

# Charging Delivery Body meeting – 16 April 2020



## Objective of this session:

- Provide an overview of revised forward work plan for Ofgem-led charging work.
  - Access SCR
  - TCR
  - Wider charging work
- Get feedback on revised forward work plan.

We wrote to all companies last week to provide clarity to help them prioritise work under their regulatory obligations in light of COVID-19. Our overarching objectives are:

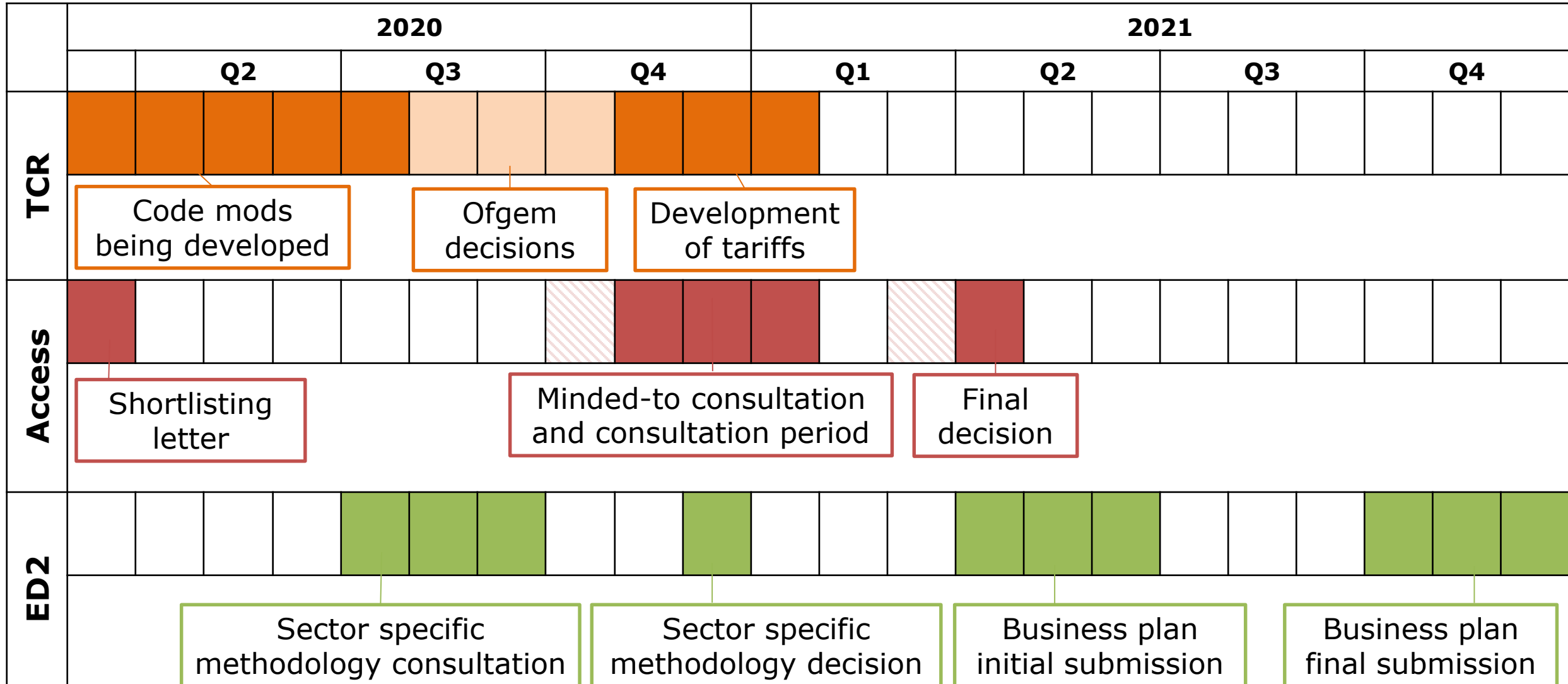
- Ensuring that customer needs are met, particularly the most vulnerable
- Maintaining secure, reliable and safe supplies of energy to consumers in the short to medium term
- Ensuring the safety and protection of consumers and the workforce.

That letter did not cover our expectations in respect to engaging with our regulatory reforms, and we have been working on our revised Forward Work Programme in tandem.

We have now concluded this process and intend to continue our future charging and access reforms broadly in line with previous plans – with slight adjustments as set out on subsequent slides. We expect industry to continue to engage with our work on charging reform. **We are seeking to confirm the viability of the input we need from CDB members within these timeframes.**

We also intend to engage with wider stakeholders to discuss their ability to engage over the next few months (eg Challenge Group members). Where this is not possible, we intend to progress these activities internally, engaging more extensively when appropriate to do so.

Due to the ongoing nature of coronavirus, we recognise the need to keep arrangements under review. We will organise further meetings of the CDB to discuss as and when required.



	April	May	June	July	August	Sept	Oct
<b>Policy development</b>	Development of options	Assessment of detailed options	Leading proposal assessment	Refine options and analysis		Internal sign-off	
<b>Impact assessment</b>	Model definition and build			Developing draft quantitative results		Draft impact assessment	Final results

Publish Minded-to Decision – November

Following last DG meeting, we want to do further work with industry to discuss and plan the approach to implementing the Final SCR decision.

The accompanying spreadsheet sets out what we envisage we require from CDB members over the coming months to support delivery of the access SCR. Table below summarises:

Timing	Product
By mid-May	Outputs from access, connection charging and cost model work groups to support definition of options for impact assessment modelling
	Potential additional CEPA/TNEI DUoS tariff modelling under DCUSA contract
	DNO input provided to CEPA/TNEI on network data to support their development of IA modelling, including reference networks
	Policy and modelling input/challenge on TNUoS option design and modelling approach, and outputs from ESO tariff modelling
June-Oct	RFI on implementation costs of shortlisted options
	Implementation planning/scoping
	Further info/analysis to support detailed options assessment (some still to be defined)

Can you confirm whether it will be possible for you to adequately resource these asks to deliver these inputs on time and to sufficiently high quality to form part of a robust evidence base.

Based on current and projected levels of resource, how realistic and achievable do you think the revised timescales for the Access SCR are? If not, what is achievable?

**Please submit final responses by COP 21 April.**

- Non-SCR charging work has been scaled back since 2019
- We expect this to continue, to maintain the focus on Access and the TCR

### **Our priorities over the next quarter are:**

- CUSC modifications for storage charging
  - CMP280, CMP281, CMP319
- CUSC modifications for remote islands transmission link
  - CMP303, CMP320, CMP337 and CMP338
- CUSC modifications for generation zones for RIIO-2
  - CMP324, CMP325

# Appendix



## What has changed?

- TDR reform implementation moved to April 2022
  - Both demand residual reform packages now moving in parallel
  - Transmission banding mod being re-launched under new proposal
  - More time for enabling and housekeeping mods, if needed
- Other changes to modification timelines:
  - Some April consultations have been extended
  - Some modification proposal/ work group dates have moved back by a few weeks

We are very mindful of the important links between the Access SCR and the development of RII0-ED2. Coordination is important to allow DNOs to be able to reflect Access SCR changes in time for ED2.

Changes in amount  
of funding required

**Connection boundary:** Any change to the depth of connection charges would alter the costs to be recovered through the price control. A shallow(er) charge might also help create opportunities to consider alternatives to traditional reinforcement.

**New costs :** Some options could require may the DNOs to incur new costs (eg new network monitoring or billing systems). Should we decide the benefits outweigh the costs, there would need to be a mechanism under ED2 for the DNOs to receive funding and obligations/incentives to ensure roll-out.

**Reinforcement requirements:** Options for reform could impact users' behaviour to reduce for network investment. They could also lead to better information on the need for network investment (eg volume of work).

**Incentives to make access available:** Our reforms rely on the SO and DSOs having the right incentives to make access available in an efficient manner for the system as a whole.

**Risk:** Some of these options could alter the level of risk that DNOs are exposed to under the price control (eg risk of under/over recovery of allowed revenue).

Due to these links, we are not proposing significant changes to the Access SCR timescales.