Group Conclusions:			

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

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Company	Confidential/ Anonymous	12. Are you supportive of the proposal to implement this CP in the next standard DCUSA release following Authority approval?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	<p>Should this proposal be approved, we believe that it would be appropriate to delay implementation to align with the charging year. This would allow DNOs and NESO to align the allocation of sites to bands in the calculation of their Use of System charges with the new methodology.</p> <p>Although sites could move between bands during a charging year, a potential distortion could be created by calculating charges on a different banding basis to which customers are allocated to bands.</p> <p>For example, UoS charges are published for the 2026/27 charging year, having been created under the current banding methodology. It is likely that the distribution of customers across the TCR charging bands (and therefore the charges created) would have been different if a later snapshot was used. Fundamentally the charges will have been created on a different basis to the way they have been applied.</p>	
<b>ENC</b> [IDNO]	Non-Confidential	Yes.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>ESP</b> [IDNO]	Non-Confidential	Yes, it should be targeted as close to the 2026 tariff band update as possible to avoid extra work re-banding connections.  A deadline for changing all MPANs to the correct band will need to be set.	
<b>IDCSL</b> [IDNO]	Non-Confidential	Yes.	
<b>NPg</b> [DNO]	Non-Confidential	Yes.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	Yes.	
<b>SPEN</b> [DNO]	Non-Confidential	Yes.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	We think that due to a range of impacts this CP is likely to have, and the timescales needed to address these impacts, the intention to implement the proposal at the next DCUSA standard release (i.e. no more than three months away from Ofgem’s decision date) may not be feasible.	
<b>SSEN</b> [DNO]	Non-Confidential	Per above comments, further discussion required.	

## DCP 466

### 'Tariff Band to follow Capacity'

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>Stark</b> [IDNO]	Non-Confidential	A standard DCUSA release post Authority approval is appropriate.	
<b>UKPN</b> [DNO]	Non-Confidential	Yes.	
Working Group Conclusions:			

Company	Confidential/ Anonymous	13. Do you have any comments on the draft legal text?	Working Group Comments
<b>Centrica</b> [Supplier]	Non-Confidential	N/A.	
<b>ENC</b> [IDNO]	Non-Confidential	Not at this time.	
<b>ESP</b> [IDNO]	Non-Confidential	For non-domestic sites, which are banded based on consumption, the legal text suggests they must still wait until the 50% increase/decrease threshold is met.  This could be perceived as discriminatory to this group of customers.	
<b>IDCSL</b>	Non-Confidential	No.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

[IDNO]			
<b>NPg</b> [DNO]	Non-Confidential	No, not at this time.	
<b>NPower Commercial Gas</b> [Supplier]	Non-Confidential	Yes.	
<b>SPEN</b> [DNO]	Non-Confidential	Some clarity around the impact on the Annual Allocation Review would be welcomed.	
<b>SSE Gen</b> [DG / Supplier]	Non-Confidential	<p>We note that the ‘Legal Text’ section (8.) of the consultation document does not contain any explanation on the proposed changes. Given the significant, extensive and complex nature of the proposed changes to Schedule 32, we would have liked to see a narrative which sets out the full list of proposed legal text changes and their rationale in some details.</p> <p>We further note that the removal of sections 1.8, 2, 4.6 and 5 of Schedule 32 would be, in our view, a housekeeping change, given its provisions applied to a period in the past. This change doesn’t seem to be needed in the context of this CP, but if it is to be included, the reasons for doing so should be clearly stated.</p>	
<b>SSEN</b> [DNO]	Non-Confidential	None.	

## DCP 466

### ‘Tariff Band to follow Capacity’

#### COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

<b>Stark</b> [IDNO]	Non-Confidential	<p>Stark Infra supports the intent and drafting.</p> <p>We do,however, suggest a minor clarification so the effective-from date for rebanding is explicit when a MIC change is agreed.</p> <p>Several clauses refer only to updates taking effect ‘from the next billing period’ without specifying when the DUoS Tariff ID update must be issued.</p> <p>Aligning this with the existing requirement to complete updates before the relevant Final Reconciliation Run would support MHHS, where shorter settlement windows increase the need for timely DUoS updates.</p>	
<b>UKPN</b> [DNO]	Non-Confidential	No.	
Working Group Conclusions:			