CUSC Workgroup Consultation Responses Summary

CMP334: Transmission Demand Residual – consequential definition changes (TCR)

15 respondents

For reference the applicable CUSC objectives are:

Relevant Objective
(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.
*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).

Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the CMP334 Original Proposal better facilitates the Applicable CUSC Objectives?	**No – 5 respondents** • Not in relation to the definition of Final Demand Site • Doesn't facilitate objective b) facilitating competition. The definitions would significantly negatively impact competition in the provision of certain transmission network services which NGESO is facilitating through pathfinder projects. **Yes – 10 respondents** • Better facilitates objectives a) and d) – 4 respondents • It is what was directed by the Authority

2	Do you support the proposed implementation approach for CMP334?	**No – 1 respondent** • Now that CMP332 implementation has been delayed to April 2022 we expect the implementation approach for this mod to be revised accordingly. **Yes – 11 respondents** • It implements Ofgem's direction. • We support the intent but have concerns about the proposed implementation date • Support the DNOs in meeting their direction • We do not believe the withdrawal of CMP332 will have any material impact on the implementation of this modification other than delaying when the definitions will be effective from. • As long as consistency is achieved with DCUSA. **No comment – 3 respondents**
3	Do you have any other comments?	**5 respondents had other comments** The reasons the withdrawal of CMP332 centred around the limited amount of notice for new indicative tariffs and the risks associated with the very short timescale to all parties and Customers. As we fix some of our contracts for 5 years we believe it sensible to align CMP334 (and DCP 359) with the new implementation date of the successor to CMP332. (Haven Power) Most suppliers fix their electricity prices for many of their non-domestic customers in advance, through contracts. The current uncertainty means that energy suppliers are not able to accurately estimate the charges they will incur in 2021 for these customers. The challenging timescales associated with the TCR are exacerbated by the current exceptional COVID-19 lockdown situation, and so, in light of Ofgem's decision on CMP332, we would favour alignment of implementation of both CMP334 and associated DCUSA modification DCP359 with the revised CMP332 implementation date of 1st April 2022.

		There is also a potential risk that, if CMP332 is amended, that CMP334 and DCP359 may not be in line with such amendments. (Opus Energy) We believe the CUSC and DCUSA workgroups still need to address the following areas; 1. How parties connected to two networks would be charged (e.g. a DNO network and the transmission network) – in this instance we believe the Final Demand Site should be subject to two charges (one from each network). 2. Whether commissioning and decommissioning of 'Eligible Facilities' should be considered as Final Demand or not 3. If/what a certification process would like for Eligible Facilities connected to the distribution networks. 4. Whether there needs to be any special consideration for Electric Vehicles (EV) and if dedicated EV charging facilities would be considered as Final Demand or not. 5. Whether there needs to be any special consideration for which only (and will only ever) provide Ancillary Services to ESO or DNOs. (NGESO) We believe consideration has to be made of how the TCR suite of changes can be communicated / explained to customers. These are complex changes that suppliers will struggle to understand themselves. We believe it will help customers if a single source of information could be created (e.g. via DCUSA website, ENA, National Grid or at a DNO level). Given the impact on contracts / tariffs being negotiated now we believe this has to be done in line with the DCUSA change proposals implementation dates. (SPERL) Definition of 'eligible facility' should include synchronous compensators, shunt reactors or any new technology which provide system services to ESO without active exporting MWs (Intergen) Check legal text prior to final submission to ensure that if CMP281 and CMP319 were approved ahead of this proposal that there would not be any conflicting or incompatible definitions of if there were

		suggest how these could be resolved e.g. a simple housekeeping modification would resolve any conflict (Engie) **No comment – 9 respondents**
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	**Yes – 1 respondent submitted a Modification Alternative Proposal form** We wish to raise an alternative to add to the definition of Final Demand Site, such that a user's Single Site that exists solely for the provision of Ancillary Services to the relevant Electricity System Operator is excluded from Residual TNUoS charges. (Transmission Investment Services Limited) **No – 14 respondents**
Specific CMP334 Workgroup Consultation questions		
5	Based on the mapping table in Annex 3, does the proposed CMP334 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed?	**No – 6 respondents** There has not been full consideration of private wire and complex sites and the proposed solution does not deal with them fairly, or in a manner consistent with the TCR Decision We believe further analysis of the mapping table is required to confirm if it is fully compliant with Ofgem's TCR Direction. In isolation no. CMP334 will only deliver part of the requirements set out in the TCR Direction, specifically defining the necessary terms that will determine which 'site' is eligible for a residual fixed charge. The area that needs to be addressed is that of intermediate customers, i.e. those customers who exists solely to provide services to industry itself. The current proposal only does so for generators and electricity storage providers. There are other service providers who do not fall into this category, e.g. those providing reactive power, or stability services via an "intermediate" demand connection. **Yes – 8 respondents** **No comment – 1 respondent**

6	Do you agree with the proposed definition of "Single Site"? If not, why not.	**No – 2 respondents** TCR Decision stated that a Single Site should be defined in relation to physical assets and the reference to a Connection Agreement is completely different, particularly in the case of private wire and complex sites where the customers in question may not be referred to in the Connection Agreement and will in most cases be in completely different sites (at least, according to the definition proposed by Ofgem). Also the proposed definition does not work where there are two connection agreements for a location with both generation and a demand customer, and where the imports for the customer can be met by either of the two agreements (CIP Biomass and Intergen) **Yes – 12 respondents** Avoids references to geographical proximities and other elements that are ambiguous and could be subject to different interpretations (Sembcorp) Noted that the Connection Agreement is a bilateral agreement between the Customer and the DNO and so is not transparent to Suppliers. Suppliers would therefore need to take it on trust that they are passing on charges based upon this bilateral agreement (Opus) **No comment – 1 respondent** **Legal text comments:** Hold definitions in one code to avoid any divergence in the future – no preference on "leading code" (SPERL) Definition may benefit from explicitly recognising distribution-connected sites, and referencing the DCUSA in such instances; similar to the definition of Final Demand Site (NPG)
7	Do you agree with the proposed definition of "Final Demand Site"? If not, why not.	**No – 4 respondents** Definition should be extended to include losses on sites/equipment necessary to the operation of the transmission and distribution systems – failure to do

		this would distort competition as the residual costs of the network are recovered from either network operators or parties providing services to the networks (PeakGen) The proposed definition of Final Demand Site would result in intermediate demands which consume real power exclusively for the provision of services to the ESO, or DSO incurring the significant TNUoS demand residual charge (TISL) Support an amendment to the definition of Final Demand Site (and the associated definition of Eligible Facility) to exclude all intermediate demands where energy is consumed exclusively for the provision of services to a Network (PeakGen and TISL) Definition of 'eligible facility' should include synchronous compensators, shunt reactors or any new technology which provide system services to ESO without active exporting MWs (Intergen) **Yes – 11 respondents** **No support for defining a threshold and 3 respondents specifically called out rationale as to why they disagreed with defining a threshold** • Any definition that defines a threshold would be open to potential gaming (Citizens Advice) • Defining a threshold for a Final Demand Site is overly complex and prone to error (Haven Power) • Do not support the alternative approach of defining a threshold for a Final Demand Site because it is not proportionate, given the added complexity and is subjective and so is prone to potential inaccuracies. (Opus) **Legal text comments:** • The legal text should be drafted to ensure that Users who own or operate a Distribution System covers both those that are licensed and licence exempt. (EDF)

		• One point to be considered is the use of 'Single Site' within point 2 as a Bilateral Embedded Generation Agreement will not have a 'Connection Site' as it is not Transmission Connected. Propose revising 1c as follows; …the purposes of commissioning, operating or decommissioning an Eligible Facility (NGESO) • Amend "… all other parties…" to "…all other Single Site(s) connected to the distribution network…", in the third part of the definition. (NPG) • Check legal text prior to final submission to ensure that if CMP281 and CMP319 were approved ahead of this proposal that there would not be any conflicting or incompatible definitions of if there were suggest how these could be resolved e.g. a simple housekeeping modification would resolve any conflict (Engie)
8.	Do you believe the Certification process described in the legal text is fit for purpose? If not, why not?	**No – 3 respondents** Certification process has not been fully defined (Haven Power and Opus) There is no dispute process if a User disagrees with any decision by ESO as to the validity of a Certificate (CIP Biomass and Intergen) For any project with a customer connected to it by private wire, additional settlement metering will be required before a User could certify that it has an Eligible Facility. No assessment has been made of the cost and timescale involved for Users who have to install such metering systems to avoid all of their demand being classed as Final Customer Demand and subject to residual charges, contrary to the TCR Decision (CIP Biomass and Intergen) **Yes – 11 respondents** Simple mechanism to get sufficient assurance that a site does not have any final demand (ENWL)

		Significant initial burden on Suppliers but will be manageable on an ongoing basis (EDF) Suitable for those with a direct relationship with the ESO but due to the far higher volume of sites, this would not be suitable for the DNOs (NGESO). 1 respondent (NPG) added that it should specify that "certification for a distribution-connected Single Site is as per the DCUSA". Propose that a similar certification process is required for users that exist purely to provide Ancillary Services directly to NGESO, or the local DSO, via an intermediate demand connection (TISL) Who will police this - ESO? (Citizens Advice)