



<b>Stage 05: Draft CUSC Modification Report</b>	At what stage is this document in the process?
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<h2 style="margin: 0;">CMP292: Introducing a Section 8 cut-off date for changes to the Charging Methodologies</h2>	01	Initial Written Assessment
	02	Workgroup Consultation
	03	Workgroup Report
	04	Code Administrator Consultation
	05	Draft CUSC Modification Report
	06	Final CUSC Modification Report

**Purpose of Modification:** The purpose of this modification is to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company - as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by Users.

	<p>This Draft Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic version of this document and all other CMP292 related documentation can be found on the National Grid ESO website via the following link; <a href="https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/introducing-section-8-cut-date-changes">https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/introducing-section-8-cut-date-changes</a></p> <p>The purpose of this document is to assist the CUSC Modification Panel in making its recommendation on whether to implement CMP292.</p>
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	<p><b>High Impact:</b> High Impact: Chargeable Users, The Company</p>
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	<p><b>The Workgroup concludes:</b></p> <p>All Workgroup Members concluded that the Original proposal facilitates the Applicable CUSC Objectives better than the baseline. No potential Workgroup Alternative Consultation Modifications (WACMs/WAGCMs) were proposed.</p>
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Any questions?

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## Timetable

### The Code Administrator recommends the following timetable:

Workgroup Report presented to Panel	31 May 2019
Code Administration Consultation Report issued to the Industry	10 June 2019
Draft Final Modification Report presented to Panel	18 July 2019
Modification Panel decision	26 July 2019
Final Modification Report issued to Authority (25 WD)	31 July 2019
Indicative Decision Date	4 September 2019
Decision implemented in CUSC (2WD after determination)	6 September 2019

## 1 About this document

This document is the Draft Final CUSC Modification Report that contains the discussion of the Workgroup which formed in December 2018 to assess and develop the proposal, the responses to the Workgroup Consultation which closed on 21 January 2019, the voting which closed of the Workgroup held on 16 May 2019. The Panel reviewed the Workgroup Report at their CUSC Panel meeting on 26 May 2019 and agreed that the Workgroup had met its Terms of Reference and that the Workgroup could be discharged. One Panel member abstained from voting.

CMP292 was proposed by National Grid ESO and was submitted to the CUSC Modifications Panel for its consideration on 15 February 2018. The Panel decided to send the Proposal to a Workgroup to be developed and assessed against the Code Panel Applicable Objectives. The Authority determined that the proposal should not be considered on an Urgent timescale but follow accelerated timescales.

CMP292 aims to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company - as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by Users. The Workgroup consulted on this Modification and a total of 3 responses were received. These responses can be viewed in Section 13 of this Report.

### **Workgroup Conclusions**

At the final Workgroup meeting, Workgroup members voted on the Original proposal. All members voted that the Original Proposal better facilitated the applicable Code Panel objectives as it is in their view better facilitated the applicable CUSC objectives.

This Code Administrator Consultation has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid ESO website <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/introducing-section-8-cut-date-changes> along with the CUSC Modification Proposal form.

### **Code Administrator Consultation Responses**

Three responses were received to the Code Administrator Consultation. A summary of the responses can be found in Section 10 of this document. Overall respondents agreed that CMP292 better facilitated the Applicable CUSC Objectives.

This Draft Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid ESO website: <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/introducing-section-8-cut-date-changes>. The full responses can be found in Annex 4.

## **National Grid ESO View**

This modification will bring greater clarity for all parties setting, forecasting and budgeting for tariffs. Having a cut-off date for new methodology implementation will allow NGENSO to have certainty when setting TNUoS tariffs and gives industry advance notice for doing their forecasting and budgeting in this area. It also lines up with principles of the changes that were approved in DCUSA, which brings greater clarity for industry in understanding tariff setting more generally. Importantly it gives Ofgem the necessary flexibility to decide if any modifications are deemed important enough to fall outside of the process and be implemented more quickly.

## **2 Original Proposal**

***Section 2 (Original Proposal) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 2 of the Workgroup contains the discussion by the Workgroup on the Proposal and the potential solution.***

### **Defect**

Under the current framework, CUSC Modification Proposals that alter or otherwise affect the Charging Methodologies can come into effect any time until 31st March of a given year. The Company will, when setting tariffs in January, base its charges on any CUSC Modification Proposals or relevant WACM which have been approved by the Authority with effect from the following charging year. Where the Authority makes a decision to approve a CUSC Modification Proposal in the latter half of a charging year, it gives The Company little time to amend its forecasts and/or final tariffs, or to make system and process changes in time for the following charging year.

### **What**

The existing provisions of the CUSC which place no restrictions on the implementation of charging modifications within a particular timeframe should be updated such that a charging methodology for charging year 'y' should be unalterable after 30th September of y-1. For the avoidance of doubt, a User or Materially Affected Party will be able to raise CUSC Modification Proposals that affect the Charging Methodology at any time, but where Authority consent is not received by 30th September of year y-1, the CUSC Modification Proposal will, unless it has been granted Urgent status by the Authority, or the Authority has otherwise directed, take effect from the charging year y+1.

Illustrative example:

Impact should publication of Authority's decision before 30 September

CMP raised – Feb 2019

CMP approved – 26 September 2019

CMP implemented – April 2020

Impact should publication of Authority's decision after 30 September

CMP raised – Feb 2019

CMP approved – October 2019

CMP implemented – April 2021

This proposal is to introduce the concept of delayed implementation based on Authority decision date into Section 8 of the CUSC.

## Why

Under the existing arrangements, The Company publishes forecasts of tariffs which, per the rationale behind unrelated CUSC Modification Proposals (CMPs 286 and 287), Supplier Users rely on to create their own internal forecast, which is included in pricing for end consumers. Due to the significant work involved, The Company will not – generally – publish forecasts based on hypothetical scenarios, and as such, will not consider in its forecasts any CMP which has not yet been approved by the Authority. If changes to a methodology are approved by the Authority within Q4 of a calendar year, and have an implementation date of the next Charging Year, The Company must update its forecasts with the relevant information, and must redesign its final tariff calculations and make requisite system and process changes within very tight timescales, which may not always be feasible. It is therefore difficult for The Company to manage appropriate testing etc. of the new tariffs, but equally difficult for Supplier Users to be able to make an assumption regarding the appropriate values to include in consumer pricing.

## How

Introduction, into Section 8, of a limit of 30th September for the approval of a CMP which is governed under the Charging Applicable Objectives where such a CMP is to be implemented in the following Charging Year.

## 3 Proposer's solution

***Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 7 of the Workgroup contains the discussion by the Workgroup on the Proposal and the potential solution.***

***Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 4 of the Workgroup contains the discussion by the Workgroup on the Proposal and the potential solution.***

Legal text provided in attachment 2.

## Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

Whilst not part of the current charging Significant Code Review or Targeted Charging Review, we are mindful that changes to the Charging Methodologies may be approved

within Q4 (calendar) 2018 and would suggest that the Workgroup should monitor the interaction between the two.

## Consumer Impacts

Supplier Users should have greater certainty of the final tariffs which should be included within their consumers' prices. Consumers should therefore see a more cost-reflective charge which better aligns with The Company's charges. It may also be possible for Supplier Users to reduce their risk premia which – per CMP 286 and 287 – they use to mitigate volatility.

## 4 Workgroup Discussions

The Workgroup convened two times to discuss the issue, detail the scope of the proposed defect, devise potential solutions, assess the proposal in terms of the CUSC Applicable Objectives and review the responses to the Workgroup Consultation.

The Workgroup explored a number of aspects in its meetings to understand the implications of the proposed defect and solutions. The discussions and views of the Workgroup are outlined below.

The Workgroup convened once in December 2018 to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable CUSC Objectives. The Workgroup will in due course conclude these tasks after this consultation (taking account of responses to this consultation).

The Workgroup discussed a number of the key attributes under CMP292 and these discussions are described below.

The workgroup addressed the Terms of Reference as set out by the CUSC Panel.

### **a) Ensure there is no Licence conflict**

The workgroup considered whether there would be any conflict between the proposed solution and the fulfilment of National Grid's license obligations. The Workgroup agreed that there were no crossovers between the obligations set out by licensing, and the modification. The proposer of the modification in preparation has examined any relevant license conditions and this examination concurred with the Workgroup's assessment.

### **b) Review CMP244 and reasoning as to why this modification was rejected by the Authority**

CMP244 was raised in May 2015 by EDF Energy, and CMP244 sought to increase the length of the notice period for TNUoS tariffs (currently 2 months) to a suggested period of 15 months. The proposal was subsequently changed to a period of 200 days. There was also a consequential modification, CMP256, which was raised to facilitate the proposed changes in CMP244.

The Authority indicated in July 2016<sup>1</sup> that the proposed change should not be implemented into the CUSC. Ofgem stated that they believed that CMP244 did not better facilitate the CUSC non-standard charging objectives than the then CUSC baseline, and likewise, CMP 256 did not better facilitate the Standard CUSC objectives. The Authority stated that there was “significant uncertainty about the potential benefits<sup>2</sup>” of CMP244, whilst also voicing concern in regards to the potential for additional risk, and potential for extra costs to be bore by consumers.

The workgroup considered this rejection in relation to the proposed CMP292 solution. Whilst there is an element of forecasting certainty sought by the proposer’s solution, it was opined that the energy markets had changed somewhat since this decision. The potential solution could in fact provide added tariff forecasting stability, which could in turn manifest itself in cost savings to end consumers if risk premia are reduced. Potential benefits to the ESO and Suppliers were considered in light of the CMP244 rejection, and the workgroup felt that this modification, albeit similar, would address wider issues compared to CMP244.

### **c) Overlap with CMP286/7**

CMP286 and CMP287 (at the time of writing) are two live CUSC modifications which look at inputs to TNUoS: CMP286 ‘Improving TNUoS Predictability through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process’ and CMP287 ‘Improving TNUoS Predictability through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process’ were raised by NPower in October 2017.

The modifications (at the time of writing) are at workgroup stage. Under current arrangements, each Transmission Owner (Onshore or Offshore, collectively “TO”, including National Grid’s TO) provides to the Electricity System Operator (“ESO”) its revenue which should be collected in a charging year. This information is fixed on 25 January, and used by the ESO as an input into TNUoS tariff calculations, which are set and published on 31 January each year and take effect from the following 1 April.

Separately, throughout each charging year, the expected chargeable demand in MWh (the volume to be utilised in the subsequent charging year) is forecasted by the ESO. The forecasts vary as the year progresses, due to new information becoming available to the ESO, and may change up until final tariffs are set in January. The forecast is also an input into the demand TNUoS tariff calculation in its own right (specifically into the derivation of the ‘residual’ element of TNUoS).

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<sup>1</sup> Ofgem Decision Letter on CMP244 and CMP256 -

<https://www.nationalgrideso.com/sites/eso/files/documents/8589936747-CMP244%20256%20Revised%20Decision%20Letter.pdf>

<sup>2</sup> Ibid, P5<sup>3</sup>

<https://www.nationalgrideso.com/sites/eso/files/documents/CMPs%202867%20Risk%20Premia%20RFI.pdf>

<sup>3</sup> Ibid, P5<sup>3</sup>

<https://www.nationalgrideso.com/sites/eso/files/documents/CMPs%202867%20Risk%20Premia%20RFI.pdf>

Under CMPs 286 and 287, these two methodology inputs would be 'frozen' 15 months in advance of the charging year in which they would apply. In practice, if these changes were approved, in January 2019, the ESO would freeze the TO revenue values and the chargeable demand base value for the charging year 2020/21. If the modifications were to be approved, other inputs into the TNUoS calculations would still change over time as they currently do. The methodology itself, (Section 14 of the CUSC), would also remain open to alteration through the open governance process.

As part of the workgroups analysis, a Request for Information was opened to industry on 31 May 2018, whereby the workgroup requested that Electricity Suppliers could confidentially disclose their TNUoS risk premia that they apply to their tariffs, so analysis could be undertaken to see if risk premia would reduce if the proposal was to be implemented. Owing to the commercially confidential nature of an individual Supplier's risk premium, National Grid ESO offered to collate, anonymise and analyse the potential consumer benefit derived from a reduction in risk premia which may stem from implementation of either or both of these modifications. There were six (6) Suppliers represented on the Workgroup and it was felt that information from other Suppliers, in addition to those on the Workgroup, would be beneficial in ensuring that the full range of possible outcomes is captured.

The CMP292 workgroup considered the progress that the CMP286/287 workgroup had made, and whilst there are similarities in the outcome of wishing to stabilise the volatility of TNUoS, the modifications were very separate and distinct – ultimately changing different aspects of the overarching charging regime.

#### **d) Stability vs cost reflectivity**

The trade-off between stability of TNUoS forecasting, and real time, cost reflectivity was discussed. Naturally, if implementation periods were to be frozen, there could be an impact on the cost reflectivity of the TNUoS charge, compared to a situation where a hypothetical charging modification was to be implemented. The workgroup concluded that the caveat in the modification, which would allow the authority to address any issues and implement a modification within the "freeze period", should satisfy any cost reflectivity issues.

#### **e) CAP188 and g) DCUSA modifications**

CAP188, raised by National Grid, was an amendment proposal, which part of a wider series of proposals, looked to implement the Final Proposals of the wider Code Governance Review which was initiated by the Authority in 2007. The review itself looked to address wider industry concerns that the existing code arrangements at the time could potentially be complex and inaccessible to smaller market participants.



During the amendment process for CAP188, the workgroup looked at whether there should be a time limit, or cut-off, for charging methodology change proposals to complete the then CUSC amendments process to ensure they could be implemented on the following charging year. The working group indicated that a possible cut-off point of the last business day of September for completing the CUSC amendment process. At the time, NGET's charging experts indicated that a more flexible approach would be preferable due to the time, cost and complexity associated with implementation, for example, system changes may need more or less time to make.

The original proposal for CAP188 included a cut off date for charging modifications, where as a WGAA raised at this time was identical in nature, other than the fact it excluded the new cut-off date. The Authority approved the alternative, indicating "increased flexibility by removing the cut-off date" was preferable<sup>4</sup>.

The workgroup considered this decision from the Authority within their discussions. The workgroup considered this letter in conjunction with the Ofgem decision to approve a similar freeze to that proposed by CMP292 in the distribution world, namely DCP293. The workgroup consider that the direction given by the authority on CAP188 is diametrically opposed to the direction of travel indicated by the authority in approving DCP293. As such, the workgroup would argue that the parameters for such a freeze have changed since 2010, and as such should be given consideration within the transmission charging arena.

#### **f) What is the appropriate freezing period?**

The proposed solution and appropriate freezing periods were discussed by the work group. NGESO believe that the proposed freeze periods, or cut of points, are relevant due to the fact it would give NGESO, TNUoS payers and industry as a whole a minimum of at least 6 months to make the required changes brought about by any modification, but would also provide some stability which would be beneficial for the production of final tariff forecasting. There are also benefits linked to contracting periods starting each April. The workgroup would like to receive input into this matter within this consultation, and welcome views on appropriate fixing periods.

## **5 Workgroup Consultation**

The CMP292 Workgroup sought the views of CUSC Parties and other interested parties in relation to the issues noted in this document and specifically in response to the questions highlighted in the report and summarised below:

The CMP292 Workgroup Consultation was issued on 20 December 2018 for 20 Working Days, with a close date of 21 January 2019.

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<sup>4</sup> Ofgem Decision Letter of CAP188, p5

<https://www.nationalgrideso.com/sites/eso/files/documents/CAP188D.pdf>

3 responses were received to the Workgroup Consultation and are detailed in table 1 below.

**Table 1: Workgroup Consultation Responses**

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
Karl Maryon, Haven Power	Yes. (a) Positive – cementing the Charging Methodology in advance gives greater certainty to published TNUoS tariff forecasts which	Yes	No	No	No conflict	Cut of date correct	Yes	We agree this proposal can proceed independently to CMP 286 and CMP 287.	Yes

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	will result in Suppliers adding a lower risk premium to their prices.  (b), (c), (d) and (e) neutral								
James Anderson, Scottish Power	CMP292 will better promote competition (ACO (a)) through providing increased	Yes	No	No	No Conflict	30 <sup>th</sup> September is appropriate	It seems logical that any reduction in uncertainty	CMP292 solely addresses the methodology	Should a Proposal meet the criteria for Urgent status

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	<p>certainty over the Charging Methodology to be applied in each Charging year resulting in better User forecasts of TNUoS charges.</p> <p>CMP292 will better facilitate efficiency in</p>						<p>should lead to a reduction in the risk premia which Users would need to apply when forecasting</p>	<p>to be used when calculating TNUoS charges. In contrast, CMP286 &amp; 7 address the data to be used within that methodology. Although both seek to</p>	<p>or have arisen from a Direction by the Authority, then it should be clear that it is of sufficient significance to merit its implementation in the next</p>

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	<p>the implementation and administration of the CUSC arrangements through avoiding last-minute changes to systems and processes and</p>						<p>the TNUoS charge element of their products.</p>	<p>reduce uncertainty there is no reason why all these proposals cannot be progressed separately and</p>	<p>charging year even if Authority approval is not received until after the cutoff date.</p>

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	<p>avoiding the need for the ESO and Users to evaluate multiple outcomes from potential late methodology changes. Therefore, it better facilitates ACO(d).</p>								

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	The Proposal is neutral against the other ACOs and overall better meets the Applicable Charging Objectives.								
Andrew Sherry, Electricity North West	We do believe that the change will better facilitate	Yes	No	No	No Conflict	30 September appropriate	Where elements within a	We agree that this proposal can be	<i>It does seem reasonable that should material cost</i>



Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	Applicable CUSC Objectives (a) and (d) as the different elements required will be in place in advance providing certainty of the methodologies to be applied. This will enhance the process and reduce the risk						charging methodology are fixed and provided in advance there is the potential for efficiencies to be made.	progressed on its own merits.	<i>reflectivity issues need addressing that these could be resolved with the allowance provided for Authority direction.</i>

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives?	Q2: Do you support the proposed implementation approach?	Q3: Do you have any other comments?	Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?	Q5. The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	Q6. Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	Q7. Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Q8. Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	Q9. Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?
	of error as last minute changes to methodologies would not be permitted.								

## 6 Workgroup Vote

The Workgroup believe that the Terms of Reference have been fulfilled and CMP292 has been fully considered.

The Workgroup met on 16 May 2019 and voted on whether the Original would better facilitate the Applicable CUSC Objectives than the baseline and what option was best overall. Note vote 2 (does the WACM facilitate the objectives better than the Original) was not held due to no WACMs being proposed.

The Workgroup voted against the Applicable CUSC Non-Charging Objectives for the Original Proposal. The Workgroup voted and all Workgroup members concluded that the Original Proposal is the best option.

The Workgroup agreed unanimously that the Original was better than the baseline. The voting record is detailed below.

### Vote 1: does the original proposal facilitate the objectives better than the Baseline?

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Simon Sheridan – National Grid					
Original	Yes	Yes	Neutral	Yes	Yes
<p><b>Voting statement:</b> The proposal is better than the baseline as it provides certainty for all CUSC parties and NGENSO on charging methodologies used for forecasting and with no late changes ensures no additional costs on the ESO. The proposal in turn supports users creating their forecasts more accurately. And the proposal still has the necessary flexibility for Ofgem to approve methodologies outside of this process if needed.</p>					
Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
Robert Longden, Cornwall Energy					
Original	Yes	Yes	Neutral	Yes	Yes
<p><b>Voting statement:</b> By introducing a Section 8 cut-off date for changes to the Charging Methodologies the proposal will deliver the following benefits:</p> <ul style="list-style-type: none"> <li>• A reduction in uncertainty for users of the system</li> <li>• Increased efficiency which in turn will feed through to customer benefits</li> <li>• Allow the system operator to plan and deliver forecasts and tariff calculations in a more structured</li> </ul>					

manner						
<b>Workgroup Member</b>	<b>Better facilitates ACO (a)</b>	<b>Better facilitates ACO (b)?</b>	<b>Better facilitates ACO (c)?</b>	<b>Better facilitates ACO (d)?</b>		<b>Overall (Y/N)</b>
Karl Maryon – Haven Power						
Original	Yes	Yes	Neutral	Yes		Yes
<p><b>Voting statement:</b> ‘The proposal better facilitates the Applicable CUSC objectives as stated above. Cementing the Charging Methodology in advance helps Suppliers with their own forecasts and provides certainty to NG ESO and all CUSC Parties.’</p>						
<b>Workgroup Member</b>	<b>Better facilitates ACO (a)</b>	<b>Better facilitates ACO (b)?</b>	<b>Better facilitates ACO (c)?</b>	<b>Better facilitates ACO (d)?</b>		<b>Overall (Y/N)</b>
Andrew Colley, SSE						
Original	Yes	Yes	Neutral	Yes		Yes
To be updated						
<b>Workgroup Member</b>	<b>Better facilitates ACO (a)</b>	<b>Better facilitates ACO (b)?</b>	<b>Better facilitates ACO (c)?</b>	<b>Better facilitates ACO (d)?</b>		<b>Overall (Y/N)</b>
Daniel Hickman, Npower						
Original	Yes	Yes	Neutral	Yes		Yes
<p>Against standard objectives A &amp; D there is a positive impact to the efficiency of implementation of change by avoiding implementing changes to the methodology in short timescales by allowing sufficient time to ensure that the most cost effective solution is developed.</p> <p>There is a positive impact against objective B as greater certainty of the methodology to be used for charging will reduce the potential for market distortions due to forecasts taking differing views of the methodology that will be used to set tariffs.</p> <p>The change is neutral against objective C</p> <p>Overall CMP292 has a positive impact against the CUSC objectives and is better than the baseline arrangements.</p>						

**Vote 2: Which option is best?**

<b>Workgroup Member</b>	<b>BEST Option?</b>
<b>S. Sheridan – National Grid ESO</b>	<b>Original</b>
<b>R. Longden – Cornwall Energy</b>	<b>Original</b>
<b>K Maryon – Haven Power</b>	<b>Original</b>
<b>D. Hickman - NPower</b>	<b>Original</b>
<b>A. Colley - SSE</b>	<b>Original</b>

## 7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive – cementing the Charging Methodology in advance allows The Company to avoid unnecessary CAPEX/OPEX currently resultant of late changes to the Charging Methodology .
(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 – supports Users in creating their own forecasts
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – provides certainty to The Company and all CUSC Parties as to the Charging Methodology to be used; ensures that last minute/urgent updates to CUSC legal text are not required.
*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).	

## 8 Implementation

### Proposer's initial view:

Whilst the Workgroup should ultimately recommend the Implementation Date, it is The Company's view that this modification should be implemented on 1st April 2019, such that no changes to any Charging Methodologies may be made after 30th September 2019 where that change would come into force on 1st April 2020.

## 9 Legal Text

### LEGAL TEXT CMP292

#### 8.28.3 (IMPLEMENTATION)

a) Except where a **CUSC Modification Proposal** would amend any of the **Charging Methodologies**, A modification of the **CUSC** shall take effect from the time and date specified in the direction, or other approval, from the **Authority** referred to in Paragraph 8.28.1 or, in the absence of any such time and date in the direction or approval, from 00:00 hours on the day falling ten (10) **Business Days** after the date of such direction, or other approval, from the **Authority**.

b) A modification of the **Charging Methodologies** shall take effect as follows:

(i) from 1 April of any given year unless otherwise directed by the **Authority** in accordance with Paragraphs 8.23.9, 8.23.12, 8.23.13 or 8.28.3A and following consultation with the **Panel**;

(ii) subject to (iii) below, the 1 April shall be determined by reference to date of the **Authority** decision to approve the modification as follows:

- a) where the **Authority** decision is more than 6 (six) months prior to the end of a **Charging Year (Charging Year t)**, implementation of that **CUSC Modification Proposal** shall take effect such that it is implemented in **Charging Year t+1**.
- b) where the **Authority** decision is less than 6 (six) months prior to the end of **Charging Year t**, implementation of that **CUSC Modification Proposal** shall be deferred such that it is implemented in **Charging Year t+2**.

(iii) Paragraph (ii) above shall not apply in respect of a **CUSC Modification Proposal** to the **Charging Methodologies**:

- (a) where the **Authority** has directed otherwise;
- (b) where there is at least a **Charging Year** between the date of the **Authority** decision and the **Implementation Date**;
- (c) where the CUSC Modification is an **Urgent CUSC Modification**; or
- (d) which **The Company** has raised at the direction of the **Authority** or which the **Authority** has raised.

c) A modification of the CUSC pursuant to Paragraph 8.25.10 shall take effect, subject to the appeal procedures set out in Paragraphs 8.25.14 to 8.25.19, from the time and date specified by the Code Administrator in its notice given pursuant to Paragraph 8.28.2, which shall be given after the expiry of the fifteen (15) Business Day period set out in Paragraph 8.25.14 to allow for appeals, or where an appeal is raised in accordance with Paragraph 8.25.14, on conclusion of the appeal in accordance with Paragraphs 8.25.15 or 8.25.19 but where conclusion of the appeal is earlier than the fifteen (15) Business Day period set out in Paragraph 8.25.14, notice shall be given after the expiry of this period.. A modification of the

CUSC pursuant to Paragraph 8.29 shall take effect, from the date specified in the CUSC Modification Fast Track Report.

## 10 Code Administrator Consultation: Responses

The Code Administrator Consultation was issued on 10 June 2019 for 15 working days, with a close date of 1 July 2019.

Three responses were received to the Code Administrator Consultation and are detailed in the table below:

Response from	Q1: Do you believe that CMP292 Original proposal or either of the potential options for change better facilitates the Applicable CUSC Objectives? Please include your reasoning.	Q2: Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	Q3: Do you have any other comments?
Haven Power	<p>Positive for A, B and D.</p> <p>Neutral for C.</p> <p>The proposal has a positive impact on efficiency and the greater certainty of the methodology used for charging will reduce the potential for market distortions from forecasts taking differing views of the methodology that will be used to set tariffs.</p>	Yes	No
Electricity North West	<p>We believe this change will better facilitate Applicable CUSC Objectives (a) and (d) as the different elements required will be in place in advance providing certainty of the methodologies to be applied. This will enhance the process and reduce the risk of error as last minute changes to methodologies would not be permitted.</p>	Yes, we do support the implementation approach.	No further comments.
Scottish Power	<p>CMP292 will better promote competition (ACO (A0) through providing increased certainty over the Charging methodology to be applied in each Charging year resulting in better User forecasts of TNUoS charges.</p> <p>CMP292 will better facilitate efficiency in the implementation</p>	Yes	No



	<p>and administration of the CUSC arrangements through avoiding last- minute changes to systems and processes and avoiding the need for the ESO and Users to evaluate multiple outcomes from potential late methodology changes. Therefore, it better facilitates ACO(d).</p> <p>The proposal is neutral against other ACOs and overall better meets the Applicable Charging Objectives.</p>		
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**TERMS OF REFERENCE FOR CMP292 WORKGROUP**

CMP292 seeks to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company – as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by Users.

**Responsibilities**

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal CMP292 Introducing a Section 8 cut-off date for changes to the Charging Methodologies tabled by NGET at the Modifications Panel meeting on 23 February 2018.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

## Standard Objectives

(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.

3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

## Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:
  - g) Ensure there is no Licence conflict
  - h) Review CMP244 and reasoning as to why this modification was rejected by the Authority
  - i) Overlap with CMP286/7
  - j) Stability vs cost reflectivity
  - k) CAP188
  - l) What is the appropriate freezing period?
  - m) DCUSA modifications
6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.
8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of **15 working days** as determined by the Modifications Panel.

11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on **22 May 2019** for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on **31 May 2019**.

## Membership

13. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	Joseph Henry	National Grid ESO
National Grid ESO Representative	Harriet Harmon	National Grid ESO
Industry Representatives	Dan Hickman	NPower
	Karl Maryon	Haven Power
	Robert Longden	Cornwall Energy
	Garth Graham	SSE

Authority Representatives	Ankita Mehra	OFGEM
Technical secretary	Rachel Hinsley	National Grid ESO

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP292 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.
15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise]. There may be up to three rounds of voting, as follows:
  - Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
  - Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;
  - Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.
17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

## Appendix 1

### Proposed CMP292 Timetable

<b>The Code Administrator recommends the following timetable:</b>	
Initial consideration by Workgroup	December 2018 – May 2019
Workgroup Consultation issued to the Industry	December 2018
Modification concluded by Workgroup	May 2019
Workgroup Report presented to Panel	May 2019
Code Administration Consultation Report issued to the Industry	June 2019
Draft Final Modification Report presented to Panel	August 2019
Modification Panel decision	August 2019
Final Modification Report issued the Authority	September 2019
Decision implemented in CUSC	October 2019

## 12 Annex 2: CMP292 Attendance Register

A – Attended

X – Absent

O – Alternate

D – Dial-in

Name	Organisation	Role	05/12/2018	16/05/19
Joseph Henry	Code Administrator	Chair	A	A
Shazia Akhtar	Code Administrator	Technical Secretary	O	O
Harriet Harmon	National Grid ESO	Proposer/NGESO Alternate	O	O
Garth Graham	SSE	WG Member	O	A
Karl Maryon	Haven Power	WG Member	A	A
James Anderson	Scottish Power	WG Member	A	X
Robert Longden	Cornwall Energy	WG Member	A	A
Daniel Hickman	RWE NPower	WG Member	X	O





## CUSC Workgroup Consultation Response Proforma

### CMP292 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies

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 **21 January 2019** to [cusc.team@nationalgrid.com](mailto: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 Workgroup

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup report which is submitted to the CUSC Modifications Panel.

<b>Respondent:</b>	<i>Andrew Sherry</i> <a href="mailto:Andrew.Sherry@enwl.co.uk">Andrew.Sherry@enwl.co.uk</a>
<b>Company Name:</b>	<i>Electricity North West</i>
<b>Do you believe that the proposed original better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<p><i>We do believe that the change will better facilitate Applicable CUSC Objectives (a) and (d) as the different elements required will be in place in advance providing certainty of the methodologies to be applied. This will enhance the process and reduce the risk of error as last minute changes to methodologies would not be permitted.</i></p> <p><i>For reference, the Applicable CUSC Objectives for the Use of System Charging Methodology are:</i></p> <p><i>(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;</i></p> <p><i>(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);</i></p> <p><i>(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;</i></p>

	<p>(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</p> <p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p>*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).</p>
<p><b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b></p>	<p><i>We support the implementation approach as it does seem a reasonable timeframe.</i></p>
<p><b>Do you have any other comments?</b></p>	<p><i>No further comments to add.</i></p>
<p><b>Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?</b></p>	<p><i>We do not wish to raise an alternative request.</i></p>

### Specific questions for CMP280

Q	Question	Response
5	<p>The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.</p>	<p><i>We do not believe there is a conflict with NGET/NGESO's license obligations.</i></p>
6	<p>Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.</p>	<p><i>The planned cut-off date which provides for charging methodologies not to be changed during the six months between 30 September and 31 March does seem appropriate enabling the certainty that parties need around these methodologies and the benefits to the forecasting of tariffs.</i></p>
7	<p>Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?</p>	<p><i>Where elements within a charging methodology are fixed and provided in advance there is the potential for efficiencies to be made.</i></p>

Q	Question	Response
8	Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	<i>We agree that this proposal can be progressed on its own merits.</i>
9	Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?	<i>It does seem reasonable that should material cost reflectivity issues need addressing that these could be resolved with the allowance provided for Authority direction.</i>

## CUSC Workgroup Consultation Response Proforma

### **CMP292** 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies

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 **21 January 2019** to [cusc.team@nationalgrid.com](mailto: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 Workgroup

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup report which is submitted to the CUSC Modifications Panel.

<b>Respondent:</b>	<i>Karl Maryon (karl.maryon@havenpower.com)</i>
<b>Company Name:</b>	<i>Haven Power</i>
<b>Do you believe that the proposed original better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<p>Yes.</p> <p><i>(a) Positive – cementing the Charging Methodology in advance gives greater certainty to published TNUoS tariff forecasts which will result in Suppliers adding a lower risk premium to their prices.</i></p> <p><i>(b), (c), (d) and (e) neutral</i></p>
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes.
<b>Do you have any other comments?</b>	<i>No.</i>
<b>Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?</b>	<i>No.</i>

### Specific questions for CMP292

<b>Q</b>	<b>Question</b>	<b>Response</b>
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Q	Question	Response
5	The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	<i>We do not believe there is a conflict with NGET/NGESO's licence obligations.</i>
6	Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	<i>We believe the proposed cut-off date is the correct one.</i>
7	Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	Yes.
8	Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	<i>We agree this proposal can proceed independently to CMP 286 and CMP 287.</i>
9	Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?	Yes.

## CUSC Workgroup Consultation Response Proforma

**CMP292** 'Introducing a Section 8 cut-off date for changes to the Charging Methodologies

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 **21 January 2019** to [cusc.team@nationalgrid.com](mailto: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 Workgroup

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup report which is submitted to the CUSC Modifications Panel.

<b>Respondent:</b>	<i>James Anderson</i> <i>James.anderson@scottishpower.com</i>
<b>Company Name:</b>	<i>ScottishPower Energy Management Limited</i>
<b>Do you believe that the proposed original better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<p><i>For reference, the Applicable CUSC Objectives for the Use of System Charging Methodology are:</i></p> <p><i>((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;</i></p> <p><i>(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);</i></p> <p><i>(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;</i></p> <p><i>(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</i></p> <p><i>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p>

	*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).
	<p>CMP292 will better promote competition (ACO (a)) through providing increased certainty over the Charging Methodology to be applied in each Charging year resulting in better User forecasts of TNUoS charges.</p> <p>CMP292 will better facilitate efficiency in the implementation and administration of the CUSC arrangements through avoiding last-minute changes to systems and processes and avoiding the need for the ESO and Users to evaluate multiple outcomes from potential late methodology changes. Therefore, it better facilitates ACO(d).</p> <p>The Proposal is neutral against the other ACOs and overall better meets the Applicable Charging Objectives.</p>
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	<i>Yes. The Proposal should be implemented on 1<sup>st</sup> April 2019 in order to be applicable to the TNUoS charges with effect from 1<sup>st</sup> April 2020.</i>
<b>Do you have any other comments?</b>	<i>No.</i>
<b>Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?</b>	<i>No.</i>

### Specific questions for CMP280

<b>Q</b>	<b>Question</b>	<b>Response</b>
<b>5</b>	The workgroup believes that there is no conflict with NGET/NGESO's license obligations. Do you agree with this statement or not? If so please provide rationale.	<i>We do not believe that there is any conflict between the Proposal and NGESO's licence.</i>
<b>6</b>	Do you believe the current "cut off" date as outlined in the CMP292 proposal is correct? Do you think a longer or shorter period would be more suitable? Please provide your rationale.	<i>The proposed cu-off date of 30<sup>th</sup> September is appropriate. A later cut-off date would confer little additional benefit to Users and ESO. An earlier date would unnecessarily limit Users ability to see proposed methodology changes implemented in the next Charging Year.</i>

Q	Question	Response
7	Do you agree with the workgroup's conclusion that there are potential benefits to the consumers through the reduction in risk premia?	<i>It seems logical that any reduction in uncertainty should lead to a reduction in the risk premia which Users would need to apply when forecasting the TNUoS charge element of their products.</i>
8	Do you agree with the Workgroup's conclusions that there is no reason this proposal could not proceed independently to CMP286 and CMP287.	<i>CMP292 solely addresses the methodology to be used when calculating TNUoS charges. In contrast, CMP286 &amp; 7 address the data to be used within that methodology. Although both seek to reduce uncertainty there is no reason why all these proposals cannot be progressed separately and implemented either separately or together.</i>
9	Do you agree with the Workgroup's conclusion that the allowance for Authority direction ensures that any material cost reflectivity issues can be addressed in shorter timescales than set out within the proposal?	<i>Should a Proposal meet the criteria for Urgent status or have arisen from a Direction by the Authority, then it should be clear that it is of sufficient significance to merit its implementation in the next charging year even if Authority approval is not received until after the cut-off date.</i>





## CUSC Code Administrator Consultation Response Proforma

### CMP292 – Introducing a Section 8 cut-off date for changes to the Charging Methodologies

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 **1 July 2019** to [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.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.

<b>Respondent:</b>	<i>Gerry Hoggan</i>
<b>Company Name:</b>	<i>ScottishPower Energy Management Limited</i>
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<p>For reference, the Applicable CUSC objectives are:</p> <p>Standard (Non- Charging) Objectives</p> <ul style="list-style-type: none"> <li>(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence</li> <li>(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</li> <li>(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency*; and</li> <li>(d) Promoting efficiency in the implementation and administration of the CUSC arrangements</li> </ul> <p>*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).</p>

	<p>CMP292 will better promote competition (ACO (a)) through providing increased certainty over the Charging Methodology to be applied in each Charging year resulting in better User forecasts of TNUoS charges.</p> <p>CMP292 will better facilitate efficiency in the implementation and administration of the CUSC arrangements through avoiding last-minute changes to systems and processes and avoiding the need for the ESO and Users to evaluate multiple outcomes from potential late methodology changes. Therefore, it better facilitates ACO(d).</p> <p>The Proposal is neutral against the other ACOs and overall better meets the Applicable Charging Objectives.</p>
<p><b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b></p>	<p>Yes</p>
<p><b>Do you have any other comments?</b></p>	<p>No</p>

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<b>Respondent:</b>	<i>Karl Maryon</i> <a href="mailto:karl.maryon@havenpower.com">karl.maryon@havenpower.com</a>
<b>Company Name:</b>	<i>Haven Power</i>
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	Positive for A, B and D. Neutral for C.  The proposal has a positive impact on efficiency and the greater certainty of the methodology used for charging will reduce the potential for market distortions from forecasts taking differing views of the methodology that will be used to set tariffs.
<b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b>	Yes
<b>Do you have any other comments?</b>	No

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

<b>Respondent:</b>	Andrew Sherry <a href="mailto:Andrew.Sherry@enwl.co.uk">Andrew.Sherry@enwl.co.uk</a>
<b>Company Name:</b>	Electricity North West
<b>Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.</b>	<p>For reference, the Applicable CUSC objectives are:</p> <p>Standard (Non- Charging) Objectives</p> <ul style="list-style-type: none"> <li>(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence</li> <li>(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</li> <li>(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and</li> <li>(d) Promoting efficiency in the implementation and administration of the CUSC arrangements</li> </ul> <p>*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).</p>

	<p>We believe this change will better facilitate Applicable CUSC Objectives (a) and (d) as the different elements required will be in place in advance providing certainty of the methodologies to be applied. This will enhance the process and reduce the risk of error as last minute changes to methodologies would not be permitted.</p>
<p><b>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</b></p>	<p>Yes, we do support the implementation approach.</p>
<p><b>Do you have any other comments?</b></p>	<p>No further comments.</p>

