



Targeted Charging Review Q&A

- Q** If the peak costs (TRIAD and Red Charges) were set high in order to relieve pressure on networks at peak times, surely a shift of load away from the peak is what was intended? An example of a plan that has gone too well?
- A** The peak signal was always intended to send a signal for demand shift away from those periods. However as the peak methodology has not changed in decades the amount of value being derived by avoiding those peak periods was actual more than the network companies intended to send. You could actually look at it in a slightly different way. The changes proposed by the TCR were several years too late.
- Q** Do we know costs implication expected on the North West are yet?
- A** We do for DUoS tariffs (see link below) and National Grid System Operator will give a latest forecast for TNUoS tariffs at the end of March 2021.
<https://www.enwl.co.uk/about-us/regulatory-information/use-of-system-charges/current-charging-information/>
- Q** Once our band is fixed for five years, if we change capacity is it reviewed, or do we have to wait until the end of the five year period before it is reviewed?
- A** A site is allocated a band for 5 years equal to the length of a regulatory price control. If a sites capacity falls by greater than 50% there is a dispute process in place. If that then moves a site into a lower band then those charges will be reflected going forward.
- Q** For sites with embedded generation, are these charges applied to export capacity as well?
- A** It is based on you Maximum Import Capacity.
- Q** The TNUoS changes etc. have been delayed a few times already. What are the chances this will be put back again?
- A** Very unlikely. The reason TNUoS was delayed by one year (from 2021 to 2022) was because Ofgem recognised that customers were already contracting in 2021 and the changes would be disruptive to those.
- Q** Will we know before Jan 22 what band we are in?
- A** You should already be allocated in a band. If you Availability Capacity has remained unchanged for the past 30 months, the value of that is a good indication of what band you will be allocated in



- Q** This doesn't encourage active demand side management if non-commodity (i.e. transmission and distribution charges) costs are fixed?
- A** Yes, that is correct. The counter argument is that network cost avoidance should never have been a signal to change consumption behaviour. You can still react to the remaining (albeit reduced) forward looking signal (red rate and triads) in addition to the wholesale energy cost.
- Q** We have an HV backup supply which we need to reduce the capacity of to limit the cost increases, when do we need to do this by to avoid the extra costs?
- A** We would need the specific site details to advise you. There is a challenge window - so if this has been missed we need to take this up individually with the distribution company to see what they can do.
- Q** The government must see that this will reduce the incentive for behind the meter renewables projects as the p/kWh avoidance has been significantly reduced. Will they be responding to this? Energy efficiency projects will surely also be less lucrative?
- A** If some of the cost benefit of making a behind the meter project was avoidance of what is now deemed as residual network costs, Ofgem and government argue that this signal should actually not have been there in the first place. The next major charging review is however looking at how flexible assets can gain more value.
- Q** We have had significant computing facilities coming on and off-site, and are building electrically heated buildings, and are holding some capacity in reserve for them. How will we plan to deal with this uncertainty?
- A** It would be advisable on trying to forecast, as best as possible how much capacity you require now and in the future. Based on that projection you can see whether it is advantageous to hold on to the extra capacity now or reduce it. It is also dependent on where in a band your site sits. If you can give more details this is something we can explore further.
- Q** Are there any expected changes to capacity charges off the back of these DUoS TNUoS reforms? Also, will the format of our electronic bills (EDI files) change and are M&T software providers e.g. Systems Link ready for any changes?
- A** There are no planned capacity charges changes planned. The format of the bills between EDF (a supplier) and the network companies will change. Depending on how you are billed at the moment, there could be some changes.

CONTACT US

If you have any further questions, then please do not hesitate to contact your Member Services Advisor.