

CUSC Modification Proposal Form		At what stage is this document in the process?												
<h1 style="margin: 0;">CMP334</h1> <p style="margin: 10px 0 0 0;"><b>Mod Title:</b> Transmission Demand Residual - consequential definition changes (TCR)</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; border-radius: 5px; width: 30px; text-align: center; padding: 5px;">01</td> <td style="border: 1px solid black; border-radius: 5px; padding: 5px; background-color: #00a651; color: white;">Proposal Form</td> </tr> <tr> <td style="border: 1px solid black; border-radius: 5px; width: 30px; text-align: center; padding: 5px;">02</td> <td style="border: 1px solid black; border-radius: 5px; padding: 5px;">Workgroup Consultation</td> </tr> <tr> <td style="border: 1px solid black; border-radius: 5px; width: 30px; text-align: center; padding: 5px;">03</td> <td style="border: 1px solid black; border-radius: 5px; padding: 5px;">Workgroup Report</td> </tr> <tr> <td style="border: 1px solid black; border-radius: 5px; width: 30px; text-align: center; padding: 5px;">04</td> <td style="border: 1px solid black; border-radius: 5px; padding: 5px;">Code Administrator Consultation</td> </tr> <tr> <td style="border: 1px solid black; border-radius: 5px; width: 30px; text-align: center; padding: 5px;">05</td> <td style="border: 1px solid black; border-radius: 5px; padding: 5px;">Draft CUSC Modification Report</td> </tr> <tr> <td style="border: 1px solid black; border-radius: 5px; width: 30px; text-align: center; padding: 5px;">06</td> <td style="border: 1px solid black; border-radius: 5px; padding: 5px;">Final CUSC Modification Report</td> </tr> </table>		01	Proposal Form	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification Report	06	Final CUSC Modification Report
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<p><b>Purpose of Modification:</b></p> <p>The Authority published on 21 November 2019 a Direction to NGENSO to raise such modifications as are necessary to give effect to their Decision(s) under the Targeted Charging Review (TCR) SCR. CMP332 is developing a methodology for the Residual to be applied only to ‘Final Demand’ on a ‘Site’ basis (as per the Direction); however CMP332 is not defining these terms and they are not currently defined in CUSC. This proposal seeks to define these terms in a manner which is consistent with DCUSA Change Proposal 359.</p>														
	<p><b>The Proposer recommends that this modification should be:</b></p> <ul style="list-style-type: none"> <li>assessed by a joint CUSC/DCUSA Workgroup</li> <li>be treated as urgent and should proceed as such under a timetable agreed with the Authority</li> </ul> <p>This modification was raised 16 January 2020 and will be presented by the Proposer to the Panel on 31 January 2020. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>													
	<p><b>High Impact:</b> NGENSO, Suppliers, Demand Users (connected to the Transmission Network or Distribution network) and Distribution Network Operators.</p>													

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Timetable		
<p><b>The Code Administrator recommends the following timetable:</b> (to be agreed at 1<sup>st</sup> Workgroup)</p>		
Initial consideration by Workgroup	dd month year	
Workgroup Consultation issued to the Industry	dd month year	
Modification concluded by Workgroup	dd month year	
Workgroup Report presented to Panel	dd month year	
Code Administration Consultation Report issued to the Industry	dd month year	
Draft Final Modification Report presented to Panel	dd month year	
Modification Panel decision	dd month year	
Final Modification Report issued to the Authority	dd month year	
Decision implemented in CUSC	dd month year	

**Proposer Details**

<b>Details of Proposer:</b> (Organisation Name)	National Grid ESO
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
<b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:	Grahame Neale National Grid ESO 07787 261242 <a href="mailto:Grahame.Neale@nationalgrideso.com">Grahame.Neale@nationalgrideso.com</a>
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Eleanor Horn National Grid ESO 07966 186088 <a href="mailto:Eleanor.Horn@nationalgrideso.com">Eleanor.Horn@nationalgrideso.com</a>
<b>Attachments (Yes/No):</b> <b>If Yes, Title and No. of pages of each Attachment:</b>	

**Impact on Core Industry Documentation.**

*Please mark the relevant boxes with an "x" and provide any supporting information*

<b>BSC</b>	<input checked="" type="checkbox"/>
<b>Grid Code</b>	<input type="checkbox"/>
<b>STC</b>	<input type="checkbox"/>
<b>Other</b>	<input checked="" type="checkbox"/>

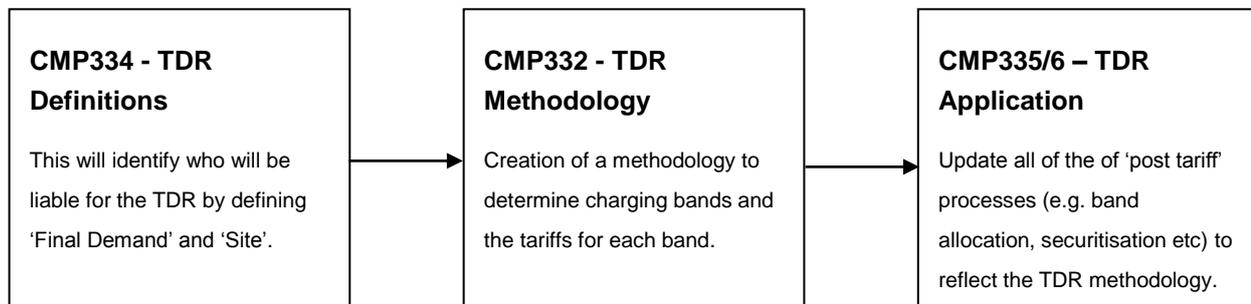
These definitions need to align with DCUSA and so should be progressed via a joint CUSC/DCUSA workgroup. These definitions will also impact on the data we require from Elexon and so consequential BSC modifications will need to be raised.

# 1 Summary

## Defect

The Authority published on 21 November 2019 a Direction<sup>1</sup> to NGENSO to raise such modifications as are necessary to give effect to their Decision(s)<sup>2</sup> under the Targeted Charging Review (TCR) SCR. All references herein to 'residual' mean the residual element of Demand TNUoS unless otherwise specified.

On 20 December 2019, DNOs and NGENSO published a joint plan<sup>3</sup> (the 'detailed plan') to deliver the requirements of the Direction. The detailed plan sets out the proposed delivery approach (section 4.5) which includes three CUSC modifications (including CMP332 and this proposal) and four DCUSA modifications. The CUSC modifications will be broadly structured as follows;



CMP332 is developing a methodology for the Residual to be applied only to 'Final Demand' on a 'Site' basis (as per the Direction); however CMP332 is not defining these terms. This proposal seeks to define these terms in a manner which is consistent with DCUSA and in line with paragraphs 14-17 of the Direction.

## What

Currently, the CUSC has no concept of 'Final Demand' and 'Site' and these need to be added to allow the methodology developed under CMP332 to function.

## Why

It is explicit in the Direction that the revised Residual methodology should use 'Final Demand' and 'Site', therefore the terms need to be defined. The rationale for the Decision(s) made by the Authority in respect of the Targeted Charging Review SCR can be found in the Authority/GEMA publications relating to that SCR. NGENSO, as per Condition C10 (para 6C(a)) of its Licence, and Section 8.17.6(a) of CUSC, is required to raise CUSC Modification Proposals when Directed to do so by the Authority.

<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2019/11/cusc\\_direction\\_1.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/11/cusc_direction_1.pdf)

<sup>2</sup> [https://www.ofgem.gov.uk/system/files/docs/2019/12/full\\_decision\\_doc\\_updated.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/12/full_decision_doc_updated.pdf)

<sup>3</sup> <http://www.chargingfutures.com/media/1390/tcr-joint-eso-dno-pid-v10.pdf>

## How

'Final Demand' and 'Site' should be defined in the legal text of the CUSC. Due to the need to ensure consistency between CUSC and DCUSA, this proposal should be developed in conjunction with DCUSA Change Proposal 359 via joint workgroups. CUSC Section 11 should then either define these terms directly or reference these definitions from a suitable document.

## 2 Governance

### Justification for Normal, Urgent Procedures

This Proposal should follow normal governance channels and be treated as urgent. Due to the need to ensure consistency with DCUSA, the proposal should be jointly developed by CUSC and DCUSA Workgroups with aligned timetables. The Company has been directed to raise this modification proposal and implement The Authority's decision by April 2021. To allow the necessary system and process changes to take place (e.g. data exchanges), in order to prevent ESO from breaching the terms of the Direction and therefore the provisions of its Licence and the CUSC, this modification will need to follow an Urgent timetable.

In addition, DCUSA Change Proposal 359 has requested urgency so that it can be progressed in an expedient manner (due for the reasons stated above); therefore this Proposal should also seek urgency to ensure the same timetable for DCUSA/CUSC changes are held and ensure consistency between the CUSC and DCUSA.

### Requested Next Steps

This modification should be treated as urgent and should proceed as such under a timetable agreed with the Authority and be sent to a joint DCUSA/CUSC Workgroup for assessment.

## 3 Why Change?

Whilst CMP332 will develop the TNUoS Demand Residual methodology in line with the Authority's Decision, CMP332 will not cover the detail of how 'Final Demand' and 'Site' are defined and so who the methodology should be applied to. Therefore, this modification is required to fully implement the Authority's decision which explicitly states the methodology must use 'Final Demand' and 'Site'.

## 4 Code Specific Matters

### Technical Skillsets

An awareness of the following;

- The Authority TCR Decision and Direction; and

- ENA Targeted Charging Review Project Initiation Document

## 5 Solution

Demand residual charges should be calculated and applied in the manner specified above and in the Authority's Decision and Direction letters of the 21st November 2019. This will require defining 'Site' and 'Final Demand' within Section 11 of the CUSC for implementation ahead of the directed implementation date of April 2021.

## 6 Impacts & Other Considerations

Whilst this proposal will not directly affect any party, it will have large impacts on some users when combined with other modifications resulting from the TCR (for example, CMP332). This is a large-scale change that will require amendments and consequential changes to all Supplier and DNO processes whilst also affecting all demand users.

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

This modification will support implementation of the Authority's Targeted Charging Review (TCR) SCR.

### Consumer Impacts

The Authority have established that there are consumer benefits to this change due to flexible customers no longer being able to avoid the costs of residual transmission charges.

## 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
(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;	None
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European	None

Commission and/or the Agency *; and	
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive
*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).	

NGESO has been directed to raise and implement this modification by the Authority to enact their SCR Decision. This modification will also improve the efficiency of the CUSC arrangements by defining terms which will be used as part of the Residual methodology and ensuing alignment with DCUSA.

## 8 Implementation

This proposal needs to be implemented by April 2021 to allow NGESO to comply with the Direction letter published by The Authority on the 21 November 2019.

## 9 Legal Text

### Text Commentary

To be developed by the joint CUSC and DCUSA Workgroup.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Normal, urgent governance procedures should apply
- Refer this proposal to a joint DCUSA/CUSC Workgroup for assessment.