Targeted Charging Review

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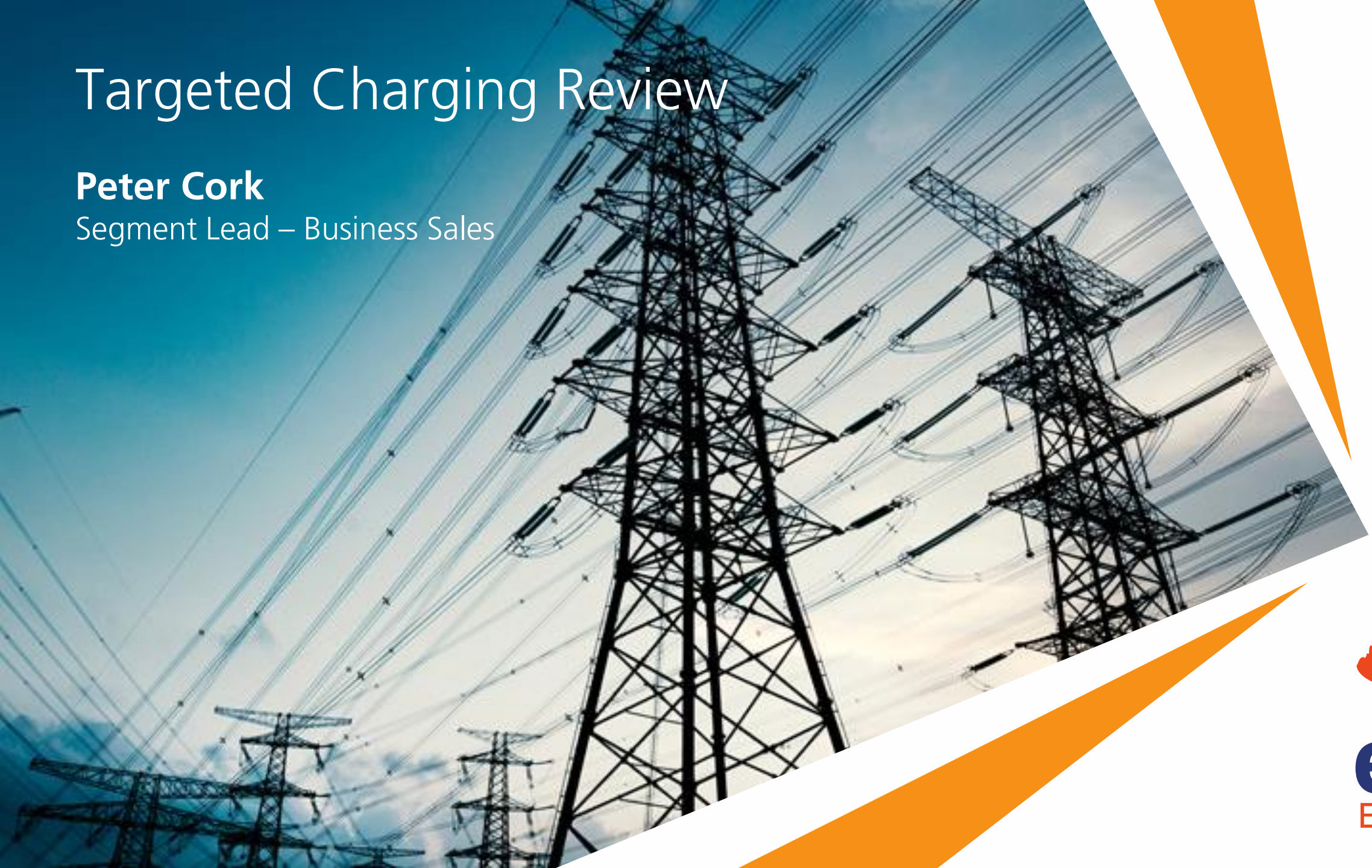
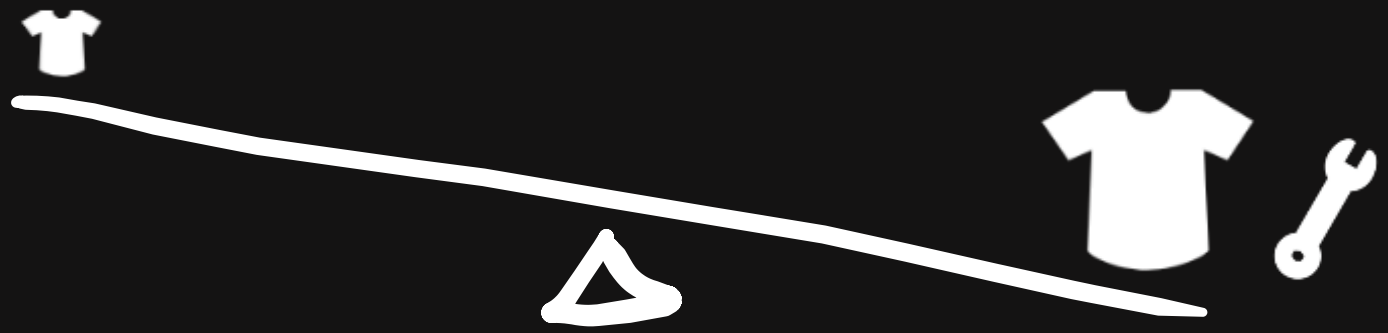


What's the Targeted Charging Review?

1. TNUoS: Transmission Network Use of System
2. DUoS: Distribution Use of System

What's the problem with network charges today?

Those who can currently avoid network costs will pay more

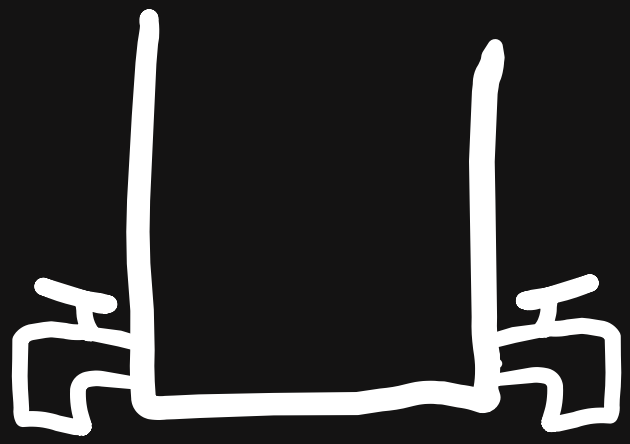


Triads

Red bands

Own gen

Because the size of the pot doesn't change



Not going away, just smaller overall effect on your costs

What's the problem with network charges today?

Ofgem uses the Price Control Review to set revenue target for network operators

Distribution

Forward looking

Residual

Transmission

1. Fairness

Some users manipulate their demand to reduce their contribution.

But that means other users have to make up the shortfall.

2. Future fit

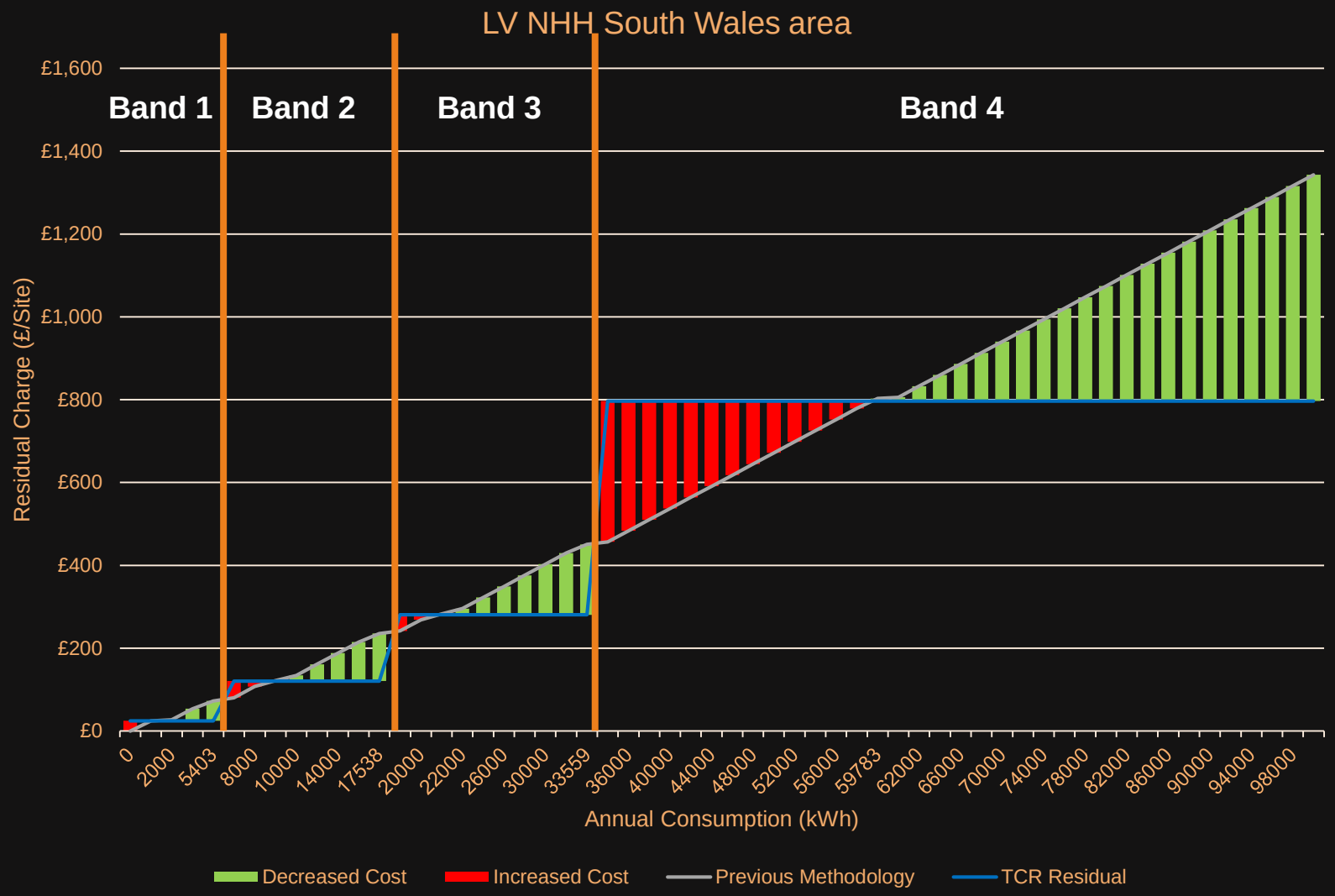
The method was designed for a highly centralised system.

Now it needs to work for flexible users and decentralised generation.

Proposed Residual charges

	Bandings			TNUoS	DUoS													
					10	11	12	13	14	15	16	17	18	19	20	21	22	23
	Ofgem TCR indicative nos	Lower Volume Threshold (KWh)	Upper Volume Threshold (KWh)	All Areas	Eastern	East Midlands	London	Manweb	Midlands	Northern	ENW	Scottish Hydro	Scottish Power	Seeboard	Southern	South Wales	South West	Yorkshire
Low Voltage Non half hourly	TCR 1st Band	0	5,403	£18	£2	£18	-£4	£24	£19	£19	£10	£23	£24	£7	£9	£25	£23	£19
	TCR 2nd Band	5,404	17,538	£89	£10	£89	-£22	£120	£95	£96	£50	£115	£118	£33	£45	£121	£114	£93
	TCR 3rd Band	17,539	33,559	£207	£24	£208	-£51	£279	£222	£222	£115	£267	£274	£78	£104	£281	£265	£217
	TCR 4th Band	33,560	-	£589	£68	£590	-£144	£792	£630	£631	£328	£759	£778	£221	£294	£797	£752	£616
		Lower Agreed Supply Capacity (Kva)	Upper Agreed Supply Capacity (Kva)															
Low Voltage Half hourly	TCR 1st Band	0	80	£1,154	£197	£933	-£473	£1,476	£1,047	£931	£588	£1,388	£1,427	£581	£523	£1,487	£5,949	£938
	TCR 2nd Band	81	150	£2,048	£230	£1,686	-£638	£3,403	£1,952	£2,210	£1,098	£2,723	£2,547	£1,056	£1,004	£3,045	£2,792	£1,856
	TCR 3rd Band	151	225	£2,458	£297	£1,881	-£769	£2,829	£2,303	£2,547	£1,374	£3,449	£3,227	£1,192	£1,199	£3,657	£273	£2,353
	TCR 4th Band	226	-	£6,955	£677	£4,946	-£2,616	£9,387	£4,687	£8,049	£3,785	£9,510	£8,584	£2,992	£3,751	£9,902	£2,978	£5,663
		Lower Agreed Supply Capacity (Kva)	Upper Agreed Supply Capacity (Kva)															
High Voltage	TCR 1st Band	0	400	£4,741	£827	£4,013	-£3,303	£6,118	£4,428	£5,424	£2,447	£2,491	£4,630	£2,941	£2,492	£3,753	£8,767	£4,946
	TCR 2nd Band	401	900	£15,333	£1,976	£11,537	-£5,619	£19,475	£12,674	£16,091	£7,826	£17,828	£20,724	£7,350	£7,169	£20,787	£30,312	£15,058
	TCR 3rd Band	901	1,600	£29,029	£3,291	£23,530	-£8,874	£45,833	£26,414	£28,461	£15,366	£31,022	£35,493	£11,472	£12,176	£39,606	£65,739	£27,369
	TCR 4th Band	1,601	-	£80,671	£9,366	£70,553	-£24,230	£77,998	£88,456	£77,526	£40,080	£83,444	£106,077	£30,033	£34,305	£96,768	£181,447	£75,666

Let's take a closer look at the impact for NHH customers



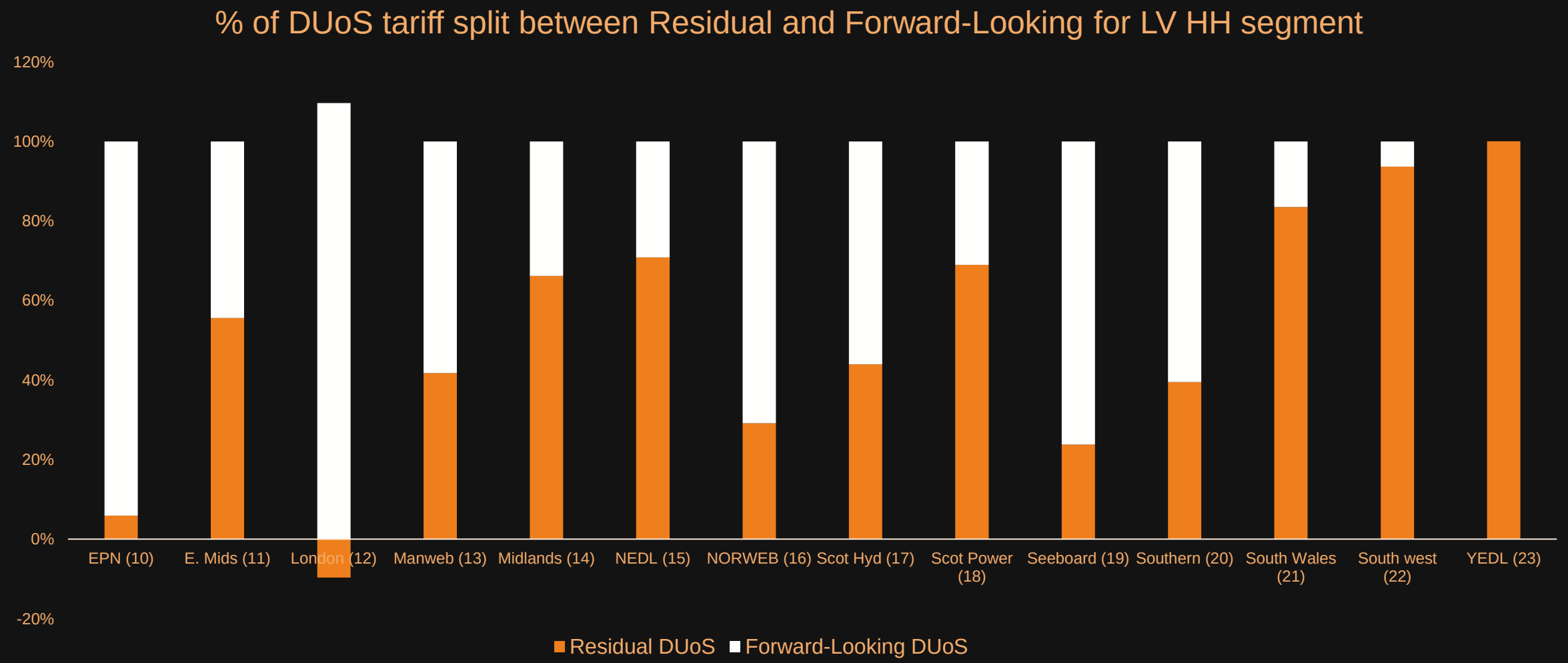
Let's take a closer look at the impact for HH customers

Example for South Wales, HH LV segment

BAND 4

LV HH - Band 4		Capacity (kW*)																		
		226	234	244	254	264	274	284	294	304	314	324	334	344	354	364	374	384	394	404
Triad Load Factor (%)	5%	-8.6	-8.5	-8.5	-8.4	-8.4	-8.3	-8.2	-8.2	-8.1	-8.1	-8.0	-7.9	-7.9	-7.8	-7.8	-7.7	-7.6	-7.6	-7.5
	10%	-7.3	-7.2	-7.0	-6.9	-6.8	-6.7	-6.6	-6.4	-6.3	-6.2	-6.1	-6.0	-5.9	-5.7	-5.6	-5.5	-5.4	-5.3	-5.2
	15%	-6.0	-5.8	-5.6	-5.4	-5.2	-5.1	-4.9	-4.7	-4.5	-4.4	-4.2	-4.0	-3.8	-3.7	-3.5	-3.3	-3.1	-3.0	-2.8
	20%	-4.6	-4.4	-4.2	-3.9	-3.7	-3.5	-3.2	-3.0	-2.8	-2.5	-2.3	-2.0	-1.8	-1.6	-1.3	-1.1	-0.9	-0.6	-0.4
	25%	-3.3	-3.0	-2.7	-2.4	-2.1	-1.9	-1.6	-1.3	-1.0	-0.7	-0.4	-0.1	0.2	0.5	0.8	1.1	1.4	1.7	2.0
	30%	-2.0	-1.7	-1.3	-0.9	-0.6	-0.2	0.1	0.5	0.8	1.2	1.5	1.9	2.2	2.6	2.9	3.3	3.6	4.0	4.3
	35%	-0.7	-0.3	0.1	0.5	1.0	1.4	1.8	2.2	2.6	3.0	3.4	3.8	4.3	4.7	5.1	5.5	5.9	6.3	6.7
	40%	0.6	1.1	1.6	2.0	2.5	3.0	3.5	3.9	4.4	4.9	5.3	5.8	6.3	6.7	7.2	7.7	8.2	8.6	9.1
	45%	1.9	2.5	3.0	3.5	4.1	4.6	5.1	5.6	6.2	6.7	7.2	7.8	8.3	8.8	9.4	9.9	10.4	10.9	11.5
	50%	3.3	3.8	4.4	5.0	5.6	6.2	6.8	7.4	8.0	8.6	9.1	9.7	10.3	10.9	11.5	12.1	12.7	13.3	13.8
	55%	4.6	5.2	5.9	6.5	7.2	7.8	8.5	9.1	9.8	10.4	11.0	11.7	12.3	13.0	13.6	14.3	14.9	15.6	16.2
	60%	5.9	6.6	7.3	8.0	8.7	9.4	10.1	10.8	11.5	12.2	12.9	13.7	14.4	15.1	15.8	16.5	17.2	17.9	18.6
	65%	7.2	8.0	8.7	9.5	10.3	11.0	11.8	12.6	13.3	14.1	14.9	15.6	16.4	17.1	17.9	18.7	19.4	20.2	21.0
	70%	8.5	9.3	10.2	11.0	11.8	12.6	13.5	14.3	15.1	15.9	16.8	17.6	18.4	19.2	20.1	20.9	21.7	22.5	23.3
	75%	9.8	10.7	11.6	12.5	13.4	14.3	15.1	16.0	16.9	17.8	18.7	19.5	20.4	21.3	22.2	23.1	24.0	24.8	25.7
	80%	11.2	12.1	13.0	14.0	14.9	15.9	16.8	17.7	18.7	19.6	20.6	21.5	22.4	23.4	24.3	25.3	26.2	27.2	28.1
	85%	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5	27.5	28.5	29.5	30.5
	90%	13.8	14.8	15.9	17.0	18.0	19.1	20.1	21.2	22.3	23.3	24.4	25.4	26.5	27.6	28.6	29.7	30.7	31.8	32.8
	95%	15.1	16.2	17.3	18.5	19.6	20.7	21.8	22.9	24.0	25.2	26.3	27.4	28.5	29.6	30.8	31.9	33.0	34.1	35.2
	100%	16.4	17.6	18.8	19.9	21.1	22.3	23.5	24.7	25.8	27.0	28.2	29.4	30.5	31.7	32.9	34.1	35.2	36.4	37.6

Finally let's take a look at the level of residual per distribution area

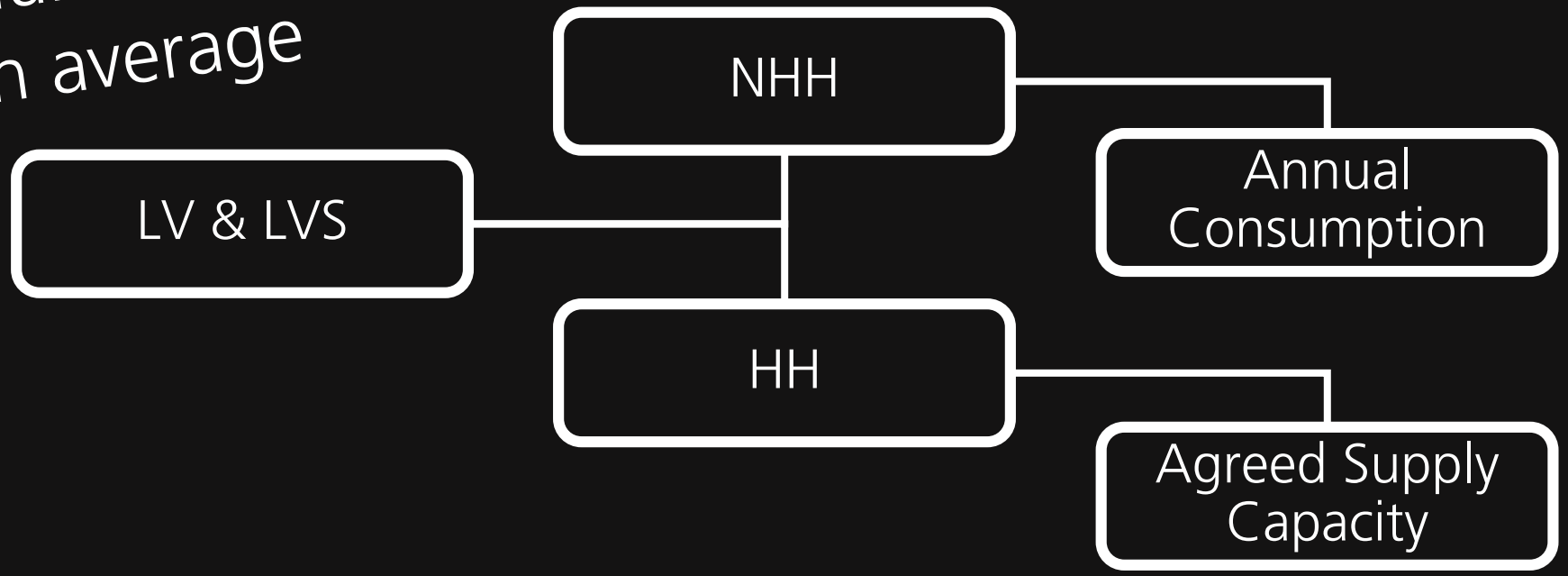


How do you know what banding a customer will be in?

1. Domestic or non-domestic?
2. Where is the site?
3. What's the voltage of the site?

How do you know what banding a customer will be in?

Calculated over a minimum 24 month average



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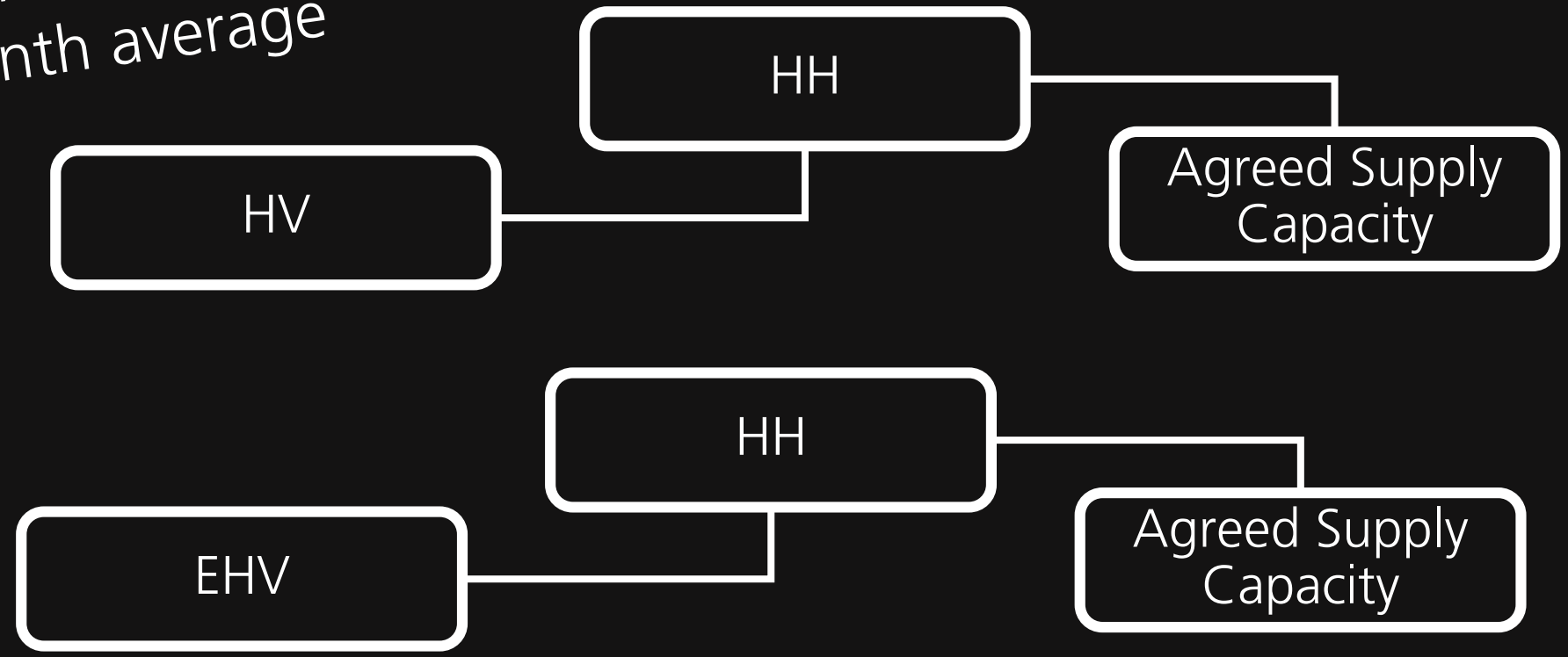


When is this going to impact contracts?

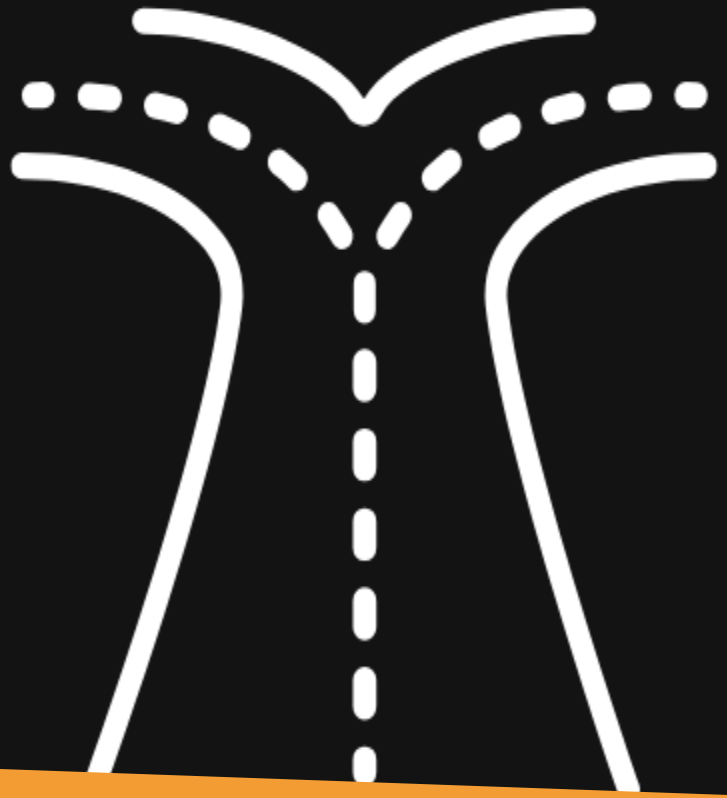
TNUoS is due to be implemented in April 2021

DUoS is due to implemented be in April 2022

What are the options?

1

Only sign up to 31 March 2021



2

Choose pass-through TNUoS and DUoS

Get more updates and our forecasts of all these major NECs.

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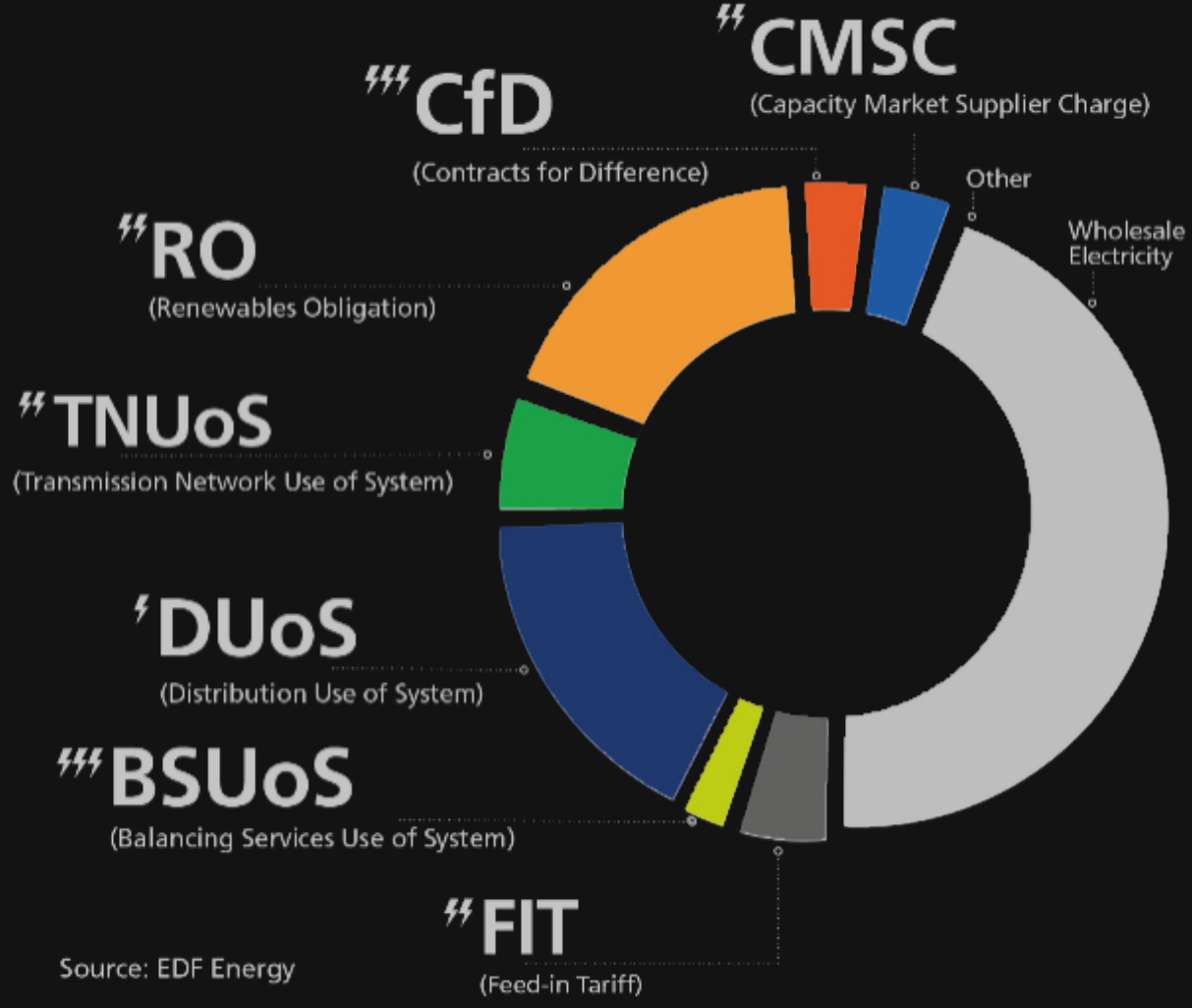

Thank you

Questions?
Email letstalkpower@edfenergy.com