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Andrew Self
10 South Colonnade
Canary Wharf
London,
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Our ref

Your ref

Date

24 September 2019

Dear Andrew,

Future Charging and Access programme – consultation on refined residual charging banding in the Targeted Charging Review

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc in response to Ofgem's above consultation. We welcome the opportunity to engage with Ofgem on this issue, and present both our concerns and alternative propositions.

WPD has concerns around the issues banding raises in terms of fairness and whether harmful distortions are reduced as an outcome of the proposals. Bandings, by definition, create step changes in charges which can result in significant changes to customers' bills. Our preferred approach for existing Half Hourly sites would be to have a linear p/KVA/day charge – recognising that this would provide customers with an improved recognition and understanding that a higher maximum import capacity (MIC) will result in higher bills. It would potentially free up capacity requirements on the network, which would be consistent with the aims of the wider Access and forward looking charges SCR.

For currently Non-Half Hourly billed non domestic sites a simple fixed charge would be an alternative approach.

If banded tariffs for LV non domestics is required, the data must be as accurate and timely as possible – preferably via recognised industry data flows.

If banded tariffs are to be used for EHV – should further segmentation of 132kV and 33kV connected customers be considered to allow for different usage of the voltages. In effect similar to the EDCM methodology that is in place today.

There is no mention of how LV substation tariffs are to be dealt with.

It is still unclear what is meant by final demand and the relationship that has with mixed (demand and generation) use sites.

If you wish to discuss any of the aspects of this response in further detail please contact Simon Yeo at syeo@westerpower.co.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Branston', with a stylized, looping flourish above the name.

PAUL BRANSTON
Regulatory & Government Affairs Manager