

Residual Banding

Amendments to Charging from April 2022

A guidance document

Background

Distribution Use of System (DUoS) charges cover NGED's costs of maintaining the distribution networks supplying electricity. Ofgem will be implementing changes to these charges to ensure costs continue to be distributed fairly.

The Targeted Charging Review (TCR) involves moving the residual charge away from the unit rates for Common Distribution Charging Methodology (CDCM) for HV & LV and away from capacity rates for EHV Distribution Charging Methodology (EDCM). The residual charge will become a fixed per site charge for both CDCM & EDCM with effect from April 2022.

Bandings

As part of the change, Non-Domestic Customers have been divided into five nationally created bands for each tariff group.

The tariff group bands are;

- LV Non Domestic (NHH)
- LV Half Hourly
- LV Sub Half Hourly
- HV Half Hourly
- EHV

The table to the right denotes the bands and boundary thresholds.

Bands have been allocated based on;

- NHH Sites – annual consumption (kWh).
- HH sites (all voltages) – 24 months average Maximum Import Capacity (MIC) for the period between July 2018 and July 2020.

Domestic Customers **will not** be banded. The same residual charges will apply to all Domestic Customers.

Band	kWh/ kVA	Boundary Thresholds*
Domestic Aggregated	-	-
Non-Domestic Aggregated Band 1	kWh	0 to 3571
Non-Domestic Aggregated Band 2	kWh	3571 to 12553
Non-Domestic Aggregated Band 3	kWh	12553 to 25279
Non-Domestic Aggregated Band 4	kWh	25279 to ∞
LV Site Specific Band 1	kVA	0 to 80
LV Site Specific Band 2	kVA	80 to 150
LV Site Specific Band 3	kVA	150 to 231
LV Site Specific Band 4	kVA	231 to ∞
LV Sub Site Specific Band 1	kVA	0 to 80
LV Sub Site Specific Band 2	kVA	80 to 150
LV Sub Site Specific Band 3	kVA	150 to 231
LV Sub Site Specific Band 4	kVA	231 to ∞
HV Site Specific Band 1	kVA	0 to 422
HV Site Specific Band 2	kVA	422 to 1000
HV Site Specific Band 3	kVA	1000 to 1800
HV Site Specific Band 4	kVA	1800 to ∞
EDCM Band 1	kVA	0 to 5000
EDCM Band 2	kVA	5000 to 12000
EDCM Band 3	kVA	12000 to 21500
EDCM Band 4	kVA	21500 to ∞

*All boundaries are inclusive of the upper threshold and exclusive of the lower threshold i.e. Lower < x ≤ Upper.

Requesting a change in banding

Allocation to a band can be changed if the relevant criteria detailed in Schedule 32 of DCUSA are met.

The allocation of a band can be changed:

- (i) if the site transitions between a Final Demand Site and Non-Final Demand Site or;
- (ii) if exceptional circumstances apply as defined in DCUSA Schedule 32 (see below); or
- (iii) following a successful dispute as defined in DCUSA Schedule 32.

Customers are eligible to be reallocated to a different charging band if any of the following apply

- a) a change in voltage,
- b) change of use that will result in a significant change to its MIC i.e. a factory becoming smaller office units.

Where a Customer is eligible for a reallocation of banding, a written request accompanied by;

- i) A signed connection agreement (where required),
- ii) Company director (or equivalent) letter setting out the exceptional and significant change of use and
- iii) meeting the threshold whereby the change is greater than 50% from the capacity used to set the bands.

must be submitted as per DCUSA Schedule 32.

A copy of the DCUSA document can be found on the following website www.dcusa.co.uk

FAQ's

Q. Can a site be re-banded prior to April 2022?

- A.** Yes. As per paragraph 6.1 of DCUSA Schedule 32. The Customer must evidence that that the site has changed voltage, or a change of use that will result in a significant change to their MIC. A significant change is classed as 50% or more.

Q. How do I proceed with a band reallocation request?

- A.** If your site is eligible for a banding reallocation, you must submit a written request supported with;
- A signed connection agreement (where required),
 - A letter setting out the exceptional and significant change of use signed by a Company Director or equivalent (i.e. Company Secretary, Energy Manager etc.)

Q. Can I request a change to the MIC/MEC as per the terms of the Connection Agreement?

- A.** Yes, amendments to capacity will continue as current. Capacity Charges will increase/decrease accordingly, however a change in capacity will not result in a reallocation of banding (unless the expectations as set out in Paragraphs 6.1 and 6.2 of DCUSA Schedule 32 are met).

Q. How often will the banding categories be reviewed?

- A.** In advance of every price control period the pricing team will review the data held for each MPAN and adjust banding accordingly. The next review of bandings will be in 2024 with changes effective from April 2026.

