

**CUSC Workgroup Consultation Response Proforma****CMP332: Transmission Demand Residual bandings and allocation (TCR)**

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 to [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com) by **5pm on 27 February 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation please contact Paul Mullen at [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
<b>Respondent name:</b>	Alan Bullock
<b>Company name:</b>	Network Rail
<b>Email address:</b>	Alan.BULLOCK@networkrail.co.uk
<b>Phone number:</b>	07747 480179

**For reference the applicable CUSC objectives are:**

- a. *That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- b. *That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and 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);*
- 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;*
- 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*
- e. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*\*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).*

**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 CMP332 Original Proposal better facilitates the Applicable CUSC Objectives?	<p>Mostly, yes. The consultation however appears to have some deficiencies.</p> <ol style="list-style-type: none"> <li>1) there is no defined methodology to calculate the cost that will be collected by sites connected directly to the Transmission network.</li> <li>2) There appears to some uncertainty on how the existing locational component (Triad) will be charged if it has a negative value, suggestion that it may be set to zero seem to counter-intuitive as the reason for this reform was to recover residual costs fairly and not change the forward-looking component.</li> </ol>
2	Do you support the proposed implementation approach?	<ul style="list-style-type: none"> <li>• No. We would have expected that Ofgem's decision would have taken into account a suitable notice period for us to reflect the change in our budgets.</li> <li>• We are on a TNUoS pass through contract with our supplier, EDF, and whilst we are comfortable managing this risk the introduction of a new methodology, at such short notice, is something that we could not have factored into our budgets.</li> <li>• An April 2022 implementation date allows us to budget this significant change however early notice of this would assist us in doing so.</li> </ul>
3	Do you have any other comments?	<ul style="list-style-type: none"> <li>• We manage TNUoS risk ourselves and we are finding that the lack of information available is proving difficult to forecast our liability from April 2021. We have both distribution and transmission connected sites. With transmission connected sites there is no set methodology agreed.</li> </ul>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<ul style="list-style-type: none"> <li>• No</li> </ul>

Specific CMP332 Workgroup Consultation questions		
5	Based on the mapping table in Annex 6, does the proposed CMP332 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed.	No comment.
6	CMP332 solution proposes to have one Transmission Band for the demand residual charge. Do you agree, if not what do you suggest instead, and why?	<ul style="list-style-type: none"> <li>• We have a significant proportion of volume connected directly to the transmission network and we would have appreciated more certainty around how charges would be levied, especially if it as to be introduced in April 2021.</li> <li>• We have transmission connected sites ranging in size from 6.5MVA to 100MVA so one band may not be fair or reasonable.</li> <li>• We want the bands to reflect fairness as Ofgem has attempted to do for our sites connected at different voltages.</li> </ul>
7	The TCR SCR Direction specifies that 24 months of data is required to allocate the customers to charging bands. The Original solution (for CMP332) proposes to use a standard 12 months period for all. What period of historical data do you think is required for setting the bands, and why?	<ul style="list-style-type: none"> <li>• The uncertainty in defining process as defined in this question at this very late stage is simply delaying our ability to accurately forecast our TNUoS liability.</li> <li>• We like stability and therefore if a process is to be introduced we want it to be enduring and not subject to constant change.</li> <li>• This is a further reason why an April 2021 implementation date is challenging for our organisation.</li> </ul>
8	If there is any revenue under/over recovery due to the differences between the initial allocation of charging bands vs the outturn of such bands, how should this amount be recovered/rebated?	<ul style="list-style-type: none"> <li>• No comment</li> </ul>
9	Should we use Measurement Classes rather than "No MIC"	<ul style="list-style-type: none"> <li>• See answer to question 7.</li> </ul>

	or “MIC” to determine initial grouping for the charging bands at low voltage, and why?	
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged separately on a volumetric basis?	<ul style="list-style-type: none"><li>• No comment</li></ul>
11	Do you have any thoughts on any of the suggested options and/or do you believe there any other options for the Workgroup to consider?	<ul style="list-style-type: none"><li>• No.</li></ul>