



## Targeted Charging Review (TCR)

In November 2019, Ofgem made the decision to implement changes to the DUoS and TNUoS charging regime. Currently, DUoS & TNUoS charges are split between Residual and Forward-Looking charges. This was designed to encourage and incentivise customers to 'load manage', avoiding expensive periods of high demand. Ofgem believes that this has disadvantaged customers who cannot load manage. To address this, it introduced the Targeted Charging Regime (TCR) to allocate costs more fairly to customers by amending the Residual charges for DUoS and TNUoS.

Unit rate charges, which can currently be avoided either through volume shifting or onsite generation, will be replaced by Standing Charges (p/day), which cannot be avoided.

The new Residual charges will be allocated via charging bands replacing the current tariff structure.

## Distribution Use of System Charges (DUoS)

The DUoS Residual charge was previously a single p/kWh unit rate that applied to all demand tariffs in a Distribution Network Operator (DNO) region.

The goal of the TCR is for the residual charge to be proportionate with a customer's use of the electricity network – so a single rate for all customers is not an option. In April 2022 the residual charge was moved to fixed charges and the level of charge was changed to be specific to the region, customer type and banding level.

The 7 existing Low Voltage (LV)/High Voltage (HV) metered demand tariffs per region was split into 23, as follows:

These tariffs all currently have the same p/kWh residual charge.

2021 LV/HV Metered Demand Tariffs	2022 LV/HV Metered Demand Tariffs
Domestic Aggregated	LV Domestic Aggregated
Domestic Aggregated (Related)	LV Domestic Aggregated (Related)
Non-Domestic Aggregated	LV Non Domestic Aggregated (No Residual) LV Non Domestic Aggregated Band 1 LV Non Domestic Aggregated Band 2 LV Non Domestic Aggregated Band 3 LV Non Domestic Aggregated Band 4
Domestic Aggregated (Related)	LV Non Domestic Aggregated (Related)
LV Site Specific	LV Site Specific (No Residual) LV Site Specific Band 1 LV Site Specific Band 2 LV Site Specific Band 3 LV Site Specific Band 4
LV Sub Site Specific	LV Sub Site Specific (No Residual) LV Sub Site Specific Band 1 LV Sub Site Specific Band 2 LV Sub Site Specific Band 3 LV Sub Site Specific Band 4
HV Site Specific	HV Site Specific (No Residual) HV Site Specific Band 1 HV Site Specific Band 2 HV Site Specific Band 3 HV Site Specific Band 4

Each tariff will have unique £/day residual charges

## Transmission Network Use of System (TNUoS) Charges

TNUoS charges are comprised of two main components, Residual, which is the cost of maintaining the existing network (the majority of the total rate) and Locational which is the incremental cost of adding to the network at a particular location.

Previously the TNUoS residual charge is a single p/kWh for all Non-Half Hourly Meter Point Administration Numbers (MPANs), and a single £/kW unit rate for all Half Hourly MPANs.

Since April 1st 2023, residual charges for both HH and NHH meter points have been collected on a daily basis, rather than a consumption based charge:

Band	23/24 £/day TNUoS Charges
Domestic	0.12
LV_NoMIC_1	0.06
LV_NoMIC_2	0.28
LV_NoMIC_3	0.66
LV_NoMIC_4	2.05
LV1	3.32
LV2	6.09
LV3	9.91
LV4	22.32
HV1	17.27
HV2	55.58
HV3	109.14
HV4	276.99
EHV1	130.70
EHV2	642.65
EHV3	1295.79
EHV4	3528.82
T-Demand1	402.04
T-Demand2	1678.27
T-Demand3	4551.00
T-Demand4	11722.40

### How will this impact charges to customers?

Charges to customers will become more granular and the dependency on consumption will be removed. As a result, if a customer currently 'optimises' their charges by reducing demand at expensive times of the day, or by generating their own electricity, the charges will be likely to go up.

Also, if a customer has a particularly large connection capacity, relative to their average demand level (a low load factor), the charges could go up too. However, if the connection capacity is only just above the regular maximum demand (a high load factor), then charges may go down.

If your site consumes power for the purpose of storing or generating power, i.e., non-final demand, you are exempt from paying these residual charges. Speak to your Account Manager and we will help you through the certification process to avoid these charges.