

**CUSC Code Administrator Consultation Response Proforma****CMP343 & CMP340 - Transmission Demand 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 **22 September 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

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**CMP343****For reference the applicable CUSC Charging 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 use of system charging methodology.*

*\*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).*

**CMP340****For reference the applicable CUSC non-charging objectives are:**

- 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 in the right-hand side of the table below, including your rationale.**

<b>CMP343 - Standard Code Administrator Consultation questions</b>		
1	Do you believe that the CMP343 Original solution, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6, WACM7, WACM8 or WACM9 better facilitates the Applicable CUSC Charging Objectives?	<p>We believe that WACM 8 best facilitates the objectives. In our view WACM8 combines the best option for each of the two decision points:</p> <p><b>Locaitonal adjustment:</b> introducing a £/site/day locaitonal adjustment will mitigate the distributional impact of flooring the locaitonal tariff at zero without creating an incentive to consume over peak periods. We don't believe the TCR implementation should distort the geographical distribution of TNUoS recovery.</p> <p><b>Transmission bands:</b> 2 or more transmission bands are necessary to facilitate a changing diversity of transmission connected demand and generation. 4 transmission bands would be best at reducing distortive charges between smaller and larger sites. As the type of transmission connected demand changes (e.g. EV charging sites) having a single fixed charge seems inflexible. With a single band, small sites would pay the same as the largest connected load on the grid.</p>
2	Do you support the proposed implementation approach for CMP343?	Click or tap here to enter text.

3	Do you have any other comments for CMP343?	<p><b><u>Negative Locational</u></b></p> <p>The £/site/day locational adjustment is the most preferable option. This option would mitigate the distributional impact of flooring the locational tariff at zero without creating an incentive to consume over peak periods. Flooring the locational tariff at zero is preferable to a 'No Floor' option as this is required to ensure that there is not a perverse incentive to consume over peak periods.</p> <p>We believe that there is a wider structural problem with the transport model that should be addressed. The negative locational signals are a product of the current transport model, no amount of tinkering with TCR or SCR charging modifications will correct for the fact that the locational model produces negative forward looking costs to recover in many regions. Whilst the principle of the TCR, recovering residuals through fixed charges is defensible, its implementation is only sensible if the model used to determine the residual and forward looking split is accurate. In our opinion the model should be adapted to ensure that a locational signal still exists without creating negative charges. It is unlikely that the TNUoS reforms proposed in the SCR will address this problem since the TNUoS cost model is out of scope. This has left TNUoS caught in the gaps of two reforms.</p> <p>Any changes that the SCR makes to the locational methodology are not expected to come into effect until the Charging Year starting on 1 April 2023. Therefore it would be most appropriate to delay the implementation of CMP342 until April 2023 to coincide with the changes that the SCR will make.</p> <p><b><u>Transmission bands</u></b></p> <p>2 or more transmission bands are necessary to reduce distortions and to enable smaller developments to access the grid at the transmission level.</p> <p>National Grid has indicated its intention to enable distributed supply and demand to connect at the transmission level. 4 transmission charging bands would it make affordable for smaller connections to access the transmission network. This will</p>
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		encourage innovation and result in lower whole system costs by decreasing the burden on the distribution network.
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CMP340 - Standard Code Administrator Consultation questions		
1	Do you believe that the CMP340 Original solution, WACM1 or WACM2 better facilitates the Applicable CUSC Objectives?	Yes
2	Do you support the proposed implementation approach for CMP340?	Click or tap here to enter text.
3	Do you have any other comments for CMP340?	No