

ENA Open Networks Project, WS4 – Charging

Summary of Advisory Group Papers

Ofgem Charging Review	Status update on the Targeted Charging Review, Future-focused strategy and Charging Coordination Group. Paper circulated for information.
Distribution Charging Review	A status update, next steps and key questions from the CDCM/EDCM Review. Paper circulated for information.
Transmission Charging Review	A status update, next steps and key questions from National Grid in its review of transmission charging. Paper circulated for information.
Charging Scenario Paper	<p>Root cause analysis looking at whether differences in charging arrangements influence customers' economic decisions on where and how to connect to the electricity system. Key conclusions:</p> <ul style="list-style-type: none"> • Whilst Ofgem's recent decision on embedded benefits has reduced the difference between T&D charging arrangements there remains an incentive for DG to connect to distribution networks. • Distribution connected licensable generation is liable for both T&D charges which may discourage such developments. • Parties connecting at HV in Scotland only may face charges for relevant transmission reinforcements at 132kV. • Parties wishing to connect at 132kV face lower charges when the network is a distribution network (as is the case onshore in E&W). • Discounts available for smaller 132kV transmission connected generators help reduce differences but create discrepancies between parties with capacities above and below the 100MW threshold. • There is less of a difference between T&D treatment of demand. • Differences in the distribution charging methodologies (EDCM/CDCM) result in significant differences in charges or credits applied to DG connecting at EHV and HV/LV.
Charging Issues Paper	<p>Overview and options for progressing charging issues considered to be of particular relevance to the development of the GB DSO model.</p> <ul style="list-style-type: none"> • Common charging methodology for costs associated with Active Network Management. • Future compensation arrangements for distributed energy resources. • Cost-reflective charging arrangements for 'behind the meter' connections. • Cost-reflective charging arrangements for reactive power across T&D. • Cost reflective charging arrangements for electricity storage providers. • Rights to connect to and access networks between transmission and distribution. • Network charges for Community Energy and parties with Local Generation and Supply.

Recommendations:

- Following Advisory Group input, findings to be updated and shared with Ofgem Charging Coordination Group (CCG).
- Further analysis of scenarios and wider impact to be paused pending CCG feedback.
- Recommendations on further work to be determined and presented to Advisory Group.