

| CUSC Modification Proposal Form (for Charging Methodology proposals) | CMP206 |
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| <p>Title of the CUSC Modification Proposal:<i>(mandatory by proposer)</i> Requirement for National Grid Electricity Transmission to provide and update year ahead TNUoS forecasts</p> | |
| <p>Submission Date <i>(mandatory by Proposer)</i> 20 March 2012</p> | |
| <p>Description of the CUSC Modification Proposal:<i>(mandatory by proposer)</i></p> <p>This proposal would require National Grid Electricity Transmission (NGET) to publish a year ahead forecast of Transmission Network Use of System (TNUoS) charges. The forecasts would also be updated at regular intervals during the year (for example every three months) and would be specified to the same level of detail as current notifications of final tariff charges. For example, forecasts of 2013-14 TNUoS charges would be published, say, in May, August and November of 2012 and February in 2013.</p> <p>This new CUSC requirement would be in addition to the notifications already required under NGET's transmission licence.</p> | |
| <p>Description of Issue or Defect that the CUSC Modification Proposal seeks to Address:<i>(mandatory by proposer)</i></p> <p>The notices of indicative charges and final use of system charges provided by NGET are insufficient to enable users to gain an adequate view of the changes to charges they are likely to face.</p> <p>Changes notified by NGET for both generation and demand tariffs for 2012-13 have been very substantial and in many instances could cause price shocks. For example, the non locational residual generation tariff will rise by over 17%, with zonal tariff changes of between -53% and +248%. Half hourly demand tariff will rise by between 6% and 64%, and non half hourly by between 9% and 67% dependent on zone.</p> <p>Further, the changes that may occur as a result of moving to the RIIO price control framework and any changes arising from the Project Transmit Significant Code Review of transmission charges also create the risk of changes where the impacts need to be signalled with as much notice as possible so suppliers can take these into account in their pricing and tariffs.</p> <p>Currently NGET is required under its transmission licence to give the Authority 150 days' notice of its intention to change use of system charges together with a reasonable assessment of the proposals on those charges; and to give users two month's written notice of any revised charges. It typically provides an additional month's notice of revised charges through the publication of "indicative" tariffs.</p> <p>It is also required to provide a five year TNUoS forecast—the so-called—Condition 5 Statement but these indications are fraught with uncertainty and anyway do not include key elements of the charge structure.</p> <p>The CUSC states (14.14.8) that in setting and reviewing use of system charges NGET should, amongst other things, inform existing users and potential new entrants with accurate and stable cost messages.</p> <p>In the proposer's view these current arrangements do not provide users with information in a sufficiently timely way to understand their likely liability to charges.</p> <p>The proposer recognises that NGET provides the tariff model to enable users to estimate future tariffs and perform sensitivity analysis. However, many smaller participants do not have the resources to devote to this; this facility should support, not displace, the requirement to inform users. Therefore the proposed amendment seeks to require NGET to provide accurate year-ahead forecast of tariffs and to regularly update that forecast as the tariff year approaches.</p> | |

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| <p>Impact on the CUSC:<i>(this should be given where possible)</i></p> <p>The proposal would introduce an additional requirement in the CUSC for NGET to produce regularly updated forecasts of use of system charges for the following financial year.</p> |
| <p>Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No <i>(mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)</i></p> <p>No</p> |
| <p>Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information:<i>(this should be given where possible)</i></p> <p>BSC <input type="checkbox"/></p> <p>Grid Code <input type="checkbox"/></p> <p>STC <input type="checkbox"/></p> <p>Other <input type="checkbox"/> <i>(please specify)</i></p> |
| <p>Urgency Recommended: Yes / No <i>(optional by Proposer)</i></p> <p>No</p> |
| <p>Justification for Urgency Recommendation <i>(mandatory by Proposer if recommending progression as an Urgent Modification Proposal)</i></p> <p>N/A</p> |
| <p>Self-Governance Recommended: Yes / No <i>(mandatory by Proposer)</i></p> <p>No</p> |
| <p>Justification for Self-Governance Recommendation <i>(mandatory by Proposer if recommending progression as Self-governance Modification Proposal)</i></p> <p>N/A</p> |
| <p>Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? <i>(mandatory by Proposer in order to assist the Panel in deciding whether a Modification Proposal should undergo a SCR Suitability Assessment)</i></p> <p>Yes, though this issue might need to be considered further as there is a potential interaction with the Project Transmit SCR, which is currently underway.</p> |
| <p>Impact on Computer Systems and Processes used by CUSC Parties:<i>(this should be given where possible)</i></p> |

Details of any Related Modifications to Other Industry Codes (including related CUSC Modification Proposals): *(where known)*

The proposer has raised a similar DCUSA proposal to require Distribution Network Operators to provide tariff forecasts one year ahead of the charging year which are regularly updated up to the year start.

Justification for CUSC Modification Proposal with reference to Applicable CUSC Objectives: *(mandatory by proposer)*

Please tick the relevant boxes and provide justification for each of the Charging Methodologies affected.

Use of System Charging Methodology

- (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Full justification:

The proposal would better facilitate applicable objective (a) because it would enable users to improve the accuracy of their own forecasts and assessments, which should lead to more informed business plans and pricing strategies. Users would also face less uncertainty with respect to future changes in use of system charges and so be exposed to less risk. Both these factors should facilitate competition in the supply market. The forecasts would enable all companies to be on an equal footing with respect to the information on future charges.

The proposal would better facilitate applicable objective (c) as it would reflect the uncertainties and changes NGET sees in its business and enabling users to have better visibility of these.

Connection Charging Methodology

- (a) that compliance with the connection 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 connection 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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);
- (c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;
- (d) in addition, the objective, in so far as consistent with sub-paragraphs (a) above, of facilitating competition in the carrying out of works for connection to the national electricity transmission system.

Full justification:

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| Details of Proposer: (Organisation's Name) | Haven Power Limited |
| Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party, "National Consumer Council" or Materially Affected Party) | CUSC Party |
| Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address: | Antony Badger Haven Power 01473 707182 antony.badger@havenpower.com |
| Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address: | Nigel Cornwall Cornwall Energy 01692 407865 nigel@cornwallenergy.com |
| Attachments (Yes/No): No | |
| If Yes, Title and No. of pages of each Attachment: | |

