Targeted Charging Review

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What’s the Targeted Charging Review?

1. TNUoS: Transmission Network Use of System
2. DUoS: Distribution Use of System
What’s the problem with network charges today?

Those who can currently avoid network costs will pay more.

Because the size of the pot doesn’t change.

Triads
Red bands
Own gen

Not going away, just smaller overall effect on your costs.
What’s the problem with network charges today?

Ofgem uses the Price Control Review to set revenue target for network operators.

1. Fairness
   - Some users manipulate their demand to reduce their contribution.
   - But that means other users have to make up the shortfall.

2. Future fit
   - The method was designed for a highly centralised system.
   - Now it needs to work for flexible users and decentralised generation.
## Proposed Residual charges

<table>
<thead>
<tr>
<th>Bandings</th>
<th>TNUoS</th>
<th>DUoS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ofgem TCR indicative nos</td>
<td>Lower Volume Threshold (KWh)</td>
<td>Upper Volume Threshold (KWh)</td>
</tr>
<tr>
<td>TCR 1st Band</td>
<td>0</td>
<td>5,403</td>
</tr>
<tr>
<td>TCR 2nd Band</td>
<td>5,404</td>
<td>17,538</td>
</tr>
<tr>
<td>TCR 3rd Band</td>
<td>17,539</td>
<td>33,559</td>
</tr>
<tr>
<td>TCR 4th Band</td>
<td>33,560</td>
<td>-</td>
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</tbody>
</table>

## Lower Agreed Supply Capacity (Kva) Upper Agreed Supply Capacity (Kva)

| Bandings | TCR 1st Band | 0 | 80 | £1,154 | £197 | £933 | £931 | £473 | £1,476 | £1,047 | £931 | £1,388 | £1,427 | £588 | £1,487 | £5,949 | £938 |
| TCR 2nd Band | 81 | 150 | £2,048 | £230 | £1,686 | £638 | £3,403 | £1,952 | £2,210 | £1,098 | £2,547 | £1,056 | £1,098 | £588 | £1,487 | £5,949 | £938 |
| TCR 3rd Band | 151 | 225 | £2,458 | £297 | £1,881 | £769 | £2,829 | £2,203 | £2,547 | £1,374 | £3,449 | £3,277 | £1,192 | £1,098 | £588 | £1,487 | £5,949 | £938 |
| TCR 4th Band | 226 | - | £6,055 | £677 | £4,946 | £-2,616 | £9,387 | £4,887 | £8,049 | £3,785 | £9,510 | £8,584 | £2,992 | £3,751 | £9,902 | £2,976 | £5,663 |

## Low Voltage Half hourly

| Bandings | TCR 1st Band | 0 | 400 | £4,741 | £827 | £4,013 | £3,303 | £6,118 | £4,428 | £5,424 | £2,447 | £2,491 | £4,630 | £2,941 | £2,492 | £3,753 | £8,767 | £4,946 |
| TCR 2nd Band | 401 | 900 | £15,333 | £1,976 | £11,537 | £5,619 | £19,475 | £12,674 | £16,091 | £7,826 | £17,828 | £20,724 | £7,350 | £7,169 | £20,787 | £30,312 | £15,058 |
| TCR 3rd Band | 901 | 1,600 | £29,029 | £3,291 | £23,530 | £8,874 | £45,833 | £26,414 | £28,461 | £15,366 | £31,022 | £35,493 | £11,472 | £12,176 | £39,606 | £65,739 | £27,369 |
| TCR 4th Band | 1,601 | - | £80,671 | £9,366 | £70,553 | £-24,230 | £77,998 | £88,456 | £77,526 | £40,080 | £83,444 | £106,077 | £30,033 | £34,305 | £96,768 | £181,447 | £75,666 |
Let’s take a closer look at the impact for NHH customers

<table>
<thead>
<tr>
<th>Annual Consumption (kWh)</th>
<th>Residual Charge (£/Site)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£0</td>
</tr>
<tr>
<td></td>
<td>£200</td>
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<tr>
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<td></td>
<td>£1,400</td>
</tr>
<tr>
<td></td>
<td>£1,600</td>
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</tbody>
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LV NHH South Wales area

- Band 1
- Band 2
- Band 3
- Band 4

Let’s take a closer look at the impact for NHH customers.

- Decreased Cost
- Increased Cost
- Previous Methodology
- TCR Residual
Let’s take a closer look at the impact for HH customers
Finally let’s take a look at the level of residual per distribution area

% of DUoS tariff split between Residual and Forward-Looking for LV HH segment
How do you know what banding a customer will be in?

1. Domestic or non-domestic?
2. Where is the site?
3. What’s the voltage of the site?
How do you know what banding a customer will be in?

Calculated over a minimum 24 month average

- LV & LVS
- NHH
  - Annual Consumption
  - HH
    - Agreed Supply Capacity
How do you know what banding a customer will be in?

Calculated over a minimum 24 month average
When is this going to impact contracts?

TNUoS is due to be implemented in April 2021

DUoS is due to be implemented in April 2022
What are the options?

1. Only sign up to 31 March 2021

2. Choose pass-through TNUoS and DUoS
Get more updates and our forecasts of all these major NECs.

Read our Monitor report in Market Insight.

edfenergy.com/marketinsight
Thank you

Questions?
Email letstalkpower@edfenergy.com