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 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 or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Matthew Boulton, Chief Commercial Officer
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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?	Yes, but the original proposal is incomplete as there is no defined methodology to calculate the total cost for sites directly connected to the Transmission network. Please find below our assessment against the applicable CUSC objectives: a) Neutral b) Neutral c) Positive as NGESO has been directed to raise this modification and implement its effects by the Authority. d) Neutral e) Neutral
2	Do you support the proposed implementation approach?	• No. When Ofgem published their decision in November 2019, several months after the date expected, industry had assumed appropriate notice to reflect changes would be given, April 2021 implementation it too early. • It is difficult to operate in a commercial environment in which costs can change significantly at such short notice.
3	Do you have any other comments?	• No
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	• No
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, we do not believe that this solution delivers entirely to Ofgem's TCR SCR direction. • Annex 6 refers to the definition of Final Demand. We have concerns that no methodology currently exists to calculate the revenue recovery from customers directly connected to the transmission network – this at a very late stage of the process is far from ideal. Pivot Power is directly impacted by

		what costs will be recovered from transmission connected sites. • We would urge Ofgem to assist the workgroup to reach a timely solution.
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?	• As we mentioned in the answer to question 5, the total recovery of costs has yet to be established. If the total liability of residual costs for the direct transmission connected segment is small, then one band may suffice. If, however there is a clear distortion between small and large sites then two bands would be more appropriate to avoid distortive charges. Ultimately residual charges need be fairly recovered based on the same principles adopted for other voltage levels. • Pivot Power plans to connect EV charging facilities direct to the transmission network, likely to range from 0.5 to 5MW. For reasons of fairness, such sites should not find themselves facing significantly higher transmission residual costs than if they were distribution connected.
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?	No comment
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?	We would expect that existing methodology be used to recover over / under recovery of residual charges.

9	Should we use Measurement Classes rather than “No MIC” or “MIC” to determine initial grouping for the charging bands at low voltage, and why?	No comment
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged separately on a volumetric basis?	No comment
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?	No.