CUSC WORKGROUP CONSULTATION ALTERNATIVE REQUEST FORM

Please send your completed form along with your completed Workgroup Consultation Response to ####### by #####.

Please note that any responses received after the deadline may not receive due consideration by the Workgroup.

Respondent Name and contact details	*Nicholas Rubin* Nicholas.rubin@elexon.co.uk 0207 380 4007
CMP### [Add – Title of the Modification]	CMP280 - 'Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage Users'
Capacity in which the WG Consultation Alternative Request is being raised : (i.e. CUSC Party, BSC Party or "National Consumer Council ")	BSC Party - BSCCo

Description of the Proposal for the Workgroup to consider*(mandatory by proposer)*:

The CMP280 Original Proposal seeks to divide BM Units into those which are liable to demand residual charges (Supplier BM Units), and those which are not (Power Stations with BEGAs or BCAs). As explained in our CMP280 consultation response, we believe this approach is flawed, even for simple CVA BM Units (in that it cannot adequately handle BM Units containing both demand and a Power Station). But, more importantly, it introduces arbitrary distinctions between power stations registered in SVA and those registered in CVA.

To resolve this issue, we propose that the Workgroup consider an alternative approach which recognises that any BM Unit (SVA-registered or CVA-registered) may have a mixture of:

- Imports to generation and storage (which should not be subject to demand residual charges);
- Imports to other demand (which should be subject to demand residual charges)

We further propose that this CUSC Alternative should rely on the BSC to determine which imports (if any) have been verified as being used by generation and storage. This means that all imports to a BM Unit (whether a Supplier BM Unit or CVA BM Unit) will be subject to demand residual charges, except where:

1. The BM Unit only contains a Power Station (and associated auxiliary load), with no other demand. This aspect of our Alternative is the same as the Original Proposal i.e. these BM Units would not be subject to demand residual charges on their imports under the Original Proposal or our Alternative; or

2. Soon-to-be established BSC processes for identifying meters associated with generation and storage have identified some of the imports to the BM Unit as having been used by generation or storage (rather than end-use demand). This portion of the BM Unit imports would then not be subject to demand residual charges. The remainder of the imports would still be liable to demand residual charges (including imports to end-use demand, and imports that were actually used by generation, but where this hasn't been verified using a BSC process).

If our Alternative was implemented today there would be no BSC processes of the type envisaged by point (2), and our Alternative would reduce to point (1), making it very similar to the Workgroup's proposal.

However, as explained in BSC Panel paper 280/11 ('Proposed Approach to Providing Metered Data for Calculation of Final Consumption Levies (FCLs)'), work is already underway to put in place BSC

processes that can distinguish between:

- Imports to licensed generation and storage (which are not subject to FCLs); and
- Other imports (which are subject to FCLs)

This BSC work is necessary to ensure that charging of FCLs (particularly EMR levies) is consistent with government policy, as set out in last year's BEIS/Ofgem Smart Systems and Flexibility Plan (SSFP). Our proposed CMP280 Workgroup Alternative would build upon this FCL work, to ensure that the CMP280 solution treated all licensed generation and storage equivalently (regardless of whether it happened to be registered in SVA or CVA).

Description of the difference(s) between your proposal compared to Original / Workgroup Alternative(s) *(mandatory by proposer)*:

The Original proposal only applied the Demand Residual Charge to Suppliers. Furthermore, the residual charge applied to all of a Supplier's imports, even if the Supplier was the registrant for a storage plant or generating unit operated by a generation licensee.

This alternative proposal differs from the Original Proposal because it applies consistently to generating units, irrespective of whether metering systems related to those generating units are registered in SVA (in Supplier Meter Registration Service (SMRS)) or in CVA (in Central Meter Registration Service (CMRS)).

We believe our approach is more consistent with what Ofgem and BEIS' had intended in their Smart Systems and Flexibility Plan and Ofgem's consultation on changes to the standard conditions of the Generation Licence.

Justification for the proposal (*including why the Original proposal / Workgroup Alternative(s) does not address the defect*) *(mandatory by proposer)*:

Ofgem and BEIS's Smart Systems and Flexibility Plan described how they expected the industry arrangements to change to better facilitate the participation of electricity storage. The SSFP noted that network charges can put storage at a relative disadvantage to other network users. Furthermore, Ofgem's consultation on a Targeted Charging Review proposed that storage should be treated in a similar way to generation and not face demand residual charges at transmission and distribution level. SP raised CMP280 in response.

In order that storage is treated similarly to other generators, we believe that any solution should apply consistently to all generation. Furthermore, the SSFP, TCR Consultation and TCR Launch Open Letter all indicate that Ofgem and BEIS' policy intent, is that solutions should be found for all storage, irrespective of whether it is transmission or distribution connected, or how it is registered for Settlement purposes.

We believe that the Original Proposal will achieve the first aim of treating storage and other types of generators consistently, but that it fails to treat generators consistently based on how they are registered. That is, the Original Proposal only provides a solution for generators registered in the BSC's Central Volume Allocation arrangements. This means that SVA registered generators will continue to contribute to the calculation of Suppliers' demand residual charges and unfairly treated.

One of the key issues raised by respondents to the SSFP Call for Evidence was that complexity and lack of consistency in charging arrangements is a barrier to investment in storage. We are concerned that by differentiating between SVA and CVA generators, the Original Proposal reinforces and exacerbates the concern that storage/generators are treated differently, depending on where they are connected and how they are registered.

We believe our Alternative proposal will ensure all generating units are treated consistently, irrespective of whether they are connected to a distribution or a transmission system, or how they are registered for Settlement purposes. We believe this will better achieve Ofgem's and BEIS' policy intent and will result in clearer, consistent arrangements which more effectively enable overall participation and competition.

Finally, we believe our Alternative proposal will maintain an existing, tried and tested relationship between the BSC and CUSC, whereby the CUSC sets an overall requirement for metered data and the BSC specifies how this requirement is fulfilled. This is because the BSC arrangements are a

robust and assured way of collecting, aggregating and reporting metered data for Imbalance and Settlement purposes and has underpinned network charging and other initiatives (e.g. the levying of Final Consumption Levies).

Impact on the CUSC *(this should be given where possible)*:

CUSC Section 14 will need to be modified to specify explicit locational and residual demand charges and to explain what imports should be used to calculate these charges.

Impact on Core Industry Documentation *(this should be given where possible)*:

A BSC Modification will be required to ensure that half hourly demand data provided to National Grid for charging purposes (on the P0210 data flow) is sub-divided into:

- Imports (if any) that have been identified (in accordance with relevant provisions of the BSC) as having been used by generation (including directly associated auxiliary load) or storage; and
- Other imports (which remain liable to demand residual charges)

This BSC Modification would be an 'enabling' change, that did not itself require new BSC processes to be built, but just ensured that where such processes were built (e.g. for FCL purposes) the resultant data would also be made available for charging purposes.

Impact on Computer Systems and Processes used by CUSC Parties *(this should be given where possible)*:

NG systems will need to receive data flows that separately identify imports to generation or storage, and not levy demand residual charges on these.

Justification for the proposal with Reference to Applicable CUSC Objectives* *(mandatory by proposer)*:

Our proposal brings similar benefits to the Original Proposal; but does not introduce disbenefits of distortion as outlined above. Our Alternative has additional benefits under Objectives (a) and (b) because it avoids arbitrary differences in treatment between SVA-registered and CVA-registered power stations. By avoiding such arbitrary differences, it avoids introducing distortions into the markets for generation and storage (facilitating objective a); and avoids entirely non-cost reflective differences between CVA and SVA (facilitating objective b).

Attachments (Yes/No): **If Yes, Title and No. of pages of each Attachment:**	No

Notes:

1. Applicable CUSC Objectives* - These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1. Reference should be made to this section when considering a proposed Modification.