

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 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 or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Adam Brown
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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.

CMP343 - Standard Code Administrator Consultation questions		
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>Treatment of negative locational demand signals</p> <p>We do not support WACMs 3,4 and 5, as the removal of the floor on locational signals would perversely incentivise the consumption of electricity, potentially leading to unnecessary investment in networks (be that at transmission or distribution levels).</p> <p>As noted in the workgroup, these changes are considered short-term measures until the changes from the Access and Forward-Looking Charges SCR are implemented. Against this background, we do not think it would be sensible to make additional changes to the charging methodology (with the associated implementation and ongoing costs) without a clear benefit being demonstrated. We cannot see this from the consultation, therefore we favour solutions that maintain the status quo i.e. floor the locational charge at zero.</p> <p>Banding of residuals</p> <p>We believe implementing a single consumption band for the residual charge would impact smaller transmission-connected customers disproportionately and would therefore not facilitate competition.</p>

		<p>Furthermore, we also understand banding is being introduced for customers connected to the distribution system. The CUSC should mirror these arrangements, so that there are no distortions to competition between customers that can choose which network they connect to. This is particularly relevant as the recent trend, which looks set to continue, has been for more diverse types of demand customer to connect directly to the transmission system.</p> <p>On this basis, we believe WACM2 best facilitates the CUSC Charging Objectives.</p>
2	Do you support the proposed implementation approach for CMP343?	Previous analysis has shown there are significant consumer benefits of reforming the residual charge. Therefore, while any approved amendment should be implemented as soon as possible, this should allow for industry participants to take this into account so that the benefits can be passed on to consumers. Against this background, we have no firm view.
3	Do you have any other comments for CMP343?	No

CMP340 - Standard Code Administrator Consultation questions

1	Do you believe that the CMP340 Original solution, WACM1 or WACM2 better facilitates the Applicable CUSC Objectives?	We believe the Original Proposal best facilitates the CUSC objectives, being consistent with our views on CMP343.
2	Do you support the proposed implementation approach for CMP340?	See above.
3	Do you have any other comments for CMP340?	No.