



British Glass

Targeted Charging Review (TCR)

British Glass response – 30 September 2019

British Glass is the representative body for the UK glass manufacturing industry. Glass manufacturers are large users of electricity and this review will affect distribution and transmission charging. Some of our members are able to load manage by reducing their electricity usage at peak times and some are not.

General comments


Our UK members already pay the higher electricity costs than the majority of Europe and any change to the charging of costs must be sensitive to the international competitiveness of our members. We have found it very difficult to quantify the impact of the proposed changes for our members' sites, despite frequent and ongoing engagement with the Ofgem and other industry sectors.

The figures provided in the letter on the 3rd September only cover North East region and considering the major difference in fixed prices in the different DNOs, it is not possible to give a definitive answer on how these affects our sector and individual members. We urge Ofgem to halt the TCR changes and bring them in line with the forward-looking charges, this would enable trade associations to better analyse the impacts of these potential changes on glass members energy costs.

Whilst Ofgem have promised to look at re-introducing an incentive in the 'network access and forward looking reforms', there are no proposals and no impact assessment yet available for us to be able to use to complete our assessment of the two reviews, the outcomes of which, Ofgem have now indicated would be introduced alongside each other. By moving forward on one element whilst the other is not yet started, there is a real likelihood that load management will be delayed or lost. This is in direct contradiction with the policy intent to encourage more demand side response and or onsite generation.

Specific areas of concern

1. On our estimated impact assessment, it shows that some EDCM sites over 12,000 will see significantly higher charges under the new fixed charge methodology.
2. We are concerned that (EDCM) sites in North Wales and Mersey have seen higher distribution and transmission charges under the fixed charge methodology.

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3. No clarity on costs for other DNOs for the new cost methodology, fixed charges vary considerably by DNO
 4. CDCM sites have capacity well over 20,000 KVa and charging table graduation only goes upto 2,500 KVa
 5. Limited knowledge on how to work out the charges as no standard methodology issued by OFGEM, such as a spreadsheet to work out the costs that stakeholders could use to ensure consistency.
 6. CDCM sites (especially large >20,000KV) seem to benefit from the change to fixed charging and EDCM sites seem to see an increase in costs under a fixed charge in general.
 7. Overall, the new fixed charging methodology is an increase in cost over the last fixed charging methodology increasing costs by around 40%. We would expect this to be higher if specific DNO figures were used.

What we want to see from OFGEM

- Greater clarity on all the fixed charging costs for all regions.
 - Align the forward-looking charges with the TCR to allow proper financial calculation of impacts on industry.
 - Consistent methodology or guidance to be published to ensure that all stakeholders can ensure they can respond and calculate the impact.
 - Consult further when further details of all DNO fixed costs and forward looking charges are available to allow stakeholders to conduct full financial impacts.
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