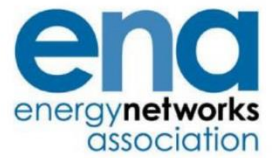


The Voice of the Networks



# Energy Networks Association

## Targeted Charging Review Project Initiation Document – Update

April 2020

Energy Networks Association

Document Ref: TCR SCR PID Update-1.1

# Document Control

## Authorities

Version	Issue Date	Authorisation	Comments
V1.1	12/05/20	TCR Implementation Steering Group	Signed-off for publication

## Related Documents

<b>Reference 1</b>	<a href="#">Targeted Charging Review: Decision and Impact Assessment</a> – Ofgem Publication, 21 November 2019
<b>Reference 2</b>	<a href="#">Direction to Licensees – DCUSA</a> ; Direction issued to DNOs in relation to the TCR SCR – Ofgem Publication, 21 November 2019
<b>Reference 3</b>	<a href="#">Direction to Licensees – CUSC</a> ; Direction issued to the ESO in relation to the TCR SCR – Ofgem Publication, 21 November 2019
<b>Reference 4</b>	<a href="#">Open Letter: Launch of a second Balancing Services Charges Taskforce</a> – Ofgem Publication, 21 November 2019
<b>Reference 5</b>	<a href="#">Targeted Charging Review Project Initiation Document</a> – joint publication by ESO and all DNOs, 20 December 2019
<b>Reference 6</b>	<a href="#">Letter to NGENSO regarding CMP332: Consent to modification withdrawal and new Direction</a> – Ofgem Publication, 31 March 2020

## Change History

Version	Change Reference	Description
1.0	N/A	Draft for consideration by the DNOs and ESO
1.1	Edits throughout	Version updated to accommodate feedback from TCR Implementation Steering Group

## Distribution

Electricity Regulation Group  
Ofgem  
National Grid Electricity System Operator

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# 1 Introduction

## 1.1 Document Purpose

This document provides an update to the Targeted Charging Review (TCR) Project Initiation Document (PID) jointly published by the Distribution Network Operators (DNOs) and the National Grid Electricity System Operator (ESO) in December 2019. It outlines the key changes that have been agreed to the original PID following:

- Ofgem's publication of a new Direction<sup>1</sup> to the ESO that requires the Transmission Demand Residual charges to be effective as of 1 April 2022 where previously this was 1 April 2021; and
- Changes that have arisen as the project has progressed, as the solution has been developed in more detail and assumptions and risks have changed.

## 1.2 Context and Background

On 21 November 2019 Ofgem published the Targeted Charging Review Significant Code Review (SCR) Decision and Impact Assessment (the 'TCR Decision')<sup>2</sup>. Alongside this, Ofgem published two directions (the 'TCR Direction'), one to Distribution Network Operators (DNOs) and one separately to the National Grid Electricity System Operator (ESO). These Directions required the DNOs and ESO to raise one or more modifications to the Distribution Connection and Use of System Agreement (the 'DCUSA') and the Connection and Use of System Code ('CUSC'), with a view to addressing the issues outlined in the TCR Decision. These original Directions had implementation dates of 1 April 2021 for transmission and 1 April 2022 for distribution.

In December 2021 the DNOs and ESO jointly published the TCR Project Initiation Document (PID) which set out how the respective organisations would work together along with other industry stakeholders to implement the required changes within the timelines set out.

In January 2020 the project was formally launched, and 14 code modifications were raised across three policy areas:

1. Demand Charge Residual
2. BSUoS Gross Charging
3. Transmission Generation Residual (TGR) to Zero

In March 2020 the ESO requested permission from Ofgem to withdraw one of the Demand Charge Residual CUSC modifications<sup>3</sup> (CMP 332 "Transmission Demand Residual bandings and allocation (TCR)") in response to concerns raised by a number of industry parties around the risk of implementing by April 2021. The Authority approved the withdrawal of this modification and published a new Direction ('the new Direction') to the ESO that aligned the implementation date for the Transmission Demand Charge Residual to that of the Distribution Demand Charge Residual, as 1 April 2022. The implementation deadline for the removal of the transmission generation residual and charging suppliers based on gross demand for BSUoS remains as 1 April 2021.

Following this the TCR Implementation Steering Group, comprised of DNOs, IDNOs, ESO, Elexon, and ElectraLink, have assessed the impact of this decision on the plan, and reforecast the tasks and key milestones. As part of this assessment they have also considered the risks that the COVID-19 pandemic poses on the delivery of the plan and determined what approach to take in the circumstances. The outputs of this assessment are detailed in section 2.

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<sup>1</sup>[https://www.ofgem.gov.uk/system/files/docs/2020/03/letter\\_to\\_ngeso\\_re\\_cmp332\\_consent\\_to\\_withdrawal\\_and\\_new\\_direction\\_0.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/03/letter_to_ngeso_re_cmp332_consent_to_withdrawal_and_new_direction_0.pdf)

<sup>2</sup> [https://www.ofgem.gov.uk/system/files/docs/2019/11/tcr\\_final\\_decision.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/11/tcr_final_decision.pdf)

<sup>3</sup> <https://www.nationalgrideso.com/document/166296/download>

## 2 Workstream 1: Demand Charge Residual

### 2.1 Scope and Baseline Solution

The scope of the Demand Charge Residual workstream remains unchanged and is detailed within section 4.2 of the PID. The baseline solution, which set out the early thinking on a potential implementation option, has been further developed through the code modification working groups and some changes have been identified which are set out below. Whilst the majority of the modifications are in the final stages of development, there is currently one DCUSA modification and four CUSC modifications that are still to be consulted on. There is therefore a possibility that further changes will be identified in the coming months.

#### 1 Definition of Final Demand and Eligibility for Zero Residual Charges (including definition of Single Site)

The DCP 359 ("Ofgem Targeted Charging Review (TCR) implementation – customers: who should pay?") and CMP 334 ("Transmission Demand Residual - consequential definition changes (TCR)") workgroup propose to introduce a new term, a 'Final Demand Site'. This term is needed as defining Final Demand or defining Single Site in isolation does not sufficiently determine whether or not a site should receive a residual fixed charge – i.e. whether the site is a Final Demand Site or not. A Final Demand Site is proposed to be a Single Site with associated Final Demand, consistent with the intent of the baseline solution.

For distribution-connected sites, the workgroup proposes to define Single Site with reference to the connection agreement with the distributor; whether that is the National Terms of Connection (NTC) or a bespoke connection agreement. Any Metering System associated with the same connection agreement will be considered to be a part of a Single Site. This approach seeks to ensure consistency with how fixed charges are currently levied; such that where a site already receives a fixed charge, it will also receive a residual fixed charge, but only if that site is a Final Demand Site. This is consistent with the intent of the baseline solution.

The workgroup does not believe that it has scope to develop a solution that adequately captures complex sites including private networks, when restricted to the boundaries of residual charging only. As such, the workgroup maintains the view that where a site already receives a fixed charge, it will also receive a residual fixed charge, but only if that site is a Final Demand Site.

Valid certification is proposed to be required to confirm that a Single Site is not a Final Demand Site. This is consistent with the intent of the baseline solution, which draws on the approach set out in DCP 341/342 ("Removal of residual charging for storage facilities in the CDCM/EDCM" respectively), albeit applied to all generators. The workgroup has proposed a transitional period ending on 31 October 2021 whereby a Single Site may be reclassified as a Final Demand Site, or not, following initial determination ahead of setting the charging bands and allocating Final Demand Sites to them in Q4 2020<sup>4</sup>.

For transmission-connected sites it will broadly align with distribution-connected sites. A Single Site will be defined with reference to the Bilateral Connection Agreement between the ESO and the connected party with any Metering System associated with the same connection agreement being considered to be a part of a Single Site. There will also be a self-declaration process for transmission connected sites to state they are not a Final Demand Site to replicate the certification process for distribution-connected

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<sup>4</sup> The charging bands must be determined, and Final Demand Sites allocated to them, ahead of DNOs setting 2022/23 use of system charges in December 2020. The transition period recognises that valid certification in the intervening period is not reasonable.

sites. Where there will be some differences between transmission and distribution is that at transmission, some types of users, such as DNOs and Interconnectors will be excluded from the definition of a Final Demand Site – which is consistent with current arrangements.

## **2 Determination of Charging Bandings**

For distribution-connected sites, the DCP 358 (“Ofgem Targeted Charging Review (TCR) implementation – Determination of Banding Boundaries”) workgroup proposals are largely consistent with the baseline solution, but with the addition of timing for the key milestones.

For the initial charging bands, effective from 01 April 2022 to 31 March 2026, it is proposed that distributors will provide data to determine the bands to the ‘Banding Agent’ by the end of September 2020, and the Banding Agent will provide the band boundaries to distributors by the end of October 2020. This is in advance of DNOs setting 2022/23 use of system charges in December 2020.

On an enduring basis thereafter, it is proposed that distributors will provide data to the Banding Agent by the end of March in the regulatory year two years prior to the beginning of the next relevant price control period<sup>5</sup>, and the Banding Agent will provide the band boundaries to distributors by the end of April in that year. In addition, it is proposed that, by the end of June in that year, distributors shall provide information to all suppliers detailing which charging band non-domestic sites have been allocated to.

For transmission-connected sites it is still to be confirmed how many bands there will be. This will be determined by the replacement to CMP 332 that will be raised in May. During CMP 332 discussions (before it was withdrawn) there was debate as to whether there should be 1, 2 or 4 bands for transmission connected sites.

## **3 Allocation of Customers to Bands**

For distribution-connected sites, the DCP 360 (“Ofgem Targeted Charging Review (TCR) implementation – customers: allocation to bands and interventions”) workgroup proposes to allocate a Final Demand Site to a charging band based on a maximum 24 months’ of data, and where that data is not available, an average of the data available will generally be used. If there is no data, the distributor will use other information that best estimates the expected demand of that Final Demand Site.

As noted, a transitional period is proposed which provides for reallocation to/from a charging band prior to the end of October 2021. Otherwise, reallocation within the relevant price control period is only proposed in exceptional circumstances or as a result of a successful dispute. Exceptional circumstances are proposed to be a change in the voltage of connection or a significant change in use of configuration, and which results in a change in the site’s maximum import capacity and/or forecast annual consumption by  $\pm 50\%$ .

As set out in the baseline solution, the workgroup proposes a dispute process for a customer to challenge the charging band they have been allocated to. The workgroup propose the creation of an independent Disputes Committee under the DCUSA to manage a potential significant volume of disputes, and which cannot be resolved between the customer (or a party authorised to act on their behalf) and the distributor directly.

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<sup>5</sup> Being the onshore electricity transmission owner price control period e.g. RIIO-ET3 which will commence on 01 April 2026

For transmission-connected sites this is being created by CMP335/6. If there are bands for transmission connected sites, then transmission connected final demand sites will be allocated based on a maximum of 24 months data. If no data is available, then it will be based on the average all of transmission connected sites with 12 months data. Disputes in relation to banding will be managed using the normal CUSC process for Charging Disputes.

#### 4 Calculation of Residual Charges

For distribution-connected sites, the DCP 361 (“Ofgem Targeted Charging Review (TCR) implementation – calculation of charges”) workgroup proposals are largely consistent with the baseline solution. The workgroup proposes to floor the total fixed charge, being the residual and ‘forward-looking’ element combined, at zero; therefore, the residual fixed charge could be negative. The workgroup proposes to adopt a volumetric residual charge in the event the total fixed charge is less than zero for any charging band, to ensure the residual is ring-fenced within each charging band.

##### 2.2 Delivery Approach

The delivery approach set out in the PID has been followed and the modifications were raised in January as planned and urgency status was approved for all four DCUSA modifications. In addition to the CUSC and DCUSA modifications, it was identified that a BSC Modification was required.

##### 2.2.1 DCUSA modifications

The following modifications were raised to the DCUSA panel in January as planned and urgency status was approved for all four by the DCUSA panel. To ensure alignment between the related modification proposals it was decided that DCP 358 and DCP 360 run as a combined workgroup. Additionally, as planned, a joint cross code working group has been established to develop DCP 359 and CMP 334.

**Table 1: TCR Demand Charge Residual DCUSA Modifications**

Mod Ref	Modification package	Reform areas included	Status
DCP 358	Determination of charging bandings	<ul style="list-style-type: none"> <li>Setting non-domestic charging bands</li> </ul>	Consultation complete – Change Report drafted
DCP 359	Customers: who should pay?	<ul style="list-style-type: none"> <li>Final Demand</li> <li>Single Site</li> </ul>	Consultation complete – Change Report drafted
DCP 360	Customers: allocation to bands, and interventions	<ul style="list-style-type: none"> <li>Allocating customers to non-domestic charging bands</li> <li>Process for initial allocation to LLFC by DNOs/ IDNOs</li> <li>Reallocation of customers</li> <li>Disputes</li> </ul>	Consultation complete – Change Report drafted
DCP 361	Calculation of charges	<ul style="list-style-type: none"> <li>Residual charges</li> <li>Treatment of bands with low customer numbers</li> <li>LDNOs, private networks, and complex Site arrangements</li> </ul>	Consultation to be published in May

### 2.2.2 CUSC Modifications

In total five CUSC modifications were raised in respect of the Demand Charge Residual at transmission. Following the decision to withdraw CMP 332 this modification will be resubmitted to the CUSC panel in May 2020 and a revised workplan agreed.

Table 2: TCR Demand Charge Residual CUSC Modifications

Mod Ref(s)	Modification package	Reform areas included	Status
Originally raised as CMP 332	Transmission Demand Residual bandings and allocation (TCR)	<ul style="list-style-type: none"> <li>Site and demand inputs</li> <li>Banding calculation</li> <li>Residual cost apportionment</li> <li>NHH locational methodology</li> </ul>	Withdrawn – to be resubmitted in May 2020
CMP 340	Transmission Demand Residual bandings and allocation (TCR)	<ul style="list-style-type: none"> <li>Consequential changes for CMP332 (TCR)</li> </ul>	On hold – until CMP 332 is resubmitted
CMP 334	Transmission Demand Residual definitions	<ul style="list-style-type: none"> <li>Final Demand</li> <li>Single Site</li> <li>DCUSA, BSC inputs</li> <li>Relevant CUSC definitions</li> </ul>	Consultation complete
CMP 335 & CMP 336	Transmission Demand Residual billing and liabilities	<ul style="list-style-type: none"> <li>Structural billing and reconciliation changes</li> <li>Structural liability calculations changes</li> <li>Associated definitions</li> </ul>	Consultation stage

### 2.2.3 Wider Code Changes

During the early Initiation Phase<sup>6</sup> of the project the Implementation Steering Group identified that changes to the Balancing and Settlement Code (BSC) would be required to support the banding and allocation process. This modification, raised by the ESO, will bring into effect new reporting requirements on DNOs, IDNOs and BSCco to enable the ESO to:

- Set annual tariffs for the TDR charge in line with the methodology developed by CMP332 and produce future forecasts of the TDR charge; and
- Bill the TDR charge to applicable users using the processes to be developed by CMP335/6.

Table 3: TCR Demand Charge Residual BSC Modifications

Mod Ref	Modification package	Reform areas included	Status
P 402	Enabling reform of residual network charging as directed by the Targeted Charging Review	<ul style="list-style-type: none"> <li>Data reporting to support:               <ul style="list-style-type: none"> <li>- Band setting and allocation of customers to bands</li> <li>- Calculation of residual charges</li> <li>- Transmission demand residual billing</li> </ul> </li> </ul>	Assessment procedure

<sup>6</sup> See section 2.3 of the PID which sets out the project phases.



## 2.3 Data Changes

LLFCs were proposed in the PID as the method to identify the residual charging band to which a site has been allocated. The feasibility of this implementation option has been further assessed and the detail shared with industry stakeholders through the code modification consultations and more targeted engagement. The TCR Implementation Steering Group held a number of workshops with suppliers to explore the practicality of this method. Whilst some complexities were identified, the consensus was that this option was feasible in the time available. Alternative options, such as creating a new registration item was discussed but discounted due to the scale of the changes that would be required to MPRS and supplier systems. It was considered that this would not be possible within the timeframe and also would be inefficient to make changes prior to the implementation of wider industry SCRs such as the Access and Forward-looking charges SCR Decision (due in April 2021) and the Market-wide Half Hourly Settlement SCR Decision (planned for autumn 2020 but this is expected to be delayed due to COVID-19).

### 2.3.1 Process to change LLFCs

Whilst the approach (set out in paragraph 4.7.2 of the PID) remains unchanged from that set out in the PID, the timing of the changes has been rescheduled. Previously the plan was to set up the new LLFCs for all DNOs and IDNOs and transfer all customers to the new LLFCs in advance of 1 April 2021. However, this process is now due to take place over a longer period as a result of:

- The deferral of the transmission demand residual to April 2022, allowing extra time to make these changes;
- The PID assumed an automated process for transferring MPANs but it is now unlikely that this will be in place in time; and
- An initial view from Elexon of the length of time needed to implement the volume of changes.

Considering this, the following process and timing is the assumed approach for delivering the required changes to the LLFC. These activities are reflected on the plan on a page (Figure 1).

#### 1) Create appropriate LLFCs

- DNOs and IDNOs to finalise appropriate LLFC structures
- Each separate company to raise MDD modifications for their respective Distributor IDs in October 2020
- **Timings:** It will take one month to confirm LLFC proposals and prepare the MDD submissions. Following this, it will take up to five months for submission to be enabled, assuming each application passes validation and approvals without any issues arising. It is expected that this will commence in October, following Ofgem's approval of the modifications.

#### 2) Move MPANs to appropriate LLFCs

- Elexon create transfer schedule for all DNO and IDNOs
- Test and implement process for transferring MPANs
- DNOs enter limited daily batches onto the Data Transfer Network as scheduled
- **Timings:** It would take, at minimum, one month to test the script. DNOs would then transfer the MPANs to the new LLFCs by entering limited daily batches onto the

Data Transfer Network (DTN). For the majority of the DNO and IDNOs, the transfer of MPANs to the new LLFCs is expected to commence in April 2021 and take up to six months to complete<sup>7</sup>. This assumes a phased migration approach to avoid the Data Transfer Network daily capacity being exceeded.

The specific schedule for these changes will be completed by Elexon during May 2020 once the DNO and IDNOs have finalised the design of the new LLFC structures.

## 2.4 IT and System Changes

### 2.4.1 ESO IT Changes

As previously identified (section 4.8 of the PID) the ESO is required to make significant changes to their IT systems (charging and billing system, and the SAP finance system) to support the implementation of the TCR changes. The scope of this is unaltered however the time available to complete the IT project and undertake system testing is now extended. Previously the system changes had to be complete by March 21 which required the ESO to begin the project at risk, prior to Ofgem approving the related CUSC and DCUSA modifications. The changes must now be completed by 1 April 2022 and so will begin later in 2020 once the modifications are approved and are due to complete in September 2021.

### 2.4.2 DNO and IDNO Billing System Changes

The project assumes that the implementation of the baseline solution will require no billing system changes for DNOs and IDNOs. However, as set out in section 2.2.3, to facilitate the implementation of the Direction new data needs to be reported by BSCCo to ESO the enable ESO to set TNUoS demand residual tariffs and enable accurate billing of subsequent charges. The BSC P402 modification will determine the most efficient solution to meet these requirements and multiple options are being explored by the working group. One option under consideration is for the new reports to be created in the DNO and IDNO billing systems. This will require billing system changes that were previously unaccounted for. The DNOs have provided their billing system provider with early site of these potential changes and working assumption is that the changes would be implementable within the timeframes required as shown in Figure 1.

## 2.5 Indicative Timelines

### 2.5.1 Revised Plan and Milestone dates

The TCR Steering Group has assessed the impact of the withdrawal of CMP 332 and the new Direction on the plan. Table 4 below shows the revised forecast dates for the key milestones along with the original (baseline) dates as detailed in the PID.

Table 4: TCR Demand Charge Residual Key Project Milestones

Milestone	PID target date	Revised date	Responsibility
All modifications raised	January 2020	Complete	DNOs and ESO
DNOs receive EAC data from NHH Data Aggregators	4 February 2020	Complete	NHHDAAs – following a request from DNOs

<sup>7</sup> There is on IDNO currently planning to transfer all MPANs to the new LLFCs in advance of April 2021 to align with implementation of a new billing system.

Working groups complete development of modifications and submit to Ofgem	May 2020	May – Oct 2020	DNOs and ESO
DNOs <sup>8</sup> to produce preliminary cut of bands	April 2020	Complete	DNOs
CUSC and DCUSA modifications approved by Ofgem	June 2020	Jul – Nov 2020	Ofgem
Designated party set final bands	July 2020	Oct 2020	TBD
TNUoS go-live	April 2021	April 2022	ESO
DUoS go-live	April 2022	April 2022	DNOs

### 2.5.2 Planning Approach

As explained in the PID there are a large number of inbound and outbound dependencies within the plan between the respective activities of the DNOs, ESO, Elexon and Ofgem. Whilst the delay to the implementation deadline of the Transmission Demand Charge Residual allows extra time in the plan for these activities, there remain a number of complex changes to implement. Additionally, the outbreak of COVID-19 and the subsequent impact on Network Companies, Suppliers, and specifically the availability of the project team poses a risk to delivery. As such the planning approach has been to continue at pace to de-risk the final phases of the project. The intention is to have all of the DCUSA modifications approved by Ofgem by September. This allows for:

- The suppliers to receive banding information (LLFC structures, band thresholds, and allocation of customers to bands) as early as possible. Based on the revised plan they will receive an initial view in June and the final information in October.
- The DNOs to set tariffs in December 2020 based on the final approved modifications.

Similarly, the CUSC and BSC modifications are due to be finalised by September and October respectively, for Ofgem approval in October and November. This is to allow the maximum amount of time for the ESO and Elexon system changes which are dependent on the modification approvals.

However, R028 (see Table 5 below) poses a risk to the approval of the modifications in their present form and to the timelines set out. If Ofgem determine that an alternative approach has to be taken to banding and allocation, then the modifications may need to be redrafted and reconsulted on. Network Companies are currently working with Ofgem to provide them with information required to inform their decision. In the instance this risk materialises a further replan may be required.

### 2.6 Risks and Assumptions

The risks and assumptions listed in the PID have been transferred to a risk log, held on a central document management system, for active management. The risks that COVID-19 poses on the project are listed in Table 5 along with mitigation actions. These will continue to be monitored by the Implementation Steering Group and reported to Ofgem on a fortnightly basis.

<sup>8</sup> Previously this milestone stated that the DNOs would send the banding data to ESO

Figure 1: Plan on a page for delivery of the demand charge residual changes

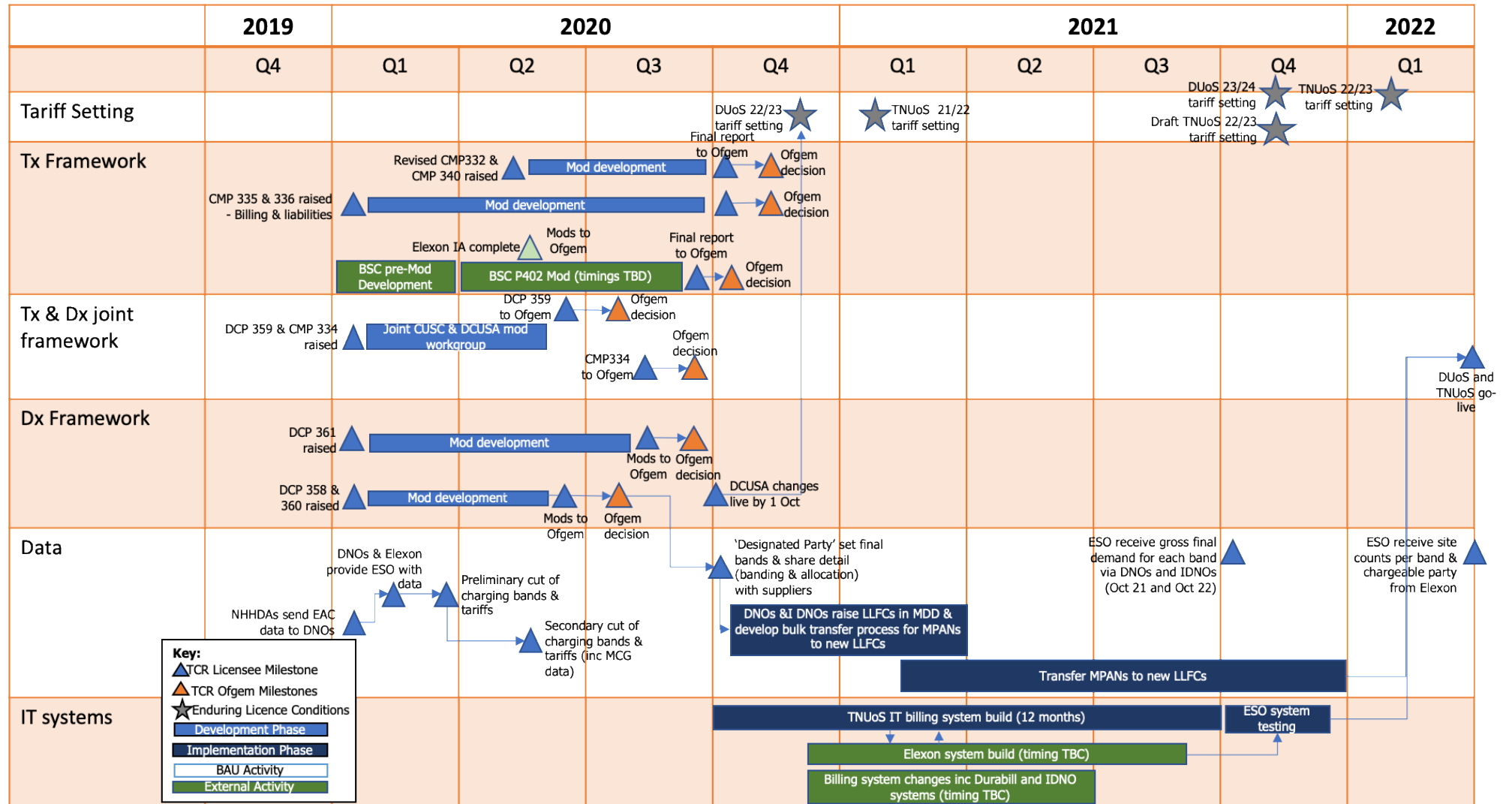


Table 5: COVID-19 TCR Risks

Ref.	Risk cause	Risk Event	Risk Impact	Pre-mitigation assessment			Risk Mitigation Actions	Post-mitigation assessment		
				L	I	Score		L	I	Score
R023	There is a global pandemic (COVID-19) that has caused the majority of Network Companies to close their offices to avoid staff contracting the virus as well as all schools. Staff are now working at home.	There is a risk of a decrease in network resource availability to work on the TCR and Access and Forward-looking charges SCR as staff are off work sick and/or are having to alter their working hours to care for family members.	<ul style="list-style-type: none"> <li>Resourcing constraints that result in delays to completion of one or more project activities.</li> <li>Delays to the delivery of the key milestones set out in the PID, placing greater risk on the tasks at the end of the plan i.e. IT system changes, and LLFC transfers. If the final band setting was delayed this would also have an impact on suppliers, who would have less time to assess and implement the changes required to accommodate the banding.</li> <li>Reduced attendance at Steering Group and Code Modification Working Group meetings, resulting in missed actions, misalignment and delays in decision making.</li> </ul>	5	2	10	<ul style="list-style-type: none"> <li>Clear escalation route for notifying ENA and Ofgem of change in circumstances</li> <li>Strong controls on actions and deadlines, to assess if there is an impact on delivery</li> <li>Alternative delivery approach: fewer/less meetings, recorded webinars etc</li> <li>If required, extend the time allocated to develop the modifications and set bands, and reforecast the project milestones.</li> </ul>	3	2	6
R027	As a result of the global pandemic (COVID-19) Ofgem and Network Companies are having to undertake additional work that was not planned for, to assess the impact of the pandemic on their own business, on the industry, and on the resilience of suppliers.	There is a risk that Ofgem, Network Companies and/or key stakeholders will reprioritise workplans and projects to ensure they are responding adequately to the ongoing crisis, reducing the availability of resource to work on delivering the TCR, or stopping work on the TCR completely.	<ul style="list-style-type: none"> <li>Project put on hold as Ofgem or Network Companies reprioritise business critical activity.</li> <li>Project implementation dates changed or delayed.</li> <li>Significant delays to individual key milestones that cause a delay to the end date of the project, currently 1 April 22.</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>Ofgem assess and monitor the forward workplan and make strategic decisions as required to ensure key projects can continue</li> <li>Clear escalation route for notifying ENA and Ofgem of change in circumstances. ENA to hold project plan and assess impact on delivery.</li> <li>Ofgem ensure they are cognisant that any requests for information in respect of COVID-19 may have an impact on the resource available for the TCR</li> <li>Agree revised dates for Ofgem's approval of the modifications and assess the impact on the delivery of the dependent activities.</li> </ul>	2	3	6

R028	<p>The COVID-19 lockdown is anticipated to have an impact on network usage and reduce the demand consumption of customers. A concern has been raised by the DCUSA panel to Ofgem that the data intended to set bands and allocate customers to bands may not be representative of 'normal' conditions.</p>	<p>There is a risk that Ofgem are unable to approve the (CUSC and DCUSA) modifications in their current form as the data proposed to be used for 1) band setting and 2) allocating customers to bands is not believed to be representative for future charging years as it is being impacted by the COVID-19 lockdown.</p>	<ul style="list-style-type: none"> <li>• Significant delays to the completion of the modifications as Ofgem determine the best approach (understanding what data to use and when it will be available will take time).</li> <li>• Rework to the CUSC and DCUSA modifications which would then need to be consulted on again and would cause delays to key milestones as well as additional effort which has not been accounted for by Network Companies.</li> <li>• Project implementation date delayed to a point that demand consumption had returned to 'normal' for a sufficient period.</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>• Work with Ofgem to ensure there is a common understanding of the data being used to set bands such that they can make a quicker decision on how the modifications might be altered.</li> <li>• Assess if the coronavirus lockdown is having a material impact on demand consumption for MIC customers and in EACs for NHH customers, and make assumptions whether this will impact on future consumption (this is a hard task to complete).</li> <li>• If material differences are seen, and Ofgem determine that an alternative approach has to be taken, determine an approach to normalise data for forecasting (i.e. averaging all data sets).</li> <li>• Ofgem issue derogation on DNOs/IDNOs licence to reduce notice of DUoS 2022/23 tariffs from fifteen months to three months. This would have a knock-on impact on suppliers who have less time to respond to the charges.</li> </ul>	2	3	6
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### 3 Workstream 2: BSUoS Gross Charging

#### 3.1 Key changes and progress made

Broadly implementation of this workstream is on track and aligned to the PID. One CUSC modification (CMP 333) has been raised, as planned, which is currently out for Code Admin Consultation and is expected to be with Ofgem in June 2020. This is a one-month delay to the timeline set out in the PID. Additionally, as planned, a BSC change proposal has been raised to support CMP 333.

The table below is an updated version of Table 8 from the PID.

Activity	PID Target Date	Revised Date	Status
Raise BSUoS modification	11 <sup>th</sup> December 2019		Complete
CUSC panel review BSUoS modification	13 <sup>th</sup> December 2019		Complete
WG#1	16 <sup>th</sup> January 2020		Complete
WG#2	23 <sup>rd</sup> January 2020		Complete
Workgroup Consultation	31 <sup>st</sup> January – 21 <sup>st</sup> February		Complete
WG#3	3 <sup>rd</sup> March 2020		Complete
WG#4	10 <sup>th</sup> March 2020		Complete
Workgroup Report	20 <sup>th</sup> March		Complete
Code Administrator Consultation	30 <sup>th</sup> March – 20 <sup>th</sup> April	20 <sup>th</sup> April – 15 <sup>th</sup> May	
Draft Final Modification Report to Panel	21 <sup>st</sup> April 2020	20 <sup>th</sup> May	
Final Modification Report to Authority	4 <sup>th</sup> May 2020	9 <sup>th</sup> June	

## 4 Workstream 3: TGR to Zero

### 4.1 Key changes and progress made

On 29th January 2020, the Authority decided to grant consent to the amalgamation of CMP327 'Removing the Generator Residual from TNUoS Charges (TCR) and CMP317 'Identification and exclusion of Assets Required for Connection when setting Generator Transmission Network Use of System (TNUoS) charges'. This is due to the modifications being dependent on each other and therefore needed to progress together.

CMP 317 and CMP 327 have been delayed, compared to the dates set out in the PID, by the need to take into account potential other elements of charges that make up average annual charges to generators. We expect to still complete the modification to allow Ofgem to make a decision in time for April 2021, however, it will be complicated by the inclusion of a significant number of alternatives requiring Ofgem to take a view on the inclusion, or not, of particular costs within the scope of average annual charges to generators.



## Annex 1: Updated list of key contacts

### TCR Implementation Steering Group

Company	Representative	Alternate
ENWL	Tony McEntee	Chris Barker
NPG	Lee Wells	Kara Burke
SPEN	Claire Campbell	Kathryn Evans
SSEN	Donald Preston	Nigel Bessant
UKPN	Chris Ong	Ross Thompson
WPD	Simon Yeo	Dave Wornell
ESO	Grahame Neale	Eleanor Horn
BUUK	Tom Cadge	
Vattenfall	Darren Reeve	
ESPUG	Donna Townsend	
Elexon	Nick Rubin	
ElectraLink	Angelo Fitzhenry	
ENA	Paul McGimpsey	

### DCUSA Modifications:

DCUSA Modification Package	Role	Licensee	Contact Details
Determination of banding boundaries	Lead	ENWL	Tony.McEntee@enwl.co.uk
	Support	SSEN	nigel.bessant@sse.com
Customers: who should pay?	Lead	NPG	Lee.Wells@northernpowergrid.com
Customers: allocation to bands, and interventions	Lead	WPD	syeo@westernpower.co.uk
	Support	WPD	dwornell@westernpower.co.uk
Calculation of charges	Lead	SPEN	Claire.Campbell@spenergynetworks.co.uk
	Support	UKPN	chris.ong@ukpowernetworks.co.uk

### CUSC Modifications:

CUSC modification	Name	Contact Details
Demand Residual	Grahame Neale	Grahame.Neale@nationalgrideso.com
BSUoS gross reform	Jenny Doherty	Jennifer.doherty@nationalgrideso.com
TGR to zero	Jon Wisdom	Jon.wisdom@nationalgrideso.com