

Dear Ofgem TCR team,

The REA wish to express our continued opposition to the TCR reform proposals until and unless they are combined with and integrated into, the Access and Forward looking charges reform SCR.

The refined residual charging bands proposals still result in flat charges and this disincentivises flexibility on the system when such capacity is what is required at this point to rapidly decarbonise and is therefore contrary to meeting our Net Zero targets, in our view.

This being said, our members wish to submit the following feedback:

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

A) Regarding the leading alternative options:

- **1) fixed charge - their preferred option,**
- **2) agreed capacity charge,** where all users would face a charge based on the capacity of their connection to the network, with larger users' charges based on their agreed capacity level.
- **3) The hybrid option** comprising a fixed charge for smaller users with agreed capacity charges (a charge per kW) for larger users.

Our members prefer an approach which is as granular as possible and therefore options 2) or 3) are preferable.

B) Final demand definition

"For the avoidance of doubt, by final demand in the context of the TCR, we mean electricity which is consumed other than for the purposes of generation or export onto the electricity network. In practice, this would exclude electricity imported from the grid that is necessary for the operation of generation or, in the context of storage, which is imported for the purposes of re-exporting, including any which may be lost through waste in doing so."

Our members would wish Ofgem to clarify how will onsite generation be treated. As the same definition was used to remove levies from storage and the definition did not cover onsite generation.

If onsite generation is considered final demand and capacity is defined as grid capacity + onsite generation capacity then BTM is highly penalised.

For Example: a user with a 1MW connection + 1 MW battery will be in the group '2 MW capacity' and pay significantly more charges.

How will in front of the meter storage facilities be charged?

C) Impact assessment

There is **no impact assessment** of the two preferred options on :

- CO2/carbon budgets
- Impact for storage and grid resilience
- BTM generation/ storage
- "consumers will be unaffected with impact on BTM" not those who invested considerable amounts of money in energy efficiency measures...
- Wider impact on electrification of transport for example

This must be rectified and addressed as soon as possible and the above factors fully assessed and published.

D) EDCM/ CDCM

“we consider a fixed residual charge should be applied on a per site basis as is currently the case for both CDCM and EDCM models. We recognise that multiple MPANs can sometimes be associated with a single site. In general, it is not our policy intention to apply multiple fixed charges to single sites. However, we welcome views on any complexities or distortions which might be anticipated, such as in applying this to complex sites, IDNO or private networks. We would expect industry to consider how this policy can be implemented in practice through the industry modification process. Arrangements will need to differentiate between domestic and non-domestic users, as well as unmetered customers, with the residual allocated to these groups separately, within a voltage level, before any further segmentation is applied.”

Our members would welcome more clarity and information on the implications of the text.

E) Illustrative charges

Our members believe the proposals are missing a counterfactual/ status quo Illustrative charges figure for comparison against the proposals.

We also continue to a call for a series of case studies showing the combined impact of the proposed changes alongside the Access and Forward looking charges proposals, at different domestic and non-domestic sites.

We would be happy to discuss any of the above further and welcome the continued engagement from Ofgem with the industry.

With kind regards,