

DCP 412 – ALLOCATION OF BANDING FOR TARGETED CHARGING REVIEW (“TCR”) CHARGES FOR ‘PEAKY’ FINAL DEMAND CUSTOMERS

To: Craig Booth

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Due Date: 31 July 2024

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| Organisation: | ADA (Association of Drainage Authorities) |
| Role: | Other - please specify (Representative body of customer group [IDBs]) |
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| Response ¹ : | Non-confidential |

1. Do you believe there are any risks of non-compliance against Regulation (EU) 2019/943 if this CP is implemented? If so, please provide your reasoning for your answer.

No

2. Do you agree with the proposal to re-allocate customers to the next lowest TCR band instead of applying some form of a discount? Please provide your rationale.

We believe that customers who have to maintain a high ASC in order to deliver their essential public functions, but only utilise this capacity during adverse events (e.g. heavy rainfall), are being adversely affected by the TCR bandings. Internal drainage boards (IDBs) are responsible for over 600 pumping stations across lowland England, defending a tenth of England from flooding. IDBs need to rapidly pump high volumes of water away during rainfall/flooding events, and thus require high ASC during these infrequent events or during the periodic testing of pumping equipment to maintain this equipment in a state of readiness. The implementation of the TCR has led to IDBs' daily standing charges rising exponentially due to their TCR banding.

A policy which allows public sector organisations whose activities and infrastructure are for the public good should be treated differently than other commercial organisations. Ultimately the taxpayer is incurring these additional cost through higher Special Levy payments from Councils (funded via Council Tax and Business Rates) and Land Drainage Rates charged directly upon the occupiers of agricultural land within each drainage district.

¹ All responses will be treated as non-confidential unless indicated otherwise.

Anonymous responses will omit the detail of the submitting party, but the content of the response will be provided to the Working Group and published on the DCUSA website.

Confidential responses will not be published on the DCUSA website but submitted solely to the Working Group for the analysis of the CP. For all other confidentiality requirements please contact the secretariat at DCUSA@electralink.co.uk or 0207 7432 3017

3. Do you believe HCULU customers should be able to opt out and be returned to their previous band if the charges in the lower band are higher? Please provide your rationale.

Yes, public authorities delivering essential public functions should be entitled to the lowest charges they are eligible for.

4. Should customers have their eligibility re-assessed at each price control period or more frequently? Please provide your rationale.

Yes. Reassessment at each price control would allow a more equitable allocation of the industry charges.

5. If the review is performed at the price control period, should customers have to reapply, or should they retain their HCULU eligibility status? Please provide your rationale.

Customers from sectors where the nature of the HCULU is never going to change (e.g. IDBs with pumping stations delivering their essential public functions, requiring the infrequent use of high ASC during heavy rainfall events) should not have to reapply for HCULU status.

6. If the review is more frequent, do you agree that customers who are no longer eligible for HCULU status should be allocated to their previous charging band? Please provide your rationale.

Yes. If a customer no longer qualifies for the HCULU status they should be re banded as per their ASC and consumption profile.

7. Do you agree that the DNOs should have the ability to review sites where their behaviours have changed in a significant way?

Yes, this would allow the DNO to manage those who are using different behaviours to avoid industry charges.

8. Do you agree that customers who change their capacity whilst classed as a HCULU customer will remain on their current band until they are reassessed? Please provide your rationale.

Yes, unless there is a significant change in consumption.

9. Should customers be limited in how many times they can apply for HCULU status over a given period, and if so, what should the limit and period be? Please provide your rationale.

Not if the reason for the application is valid.

10. Should there be a transitional period of 6 months during which customers who apply for HCULU status would be eligible for retrospective re-banding? Please provide your rationale.

No, it should be available whenever there is a change of status or use.

11. Do you agree that customers should be re-banded up to a maximum of 12 months unless they are able to provide data showing that the excessive charges began on 1 April 2023, which would justify that they be re-banded back to that date? Please provide your rationale.

Yes, if a customer can evidence that they have been subjected to excessive charges since 1 April 2023.

12. Do you agree that customers who request to be re-banded further back than 12 months should first be assessed on the basis of the previous 12 months, as part of a two-step process, and only customers who are eligible based on the previous 12 months will be assessed for further retrospective re-banding? Please provide your rationale.

Yes, if a customer can evidence that they have been subjected to excessive charges pre-1 April 2023.

13. Should sites with insufficient data (i.e., sites with less than 12 consecutive months of data) be required to wait until there is sufficient data in order to be assessed for HCULU eligibility? Please provide your rationale.

Not if they are from a sector operating assets (flood defence pumping stations), which will clearly qualify for HCULU status.

14. If sites require 12 months of consecutive data to support becoming a HCULU customer, should those sites with insufficient data, which need to wait until there is sufficient data, be eligible for a backdated re-banding? Please provide your rationale.

If they were made to wait 12 months to develop a required period of consecutive data to support becoming a HCULU customer than they should be automatically eligible for backdated re-banding by 12 months, or further see answer to Q13.

15. Should new connection sites be able to apply for HCULU status prior to the first re-allocation under paragraph 6.7 of Schedule 32 or only after the first re-allocation has taken place? Please provide your rationale.

Yes if the new connection site operator is from a sector operating assets (flood defence pumping stations), which will clearly qualify for HCULU status.

16. Can you think of any other interactions that the Working Group should consider? Please provide your rationale.

No. Although we would welcome the Working Group familiarising itself further with the needs of those sectors providing essential public services such as IDBs. ADA is happy to help make that connection.

17. Do you believe this change will lead to any unintended consequences? If so, can you think of ways to mitigate these? Please provide your rationale.

n/a

18. Do you consider that the proposal better facilitates the DCUSA Charging Objectives? If so, please detail which of the Charging Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons.

Yes, the current system penalises customers who do not or cannot take action to change their ASC. The changes would at least recognise that there is a fundamental inequity in the current TCR bandings.

19. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

Yes. The massive increases in standing charges for flood defence public stations has made IDBs reconsider replacing the remaining diesel powered pumping stations to electrical power, and is therefore directly interfering with the flood defence sector and public authorities' objectives to reduce emissions.

20. Do you have any comments on the proposed legal text?

No.

21. Do you have any other comments on this CP?

There should be special dispensation for organisations, especially public bodies, who are involved in emergency responses and must always have the capacity to respond on standby, should conditions (heavy rainfall) require action.