

CUSC Workgroup Consultation Response Proforma**CMP334: Transmission Demand Residual – consequential definition changes (TCR)**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@nationalgrideso.com by **5pm on 15 April 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation please contact Paul Mullen at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Paul Bedford
Company name:	Opus Energy Ltd
Email address:	Paul.bedford@drax.com
Phone number:	01604 673256

For reference the applicable CUSC objectives are:

Relevant Objective
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the CMP334 Original Proposal better facilitates the Applicable CUSC Objectives?	<p>Yes. We believe that the proposed solution, when combined with other modifications under the TCR, would help ensure more cost-reflective charges as flexible customers who can currently change their behaviours in order to avoid costs will no longer be able to do so.</p> <p>These more cost-reflective charges will positively impact relevant objectives a) and d). This is positive to Relevant Objective a) as this supports the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence and is also positive to Relevant Objective d) as this promotes efficiency in the implementation and administration of the CUSC arrangements.</p>
2	Do you support the proposed implementation approach for CMP334?	<p>Yes. We support the intent of this modification, to help deliver Ofgem's TCR Decision. However, as discussed below, we do not support the current proposed implementation date.</p>
3	Do you have any other comments?	<p>CMP334 and DCP359 have been raised to allow the methodology that is being developed under CMP332 'Transmission Demand Residual bandings and allocation (TCR)' to function.</p> <p>Ofgem has recently consented to the withdrawal of CMP 332 and have directed NGESO to raise a new proposal, to enable reforms to Transmission Demand Residual charges to be effective as of 1 April 2022.</p> <p>Amongst the reasons for Ofgem's decision was that a number of suppliers and large energy consumers have expressed difficulties arising from the lack of certainty in 2021 TDR charges on the non-domestic supply market.</p> <p>Lack of certainty around TDR network charges from April 2021 is being driven by two factors:</p> <ol style="list-style-type: none"> 1) Accurate charges for April 2021 will not be available until late 2020, due to the new data requirements of the new charging structure and the code modification timeline; and

		<p>2) There is an increasing industry view that the timeline for implementing the TDR reforms contains significant risks, with concerns that accurate charges may not be delivered on time.</p> <p>Most suppliers fix their electricity prices for many of their non-domestic customers in advance, through contracts. The current uncertainty means that energy suppliers are not able to accurately estimate the charges they will incur in 2021 for these customers.</p> <p>The challenging timescales associated with the TCR are exacerbated by the current exceptional COVID-19 lockdown situation, and so, in light of Ofgem's decision on CMP332, we would favour alignment of implementation of both CMP334 and associated DCUSA modification DCP359 with the revised CMP332 implementation date of 1st April 2022.</p> <p>There is also a potential risk that, if CMP332 is amended, that CMP334 and DCP359 may not be in line with such amendments.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Not at this time though we reserve the right to raise a change in the future.
Specific CMP334 Workgroup Consultation questions		
5	Based on the mapping table in Annex 3, does the proposed CMP334 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed?	In terms of delivering the required definitions, CMP334 is attempting to deliver a workable solution, but further analysis of the mapping table would be required to confirm if it is fully compliant with Ofgem's TCR Direction.
6	Do you agree with the proposed definition of "Single Site"? If not, why not.	<p>Yes.</p> <p>There was a majority view from the Working Group to keep the definition of a 'Single Site' as simple as possible and relate it to a Connection Agreement (whether that be in the form of the National Terms of Connection or a Bespoke Connection Agreement).</p>

		<p>However, the Connection Agreement is a bilateral agreement between the Customer and the DNO and so is not transparent to Suppliers. Suppliers would therefore need to take it on trust that they are passing on charges based upon this bilateral agreement.</p> <p>The stated rationale of the workgroup was that the CUSC/Grid Code definition already references the Connection Agreement and so to move away from that rationale would mean that residual and forward-looking charges would differ. This also reflects the status quo where a distributor does not currently levy multiple fixed charges where multiple MPANs are associated with a single connection agreement.</p> <p>This is positive to Relevant Objective a) as this supports the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence and is also positive to Relevant Objective d) as this promotes efficiency in the implementation and administration of the CUSC arrangements.</p> <p>As a result, we agree with the majority Working Group view stated above.</p>
7	Do you agree with the proposed definition of "Final Demand Site"? If not, why not.	<p>Yes.</p> <p>We support the definition of Final Demand Site as "A Single Site that has any metered Final Demand" and that a binary assessment should be made regarding whether residual fixed charges should apply. We do not support the alternative approach of defining a threshold for a Final Demand Site because it is not proportionate, given the added complexity and is subjective and so is prone to potential inaccuracies. This was illustrated by independent analysis by some Working Group members who found the Frontier Economics analysis to only be around 80% accurate. Because Final Demand means "electricity which is consumed other than for the purposes of generation or export onto the electricity network" we agree that a site that has a generator that uses electricity solely to support the operation of the generator (such as for security lighting) should not be treated as Final Demand Site. We agree also, that parties should be able to declare that a site is not a Final Demand Site and that there should be repercussions/penalties for any false declaration.</p>

8.	Do you believe the Certification process described in the legal text is fit for purpose? If not, why not?	Although the definitions are included within the legal text within the Consultation document, the Certification process has not been fully defined.
----	---	---