

**CUSC Workgroup Consultation Response Proforma****CMP332: Transmission Demand Residual bandings and allocation (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](mailto:cusc.team@nationalgrideso.com) by **5pm on 27 February 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](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
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**For reference the applicable CUSC objectives are:**

- a. *That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- b. *That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);*
- c. *That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;*
- d. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 \*; and*
- e. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*\*Objective (d) 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 CMP332 Original Proposal better facilitates the Applicable CUSC Objectives?	<p>Yes, but the original proposal is incomplete as there is no defined methodology to calculate the total cost for sites directly connected to the Transmission network.</p> <p>Please find below our assessment against the applicable CUSC objectives:</p> <ul style="list-style-type: none"> <li>a) Neutral</li> <li>b) Neutral</li> <li>c) Positive as NGESO has been directed to raise this modification and implement its effects by the Authority.</li> <li>d) Neutral</li> <li>e) Neutral</li> </ul>
2	Do you support the proposed implementation approach?	<ul style="list-style-type: none"> <li>• No. We feel that Ofgem's final determination in November 2019 to implement TNUoS changes in April 2021 has not given us sufficient notice.</li> <li>• This will require us to adjust our budgeted position for volume we have contracted post April 2021.</li> <li>• We manage our risks towards various energy and non-energy cost liabilities however it has been impossible to factor in the cost impact that a significant change to charging methodology will leave us exposed to as early as April 2021.</li> <li>• We would have expected longer notice to reflect such a significant change. We urge Ofgem to re-consider implementing TCR TNUoS reform in April 2021.</li> <li>• April 2022 is far more realistic for us to budget for this one-off increase to TNUoS costs.</li> </ul>
3	Do you have any other comments?	<ul style="list-style-type: none"> <li>• Our supplier, EDF, informs us that it is not able to accurately inform us of our TNUoS liability for 2021/22 charging year due to the uncertainty of a number of factors that have yet to be agreed.</li> <li>• We are facing the prospect of the risk associated with a new price control, which adds to the uncertainty of the risks we manage around network costs. Now we are</li> </ul>



		facing more uncertainty on what band our sites will reside within and what cost this will be. We feel that this is unacceptable for what is a significant change to TNUoS charging.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<ul style="list-style-type: none"> <li>No</li> </ul>
<b>Specific CMP332 Workgroup Consultation questions</b>		
5	Based on the mapping table in Annex 6, does the proposed CMP332 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed.	<ul style="list-style-type: none"> <li>No</li> </ul>
6	CMP332 solution proposes to have one Transmission Band for the demand residual charge. Do you agree, if not what do you suggest instead, and why?	<ul style="list-style-type: none"> <li>We are somewhat frustrated that at this late stage we are not able to confidently understand what our liability for sites connected to the transmission network may be.</li> <li>We would expect that Ofgem are able to give some better guidance so that this information is given as soon as possible.</li> </ul>
7	The TCR SCR Direction specifies that 24 months of data is required to allocate the customers to charging bands. The Original solution (for CMP332) proposes to use a standard 12 months period for all. What period of historical data do you think is required for setting the bands, and why?	<ul style="list-style-type: none"> <li>We are slightly confused why the process of determining which band a site is allocated within is being expedited. We are not sure how we would dispute if we are in the incorrect band, if we are providing the correct information in the first place, any liability we face for providing incorrect information and if we may face additional costs in the future (potentially retrospectively) if we have been allocated in the wrong band.</li> <li>Surely it would be better to define the bands and the rules first before deciding what arbitrary length of time needs to be used to create the band?</li> </ul>
8	If there is any revenue under/over recovery due to the differences between the initial	<ul style="list-style-type: none"> <li>No comment</li> </ul>



	allocation of charging bands vs the outturn of such bands, how should this amount be recovered/rebated?	
9	Should we use Measurement Classes rather than “No MIC” or “MIC” to determine initial grouping for the charging bands at low voltage, and why?	<ul style="list-style-type: none"><li>• It sounds as if there are still instances where we might be allocated to an incorrect band if we have sites that fall within this category. We repeat our previous point of allowing a transparent process to help us ensure we are being charged correctly.</li></ul>
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged separately on a volumetric basis?	<ul style="list-style-type: none"><li>• No comment</li></ul>
11	Do you have any thoughts on any of the suggested options and/or do you believe there any other options for the Workgroup to consider?	<ul style="list-style-type: none"><li>• No further comments</li></ul>