

Workgroup Consultation Response – Pro-Forma

CMP287: 'Improving TNUoS Predictability Through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process'.

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 by **7 May 2019** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Daniel Wesley Hickman daniel.hickman@npower.com</i>
Company Name:	<i>npower</i>
Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.	<p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; Neutral (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. Positive – Improved predictability of regulated charges allows suppliers to compete on a level playing field based on the cost elements that they have some control over rather than the accuracy or otherwise of their forecasts of TNUoS (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. Neutral (d) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. Neutral
Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	<p><i>Yes we support the proposed implementation approach of</i></p> <p>by the 31st December following approval, to provide notice of the chargeable demand inputs to be used in tariff setting for the following two charging years.</p> <p><i>I.e. providing 3 months of notice ahead of the next charging</i></p>

	<p>year and the full 15 months of notice for following year.</p> <p>To give the most notice of next charging years chargeable volume inputs</p>
<p>Do you have any other comments?</p> <p>Who should bear the risk of TNUoS volatility – the market, or the ESO? Why?</p>	<p><i>We believe that it is likely inefficient for multiple parties to manage the risk of TNUoS volatility caused by changes to forecast values over which they have no control. We believe the ESO is therefore best placed to manage this risk at the lowest cost to consumers.</i></p>
<p>Is 15 months the optimum time period? If you disagree, please suggest a timeframe and reasoning.</p>	<p><i>We believe that 15 months of notice provides the optimum balance between increased certainty of TNUoS demand Tariffs and over/under recovery by the ESO due to earlier setting of the Chargeable volume inputs as it aligns with supplier / customer pricing timeline expectations</i></p> <p><i>It is also consistent with the timescales committed to by DNOs.</i></p>
<p>Please provide comment on the benefits analysis contained in Annex 2.</p>	<p><i>Tables 4d – 4f clearly show the significant benefit to domestic consumers in aggregate through a reduction in risk premia due to fixing the chargeable volume inputs under all of the modelled scenarios.</i></p>