

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 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 or 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?	It better facilitates relevant objective c
2	Do you support the proposed implementation approach?	Yes, this is consistent with work on the equivalent modifications to DCUSA.
3	Do you have any other comments?	no
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No
Specific CMP332 Workgroup Consultation questions		
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.	It delivers the element of residual banding and allocation. The other CUSC modifications presumably deliver the other elements of the TCR
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?	Yes this would seem appropriate
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)	There is some concern over the allocation of customers to bands within the kVA bands that averaging over 24 months misses step changes in customer's behaviour. Having said that the Direction specifies that 24 months of data be used to allocate customers to bands and as such that should be the default

	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?	position. However, for NHH customers, the proposal in the TCR DCUSA modifications is to use EAC data which by definition is a view of annual consumption. This would seem an appropriate way forward given the data exists.
8	If there is any revenue under/over recovery due to the differences between the initial allocation of charging bands vs the outturn of such bands, how should this amount be recovered/rebated?	This is a forecasting risk not unlike other pricing assumptions. Any difference in revenue between actual and forecast should be dealt with via the normal correction factor (K factor) mechanism as laid out in the price control process
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?	The allocation of customers to bands is based on consumption characteristics i.e. MIC on no MIC (therefore use kWh). Existing DNO charging and line loss factor class (LLFC) mechanisms should be used to allocate customers to the correct initial banding.
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged separately on a volumetric basis?	Applying banding structures to UMS does not seem appropriate or logical. The UMS category has a wide range of customer's sizes, from small lighting authorities to larger ones, as such applying fixed charges to these customers could have significant distortions. As such a spate volumetric approach seems sensible.
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?	The option to floor the locational demand tariff at £0 is the appropriate solution. Allowing for a negative charge would provide for perverse incentives on demand customers at time of system peak and this is not consistent with the broad aim of the TCR to remove distortionary effects.