Promoting choice and value for all gas and electricity customers

25 June 2010

Electricity distribution charging boundary between higher (EDCM) and lower (CDCM) voltages – Update on illustrative charges

On 15 June 2010 Ofgem published an impact assessment consultation document (ref 72/10) on the charging boundary between EHV and HV/LV customers. The document incorporates some options for determining the charging boundary and an assessment of the potential impacts based on the initial evidence provided by the Distribution Network Operators (DNOs).

We provide below an update to our impact assessment tables[1] based on the DNOs' consultation document on the EDCM of 18 June 2010[2]. This incorporates changes to the illustrative position set out on 15 June. In particular:

- **The revised figures remain subject to further changes in light of the ongoing development of the EDCM.**
- The figures marked in bold in the fifth and the seventh column in table A represent the updated illustrative charges.
- Almost all the illustrative EDCM demand charges have changed, from -75 percent to +70 percent. In the main, apart from WPD Wales and WPD West, all the DNOs reported some significant increases and / or decreases. These changes were a result of the work DNOs did in the week following the publication of our boundary consultation and prior to the publication of their EDCM consultation, for example revision of the method for sole use asset charging.
- The estimated EDCM charge for one generation customer has changed from a negative charge to zero.

You can click here to download a copy of our consultation document as well as the agenda for the workshop on boundary issues (28 June, 2010).

Please note that the impact assessment consultation closes on 13 July 2010. If you wish to request for more time to prepare a response or have any queries, please contact Chris Chow (chris.chow@ofgem.gov.uk).

[1] Replacing tables A and B in Appendix 3 of our consultation document.
[2] Details of their consultation and workshop are available online at http://2010.energynetworks.org/edcm.

Table A - Illustrative charging impact on Class B customers under different boundary definitions[1]

Customer ID	DNO	Customer Class	Demand/ Generation	Illustrative 2010/11 DUoS charges (£/year)			Impact of moving from current charge to the CDCM (option RB)		Impact of moving from current charge to the EDCM (options NC and LB)[5]	
				Under current arrangments (1)	Under the CDCM[2, 3] (2)	Under the EDCM[4] (3)	Absolute change in annual charge (£/year) (2)-(1)	% change in annual charge [(2)-(1)]/(1)	Absolute change in annual charge (£/year) (3)-(1)	% change in annual charge [(3)-(1)]/(1)
1	EDF EPN	B1	Demand	349,256	1,663,000	**513,100**	1,313,744	376.2%	163,844	46.9%
2	CE NEDL	B1	Demand	132,476	1,054,900	**380,150**	922,424	696.3%	247,674	187.0%
3	WPD WALES	B1	Demand	918,602	1,739,050	**922,800**	820,448	89.3%	4,198	0.5%
4	CE NEDL	B1	Demand	646,369	1,447,050	**391,500**	800,681	123.9%	-254,869	-39.4%
5	WPD WALES	B1	Demand	1,376,928	2,107,850	**1,400,400**	730,922	53.1%	23,472	1.7%
6	EDF EPN	B1	Demand	92,605	502,600	**197,050**	409,995	442.7%	104,445	112.8%
7	CE NEDL	B1	Demand	88,396	460,300	**111,500**	371,904	420.7%	23,104	26.1%
8	WPD WALES	B1	Demand	158,504	489,450	**286,100**	330,946	208.8%	127,596	80.5%
9	WPD WEST	B2	Demand	146,846	476,350	**201,500**	329,504	224.4%	54,654	37.2%
10	WPD WEST	B2	Demand	246,981	551,900	**306,900**	304,919	123.5%	59,919	24.3%
11	EDF EPN	B2	Demand	80,420	378,100	**139,800**	297,680	370.2%	59,380	73.8%
12	SP DIST	B2	Demand	174,006	469,800	**245,050**	295,794	170.0%	71,044	40.8%
13	SEPD	B3	Demand	**273,452**	527,500	**132,150**	254,048	92.9%	-141,302	-51.7%
14	CE NEDL	B1	Demand	129,172	416,700	**155,050**	287,528	222.6%	25,878	20.0%
15	CN West	B1	Demand	108,042	390,000	**167,100**	281,958	261.0%	59,058	54.7%
16	WPD WALES	B1	Demand	118,746	370,950	**168,700**	252,204	212.4%	49,954	42.1%
17	CE NEDL	B1	Demand	663,233	894,300	**332,500**	231,067	34.8%	-330,733	-49.9%
18	SEPD	B2	Demand	**316,615**	511,900	**428,100**	195,285	61.7%	111,485	35.2%
19	SP DIST	B2	Demand	435,841	653,050	**315,050**	217,209	49.8%	-120,791	-27.7%
20	SEPD	B3	Demand	**331,103**	503,900	**97,700**	172,797	52.2%	-233,403	-70.5%
21	SEPD	B2	Demand	**655,893**	795,500	**331,100**	139,607	21.3%	-324,793	-49.5%
22	WPD WALES	B1	Demand	123,388	308,100	**192,900**	184,712	149.7%	69,512	56.3%
23	SEPD	B1	Demand	**397,420**	562,100	**139,800**	164,680	41.4%	-257,620	-64.8%
24	WPD WALES	B1	Demand	107,857	274,200	**203,750**	166,343	154.2%	95,893	88.9%
25	WPD WEST	B2	Demand	52,826	189,050	**76,950**	136,224	257.9%	24,124	45.7%
26	SEPD	B2	Demand	**354,360**	458,500	**122,850**	104,140	29.4%	-231,510	-65.3%
27	WPD WEST	B2	Demand	34,598	165,100	**123,950**	130,502	377.2%	89,352	258.3%
28	WPD WEST	B3	Demand	56,548	182,750	74,600	126,202	223.2%	18,052	31.9%
29	SP DIST	B2	Demand	460,381	586,200	**269,650**	125,819	27.3%	-190,731	-41.4%
30	CE NEDL	B2	Demand	81,342	204,600	**124,650**	123,258	151.5%	43,308	53.2%
31	EDF LPN	B2	Demand	299,783	408,400	**317,850**	108,617	36.2%	18,067	6.0%
32	WPD WALES	B1	Demand	50,609	159,050	**116,350**	108,441	214.3%	65,741	129.9%
33	SP MANWEB	B2	Demand	40,224	121,850	**37,800**	81,626	202.9%	-2,424	-6.0%
34	CE NEDL	B1	Demand	59,138	140,550	**70,550**	81,412	137.7%	11,412	19.3%
35	SP MANWEB	B2	Demand	139,578	220,400	**98,150**	80,822	57.9%	-41,428	-29.7%
36	SEPD	B2	Demand	**527,126**	561,400	**309,700**	34,274	6.5%	-217,426	-41.2%
37	WPD WALES	B1	Demand	399,286	454,100	**487,600**	54,814	13.7%	88,314	22.1%
38	SP MANWEB	B2	Demand	177,941	223,400	**222,600**	45,459	25.5%	44,659	25.1%
39	WPD WEST	B2	Demand	5,041	45,700	**50,650**	40,659	806.5%	45,609	904.7%

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40	WPD WALES	B1	Demand	40,149	69,500	**381,600**	29,351	73.1%	341,451	850.5%
41	WPD WEST	B2	Demand	8,880	37,100	**31,750**	28,220	317.8%	22,870	257.5%
42	WPD WALES	B1	Demand	15,683	40,950	**48,500**	25,267	161.1%	32,817	209.2%
43	EDF LPN	B1	Demand	5,607	30,000	**33,700**	24,393	435.1%	28,093	501.1%
44	EDF LPN	B1	Demand	17,330	28,300	**23,600**	10,970	63.3%	6,270	36.2%
45	CE NEDL	B1	Demand	2,628	11,000	**3,650**	8,372	318.6%	1,022	38.9%
46	CE NEDL	B1	Demand	21,282	29,500	**21,700**	8,218	38.6%	418	2.0%
47	SEPD	B1	Demand	**214,700**	169,200	**180,650**	-45,500	-21.2%	-34,050	-15.9%
48	EDF LPN	B2	Demand	17,327	21,700	**30,650**	4,373	25.2%	13,323	76.9%
49	SEPD	B1	Demand	**49,554**	43,700	**19,100**	-5,854	-11.8%	-30,454	-61.5%
50	SEPD	B1	Demand	468,162	471,200	**669,200**	3,038	0.6%	201,038	42.9%
51	ENW	B1	Demand	5,203	6,300	**2,500**	1,097	21.1%	-2,703	-52.0%
52	WPD WALES	B1	Demand	1,483	1,550	**128,150**	67	4.5%	126,667	8539.9%
53	EDF SPN	B1	Demand	2,868	2,000	**8,850**	-868	-30.3%	5,982	208.6%
54	SEPD	B2	Demand	**243,178**	223,400	**149,850**	-19,778	-8.1%	-93,328	-38.4%
55	EDF LPN	B1	Demand	23,232	17,500	**19,500**	-5,732	-24.7%	-3,732	-16.1%
56	EDF SPN	B1	Demand	39,531	29,900	**19,600**	-9,631	-24.4%	-19,931	-50.4%
57	ENW	B1	Demand	34,120	19,300	**9,950**	-14,820	-43.4%	-24,170	-70.8%
58	CE NEDL	B1	Demand	21,159	6,150	**11,200**	-15,009	-70.9%	-9,959	-47.1%
59	EDF LPN	B1	Demand	77,933	30,000	**35,700**	-47,933	-61.5%	-42,233	-54.2%
60	SEPD	B1	Demand	**94,780**	41,200	**89,250**	-53,580	-56.5%	-5,530	-5.8%
61	EDF LPN	B1	Demand	188,634	117,200	**91,200**	-71,434	-37.9%	-97,434	-51.7%
62	SEPD	B1	Demand	**397,420**	283,900	**343,500**	-113,520	-28.6%	-53,920	-13.6%
63	SEPD	B1	Demand	**198,850**	120,400	**158,300**	-78,450	-39.5%	-40,550	-20.4%
64	EDF SPN	B2	Demand	671,420	454,300	**280,150**	-217,120	-32.3%	-391,270	-58.3%
65	ENW	B1	Demand	253,738	Not available	82,400			-171,338	-67.5%
66	ENW	B1	Demand	223,751	Not available	162,650			-61,101	-27.3%
67	ENW	B1	Demand	189,465	Not available	66,050			-123,415	-65.1%
68	WPD WALES	B1	Generation	0	108	0				
69	WPD WALES	B1	Generation	0	108	0				
70	WPD WALES	B2	Generation	0	-644	22,550				
71	WPD WEST	B2	Generation	0	95	0				
72	WPD WEST	B2	Generation	0	95	0				
73	WPD WEST	B2	Generation	0	95	-1,000				
74	WPD WEST	B2	Generation	0	95	-6,400				
75	WPD WEST	B2	Generation	0	95	100				
76	WPD WEST	B3	Generation	0	95	0				
77	CE NEDL	B1	Generation	0	-3,200	-100				
78	EDF LPN	B1	Generation	0	-1,158,900	-223,450				
79	EDF SPN	B1	Generation	0	-47,450	**0**				

Notes:
1 For generation customers only illustrative charges are demonstrated.
2 CDCM charges will be impacted by a migration of B customers from site-specific arrangements into the CDCM. The impact depends, among other things, on the number of migrating customers.
3 B1 customers do not currently have a dedicated tariff in the CDCM. Their charge is calculated on the assumption that they would fall under an existing HV network tariff in the CDCM.
4 The EDCM is still in development. Final charges may substantially differ from the above.
5 The charges were derived under the assumption that all B customers are in the EDCM (NC option). The figures will change under the assumption that all B customers are in the CDCM (LB option). In most cases, the change does not appear significant.

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Table B - GB summary of illustrative charging impact on Class B demand customers under different boundary definitions

	Absolute Impact (£/year)							
				Number of cases of increase by threshold				
	Smallest	Average	Largest	>£500k	£250k-£500k	£100k-£250k	£0-£100k	<£0
Impact of moving from current charge to the CDCM (option RB)	-£217,120	£160,981	£1,313,744	5	11	16	18	14
Impact of moving from current charge to the EDCM (options LB or NC)	-£391,270	-£14,514	£341,451	0	1	7	30	29

	Percentage Impact							
				Number of cases of increase by threshold				
	Smallest	Average	Largest	>500%	300-500%	100-300%	0-100%	<0%
Impact of moving from current charge to the CDCM (option RB)	-71%	128%	806%	2	8	17	23	14
Impact of moving from current charge to the EDCM (options LB or NC)	-71%	178%	8540%	4	0	7	27	29

Note: The illustrative 8,540% change in the above table appears to be a single outlier customer.

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