

Access and Forward-Looking Charging SCR – Implementation Costs RfI Q&A

1. General

1.1 Timescales

1.1.1 Will you consider extensions to the reponse deadline?

Please contact us directly directly (FutureChargingandAccess@ofgem.gov.uk) if the response deadline of 14th August cannot be met. We will consider extensions on a case by case basis.

1.2 RfI Scope

1.2.1 Are you looking for both systems and non-systems costs and what level of granularity?

Yes, we are seeking information on all implementation costs to as much granularity as possible.

1.2.2 Are you looking for the cost for both changes for settlement and tariff/ product changes to customers?

Yes, we are seeking information on all implementation costs.

1.2.3 Has Ofgem considered how Access SCR will be implemented alongside other regulatory and industry code initiatives - e.g. Faster Switching and market wide half-hourly Settlement?

We are aware that there are multiple reform programmes running in parallel and are carefully considering the interactions between them. As noted in the RfI, we welcome respondents' input on the sensitivity of implementation costs to other implementation timescales which may align with, for example, implementation of settlement reform.

1.2.4 Will Ofgem be producing more detailed business requirements for each option to help us assess them?

Not at this stage.

1.3 Response Practicalities

1.3.1 I can't see the questions in the workshop slides in the response template spreadsheet - do we have to reply via the spreadsheet?

All responses should be submitted in the response template. Please contact us directly (FutureChargingandAccess@ofgem.gov.uk) with any issues with the response spreadsheet.

2. DUoS

2.1 Application of Charges

2.1.1 Does LV connected generation include behind the meter? If a generator has no export from premises, how would it be charged?

We are not intending to make fundamental changes to the treatment of behind-the-meter generation. So, charges will continue to be applied to demand and generation as metered. Generation which does not export from premises will not be charged.

2.1.2 Do you want us to consider TCR bandings as well i.e. 5,800 tariffs x18 bands?

Yes. The Network Access and Forward Looking Charges review only considers forward-looking charges. Residual charges calculated using the approach determined under the TCR will be added to those forward-looking charges to determine the final tariff to be applied.

2.1.3 Will the DUoS charges be on a Site basis as with TCR or MSID or even facility?

We expect that the application of DUoS charges on a site-specific or aggregated basis will remain broadly as per current arrangements:

- Customers in measurement class C, D or E (those which are current transformer metered) will be charged on a site-specific basis
- Customers in measurement classes A, B, F and G (those which are whole current metered) will be charged on an aggregated basis

However, for those which are aggregated, the level of aggregation is likely to differ. In order for DNOs to charge on a more locationally granular basis, they will need data which enables them to differentiate between different locations. So, rather than usage data being aggregated across

an entire DNO region, it is instead likely to be aggregated across each charging location within each DNO region.

2.1.4 Being an alphanumeric code is there not a natural limit on the number of LLFC codes there can be?

There is a natural upper limit on the number of LLFCs which can be generated. We are also interested in whether some industry systems place other limits on the extent to which LLFCs can be used as the basis for locational charging arrangements.

2.1.5 Why not couple blocks to settlement periods to allow flexibility for changes in future?

Industry participants can choose how to implement the solution in their systems. While the time periods may be defined in longer blocks of time, participants can choose to implement this on a settlement period basis if they so wish.

2.2 Structural Changes

2.2.1 Will suppliers be obliged to pass granular charges through so that signal arrives at the end customer?

No. The intent of the SCR is to expose suppliers to more cost-reflective signals, not to define how they choose to pass those signals to their customers.

2.2.2 Will you be considering the cost of wholesale market changes against the cost of each individual company making changes? I.e. whether a central body takes more of a role in the billing?

Yes. We are engaging with Elexon and will consider all options for implementation which fall within scope of the SCR.

2.2.3 Should provision of network charging data be commonly defined in a structured dataset way that supports big charging datasets that pdfs and excel sheets do not?

This will be considered as part of our implementation work and ultimately the industry code modifications which will put in place our final decision.

3. TNUoS

3.1 Charges for Embedded Generation

3.1.1 Is the proposal to charge TNUoS to embedded generation >1MW based on their capacity? Will this be agreed capacity or actual capacity?

For the purposes of this RFI, please assume that the generator is charged against their agreed, rather than utilised capacity. For more detail on this policy proposal, please see the separate TNUoS Policy Update Q&A document which will be published on the Access SCR website in early August.

3.1.2 Will embedded generation >1 MW pay both generation TNUoS and still some kind of GDUoS?

In principle, yes, under the assumptions for this RFI. We are modelling this assumption in our IA

3.1.3 How will we get the Annual Load Factors (ALFs) for embedded generation >1MW?

For the purpose of RfI responses, please assume that will be done either by the ESO or the DNO. The values themselves could be site-specific or generic.

3.1.4 What is the diversified peak output of embedded generation >1MW relative to sum of Maximum Export Capacity? So, what should TNUoS be based on? For example, if embedded generation with aggregate Maximum Export Capacity of 500MW only outputs peak 250MW, will they be charged on 500MW or charged on their actual concurrent impact?

Our Impact Assessment modelling does not take diversity into account. So, using the example in the question, charges would be based on the aggregated 500MW Maximum Export Capacity. However, we are progressing further work with the ESO to better understand the impact of embedded generation on the transmission system.

3.1.5 Charging DG TNUoS will allow further flexibility on the €2.50 cap. Will this result in the same inflated costs in the North of Scotland for embedded generation >1MW similar to transmission connected generation?

For the purposes of this RFI, please assume that the 27 Wider zonal tariffs apply to embedded generation >1MW. For detail on the policy options, please consult our separate TNUoS Policy Update Q&A on our website.

3.2 Charges for Demand

3.2.1 How will the Wider demand TNUoS charge deal with negative locational charges? Would you consider a different charging base for applying negative demand locational charges - to preserve locational signal without distorting peak dispatch signal e.g. max demand, or capacity?

Our Impact Assessment modelling does not include any cap or floor arrangements, so negative locational charges are applied without adjustment. For the purpose of the RfI, please assume that locational charges are not subject to any cap or floor.

3.2.2 Should TNUoS be as granular as DUoS?

For the purpose of the RfI, please assume that TNUoS for demand continues to be based on the 14 DNO regions.

3.2.3 Will you consider how locational demand charges could best be applied to storage demand? E.g. on capacity like a generator?

We are considering distributional impact of changes to structure of demand charges more broadly, which will include storage. For the purposes of this RFI, please assume that storage imports are charged per all other demand.

4. Connection Charging Boundary

4.1.1 Extension assets are often used to reinforce without disturbing existing assets, so why should a customer pay for extension assets in those cases?

The minimum scheme rules are likely to continue to apply. So, if the DNO chooses a solution which is more expensive than the minimum scheme, the connectee will only be exposed to the costs of the minimum scheme.

4.1.2 Will CEPA/TNEI be engaging with developers for and on the Impact Assessment?

CEPA/TNEI have been engaging with the Challenge Group throughout alongside broader industry engagement via the Charging Futures Forum. Please contact us directly (FutureChargingandAccess@ofgem.gov.uk) if there are specific points which you consider should be taken into account.

4.1.3 Will Ofgem assess how the pros/cons are different for different types of user between transmission connected generation, distribution connected generation, large customers, and small customers? It may be appropriate for treatment to be different.

Yes, this is one of the focuses of our Impact Assessment work.