

**Statement of Charging Methodology for Use of
AGR Networks Distribution System**

22nd July 2025

APPROVED BY THE GAS & ELECTRICITY MARKETS AUTHORITY

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1. Introduction

1.1 This statement sets out AGR Networks Distribution Use of System (DUoS) Charging methodology. It is prepared in accordance with the requirements of AGR Networks Electricity distribution licence issued under the Electricity Act 1989, as amended by the Utilities Act 2000 ('the Act').

1.2 AGR Networks is required by Licence Condition 13 to prepare a statement approved by the Authority setting out the methodology upon which charges will be made for the use of its distribution system. AGR Networks is also required to review this statement annually to ensure that the objectives of the licence condition continue to be achieved. The relevant licence obligations are as follows:

- (a) That compliance with the use of system charging methodology facilitates the discharge by AGR Networks of the obligations imposed on it under the Act and by the Distribution Licence;
- (b) That compliance with the use of system charging methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity.
- (c) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by AGR Networks in its distribution business; and
- (d) That, so far as is consistent with sub-paragraphs (a), (b) and (c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the AGR Networks distribution business.

1.3 In addition, as an Independent Distribution Network Operator (IDNO), AGR Networks is required by its Licence to set its DUoS charges in relation to domestic customers so that, except without prior written consent of the Authority, the standing charge, unit rate and any other component of charges shall not exceed the distribution use of system charges to equivalent domestic customers¹.

2. Methodology to determine distribution use of system tariffs

- 2.1 This section contains the methodology used by AGR Networks to determine the Distribution Use of System (DUoS) tariffs for sites and distributions systems connected to AGR Networks network.
- 2.2 The methodology differentiates between those properties connected at Low Voltage (LV) or High Voltage and those connected at Extra High Voltage (EHV).

Definition of LV, HV and EHV Properties

- 2.3 LV and HV Properties are defined as follows:

Premises connected to the licensee's Distribution System at less than 22 kilovolts excluding those premises connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and where the Metering Point is located at the same substation.

- 2.4 EHV properties are defined as any premises that do not meet the criteria set out above for LV and HV properties.

Methodology to determine DUoS tariffs for Import to LV and HV Properties

- 2.5 For demand customers supplied through our network at LV or HV and which fall within the scope of a generic tariff published by the Distribution Services Provider in the Host DNO Area, our applicable use of system tariff is the same as the published tariff that would apply to an equivalent customer supplied by the Distribution Services Provider in the Host DNO Area.
- 2.6 At the time of preparing this statement, the method used by Distribution Services Providers to determine the relevant use of system tariffs is called the Common Distribution Charging Methodology (CDCM).

Methodology to determine DUoS tariffs for Export from LV and HV Properties

- 2.7 For export customers connected to our network at LV or HV and which fall within the scope of a generic tariff published by the Distribution Services Provider in the Host DNO Area, our applicable use of system tariff is the same as the published tariff that would apply to an equivalent customer supplied by the Distribution Services Provider in the Host DNO Area and amended as follows:

Where the Host DNOs export tariff for a LV or HV customer contains a unit based credit, AGR Networks will only pay a unit based credit in respect of export from LV and HV properties at the same level as that paid by the Host DNO to AGR Networks. This credit will depend on the voltage of the boundary of connection between AGR Networks and the Host DNO.

2.8 At the time of preparing this statement, the method used by Distribution Services Providers to determine the relevant use of system tariffs is called the Common Distribution Charging Methodology (CDCM).

For EHV properties our applicable use of system tariff will be determined on a site-specific basis.

2.9 To determine this site-specific tariff, we will compute the following:

- (a) The tariff that would have applied to the site if the Host DNO owned the relevant section of our system and used it to supply the site.
- (b) The charges (if any) applied to us by other networks (distribution or transmission) in respect of the supply to the site.

2.10 Where appropriate, we will set our site-specific tariff to be the notional tariff that would have applied to the site if the Host DNO owned the relevant section of our system. This would be consistent with our methodology for setting LV and HV import tariffs.

2.11 However, this notional tariff approach might not be always appropriate, because:

- (a) We might not always be able to estimate the tariff that would have applied to the site if the Host DNO owned the relevant section of our system, because making such estimates is dependent on the provision of information by the Host DNO and the Host DNO needing to incorporate the AGR Networks network into their powerflow model. Under the current regulatory arrangements, the DNO is only obliged to provide a boundary equivalent price for each EHV site connected to an IDNO network, and consequently an all the way tariff for an EHV site may not be possible.
- (b) The design and implementation of the Host DNO's charging methodology is also out of our control, there is a risk that the notional tariff might not cover the charges applied to us by any other networks or might give an inadequate margin over these charges.

2.12 If we determine that the notional tariff approach is not appropriate for a site, then we will set the tariff for the site as the sum of:

- (a) The pass-through of the charges applied to us by any other networks; and
- (b) All reasonable costs associated with the fulfilment of AGR Network's obligation to provide a safe and secure network between the host DNO and the EHV property, and a reasonable rate of return on the assets deemed to be used by the customer. This will include an allocation of direct and indirect costs, network rates, transmission exit charges, and depreciation.

. More detail on costs that are recovered for a network and how they are allocated between customers is contained in a separate appendix AGR EDCM EHV Charging Methodology Statement.

2.13 Where an EHV property is connected to a distribution system that is connected to an AGR Network network, AGR Network will determine a boundary equivalent price that applies at the boundary between the AGR Network network and the distribution system to which the customer is connected. The boundary equivalent price will be calculated based on the principles set out in paragraphs 2.9 to 2.12.

2.14 For EHV properties, AGR Network will apply the host DNO generic line loss factors where these are published. Where these are not published or AGR Network does not believe that the generic losses are a good approximation for the actual losses appropriate for an EHV property, AGR Network will calculate site specific losses for the site

3. Contact Details

If you have any questions about this statement, please contact us at this address:

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Tel: 0208 0580752

General Enquiries Email: info@agr-networks.co.uk

For all other queries please contact our general enquiries telephone service on:

0208 0580752, lines are open 08:30 to 17:30 Monday to Friday.