

Access and Forward Looking Charges Consultation

Summary of views from different user types

Aims of the series

Our podcast mini-series on Ofgem's Access and Forward Looking charges consultation brought in a variety of users from the industry to share their thoughts on the consultation. We asked them their **initial thoughts, key themes, areas of concern, questions they had, how they advise users like themselves to get involved, and how they think the process should be going forward for making the changes.** You can listen to the podcasts in full on [apple podcasts](#), [Soundcloud](#) and most podcast applications – just type Charging Futures into the search. To give you a flavour of what was said, we've summarised a few of the points that were made.

Podcasts with different user types

 Andy Burgess	 Citizens Advice James Kerr	 Supplier Elizabeth Allkins, OVO Energy	 Electricity System Operator Cathy McClay, National Grid
 Large Energy Users Jeremy Nicholson, Energy Intensive Users Group Roz Bulleid, EEF - The Energy Manufacturers Organisation		 Distributed and Community Energy Poppy Maltby, Regen Caroline Bragg, The Association for Decentralised Energy	

Other resources

- > The [Access consultation document](#) (if you want detail)
- > The [Access consultation webinar](#) (if you have an hour)
- > The [Access consultation summary note](#) (high level only)
- > The [Access consultation podcast](#) (if you have 30 mins)

And more on www.chargingfutures.com

Here's what they said

Ofgem

- **We'd like people's views on the scope.** Have we got it right? Are there things that we're missing?
- **The scope is really important – whether it's narrow, moderate or comprehensive, but we're also really interested in the how.** What's the role of Ofgem and what's the role of industry?
- **Everything that we do is linked in one way or another.** For example, if we were to change the connection boundary, (i.e. who pays for reinforcement costs) we would ideally highlight this for distribution companies in time to plan for their RIIO T2 price control.
- **We expect the industry to play a major role.** Even if Ofgem is leading them through a Significant Code Review, we need the industry to help as the industry understands network charging in detail. The ESO and DNO's have relationships with their customers and their prospective customers and they should understand their customers' wants and needs are from the system.
- **One of the open questions is whether the ESO and the DNO's lead on the definition of Access Rights for larger users, and whether we could make quicker progress if that happened.** On one hand, they have positive relationships with their customers, however everything is interlinked, so it could be better that everything goes into the Significant Code Review.
- **Industry and wider stakeholders:** We'd really like the customers of people in the industry to be thinking about this as well.
- **Big picture benefits:** There will be some winners and losers whenever you change network charge. But if you look at the overall picture, everyone should gain in some way or another, and consumers will benefit.

Citizens Advice

- **A Significant Code Review** is an important way to deliver this and drive change in a timely manner.
- **Defining "basic needs" is difficult.** For example, you might class electric vehicle charging as non-essential now, but given future growth in EVs, making this non-essential might be creating an artificial barrier to that technology.
- **Need to protect vulnerable users** who might have higher needs at peak times.
- **Short term access rights at distribution level** could benefit consumers, as it could mean fewer costs to upgrade the network for lots of individual connections.
- **Long term access rights at transmission level**, known as "evergreen access" could be favourable to consumers.
- **Capacity hoarding:** it's great to see this being addressed now.
- **What does "core access" mean?** Citizens advice are well placed to be looking at this.
- **What's "fair" and what's "the right thing to do" for all consumers?** We need to grapple with these questions.
- **This needs to be fit for the future and drive the right behaviours.** Minimise usage at peak times to reduce network investments.
- **The bottom line is that we need to protect consumers**, because everybody is one.

Supplier

- **How do we define a forward-looking charge?** In terms of the size and the impact of this consultation on users.
- **Capacity vs time of use charging:** What serves as an incentive for customers? How do we define what a good incentive is? Incentives would be preferred to promote future “good” behaviour, rather than retrospectively penalising past “bad” behaviour.
- **How do we move from one regime to another while minimising surprises** to users which have set their business model based on the current arrangement?
- **It’s difficult to engage with the consultation as a supplier**, as a lot of other things are going on, but it’s important we get it right now, so we don’t have to do it again.
- **A “fantastically dynamic live market price”** would make it too complex for suppliers who pass this on to customers.
- **Complexity vs simplicity will be a challenge for customers:** It’s a great opportunity to give customers the right incentives and signals so they can engage with the network they are using, and have the ability to use the flexibility that new technologies offer.
- **“Core capacity” is very relevant to domestic suppliers.** It doesn’t make sense for customers to be penalised for electrifying transport. There is need for domestic customers to have an access right, but whether that’s additional capacity or incentivisation of charging is the question.

Electricity System Operator

- **It’s really good to see a clear route to deliver change.**
- **The industry has changed. There’s now a range of technologies and the way we use the system is different.** We can see that it will continue to change so it’s important to get charging mechanisms that continue to work in the future.
- **This is a huge opportunity to deliver consumer value.** We are stepping up to help provide the consumer voice and highlight where arrangements need to be reformed.
- **There are wider issues than the consultation** and we want to support industry to draw out what these are.
- **This needs to be about delivering quality services to the consumer at a good cost.**
- **It’s important to help industry engage** with this reform.
- **Focus needs to be on** how we develop markets that create the right outcomes.
- **Arrangements need to give the right signals** to market participants so that they can make efficient business decisions. The signals need to reflect the full value of their actions so they can be rewarded as well.
- **Getting this right** means we can deliver significant value to consumers.

Large Energy Users

- **Those using the system (particularly at peak times) should be paying for it**, and those not shouldn’t be subsidising it.
- **Firm and non-firm access is a positive commercial incentive for interruptible users** who can sell excess capacity back to the market (for a period, if the price was right). If this reduces reinforcement costs, consumers indirectly benefit.
- **Releasing capacity could concern some** - sites which have legacy connections might be less relaxed about this.
- **Some industrial sites have both non-interruptible and interruptible processes.** How would it work for them?
- **Too complicated?** A complicated auction system for access rights has been in discussion. Concerns are over whether the theoretical benefits outweigh the cost and complexity of this.
- **The ability to specify the type of access you need** will better match the needs of the system.
- **It’s a challenge** for these users to engage in this work. Keeping it simple is important to making the process work well. A significant code review is easier to engage in than an industry-led process.
- **Sufficient alignment of reforms:** for industrial users, it would be preferred for this to have been done before or at the same time as the Targeted Charging Review. That way, clear signals would be maintained.

Distributed and Community Energy

- **It’s positive that the distribution network is being reviewed:** A value can be put towards the system benefits each site can bring.
- **More choice in access rights** will enable sites to make best use of their individual characteristics and the flexibility they have.
- **There is need for a stronger signal** for what the local part of the system needs and is doing.
- **This is positive for local energy which has grown in disruptive demand.** Air conditioning, heat pumps and EV’s can be put onto the distribution network more effectively.
- **Shallow charging on distribution networks:** Lower upfront costs to connect to the distribution network would be positive for communities.
- **Shallow charging unlocks many other benefits to the network.** It will then push development of flexibility markets and ways of managing local area constraints which other can benefit from.
- **Shallow connection boundaries could get very complicated.** It’s important to get the right balance.
- **Having a choice of access rights could get very complex.** What will this mean the discussion will be between users and the Network operators?
- **The challenge** is to be able to cost up the benefits which each user gives to the system.