

Workgroup Consultation Responses Summary – 7 responses received**CMP335 - Transmission Demand Residual - Billing and consequential changes to CUSC Section 3 and 11 (TCR) &****CMP336 - Transmission Demand Residual - Billing and consequential changes to CUSC Section 14 (TCR)**

For reference the applicable CUSC objectives are:

CUSC (non-charging) objectives - for CMP335:

- 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).*

CUSC (charging) objectives - for CMP336:

- 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).*

Standard Workgroup Consultation questions		
1	Do you believe that CMP335 Original proposal better facilitates the Applicable CUSC Objectives?	Yes – 5 EDF against Objective (a), NGENSO, Haven Power and Opus Energy against Objective (a) and (d). No specific objectives identified by Sembcorp.
		Neutral – 1 Need to understand CMP343 better first.
		No comment – 1
2	Do you believe that CMP336 Original proposal better facilitates the Applicable CUSC Objectives?	Yes – 5 EDF against Objective (a), NGENSO against Objective (c), Haven Power and Opus against Objective (a), (b), (c) and (e). No specific objectives identified by Sembcorp.
		Neutral – 1 Need to understand CMP343 better first. (Intergen)
		No comment – 1
2	Do you support the proposed implementation approach?	Yes – 4
		Neutral - 2 Support it in principle - however 2022 potentially still too close (pandemic, difficult for businesses to handle) (Haven Power and Opus Energy) Recommend a 2023 Implementation (Opus Energy)
		No – 1 2022 still too early – 2023 better. Pandemic has made demand patterns impossible to predict. Charging bands can't be accurately determined now using recent info – will result in high level of disputes (ICOSS) Supplier preparations for the new regime have been impacted by the pandemic (ICOSS)

3	Do you have any other comments?	<p>Yes - 3</p> <p>Customers should be allowed to directly challenge bandings directly with the networks, rather than suppliers (who would be simply notified) – improves speed and efficiency of appeals.</p> <p>Consider it is wrong, discriminatory and unfair for new sites (or indeed sites where the demand was never separately identified in the settlement system) to be charged based on an “average for all sites”. Propose that new sites are not charged until there was 12 months data available, that could then be used to “band” the customer with the shortfall charge recovered over the coming 12 or 24 months (Intergen)</p> <p>Recommend that the workgroup consider the interaction between CMP336 and CMP317/327 specifically regarding “ex-post reconciliation” (NGESO)</p>
		No – 4
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p>Yes – 1</p> <p>NGESO has already suggested an alternative proposal to bill Suppliers for the TDR based on the most recent actual site count data as opposed to using a forecasted site count submitted by the Supplier. This was consulted on (see Question 9) and depending on the outcome of consultation responses to this question, NGESO would like to raise a WACM to incorporate billing based on monthly actuals (NGESO)</p>
		No – 5
		No comment - 1
Specific CMP335/6 Workgroup Consultation questions		
5	Based on the mapping table in Annex 4, does the proposed	<p>Yes – 5</p> <p>Solution delivers TCR SCR direction</p>

	<p>CMP335/CMP336 solution deliver Ofgem’s TCR SCR Direction? Please identify any areas you believe need to be addressed.</p>	<p>Neutral – 1 (need to understand CMP343 better first) For demand sites that are currently embedded within generator connections it is completely unclear how they would be treated e.g. are they regarded as directly connected, if not a separately BMU of settlement metered, how will their demand be derived, will they be regarded as a new site, etc. (Intergen)</p>
		<p>No comment – 1</p>
<p>6</p>	<p>Do you support the proposed allocation method to allocate transmission connected sites to bands (if more than 1 band is created under the new modification which will replace CMP332)? If not, what approach would you prefer? Please provide your rationale.</p>	<p>Yes – 5</p> <p>Prefer 1 transmission band (Sembcorp and NGESO)</p> <p>Suggest setting an intermediate step that would cover the available data within a certain timeframe e.g. if data is available for less than 24 months, then the average consumption should be of at least (3 or 6?) months. This will address the risk of gaming. (Sembcorp)</p> <p>The primary data source for allocation to Charging Bands for Transmission connected Final Demand Sites is actual metered consumption data - supportive of this approach as it is completely aligned with the approach taken by the DNOs to allocate Distribution connected sites to Charging Bands (NGESO)</p> <p>If 24 months of metered consumption data is not available any consumption data that is available will be used to make an average for the site. Supportive of this approach as it is a practical and proportionate way to manage allocation for sites where insufficient consumption data is available. Additionally, this approach aligns the Transmission allocation methodology with the methodology for Distribution connected sites (NGESO)</p> <p>Where no metered consumption data is available, two options to use an average of all Transmission connected sites or to develop a site-specific estimate. Asked that Workgroup consider this. However, ESO believes that any band allocation made using estimated or averaged data for a Transmission connected Final Demand Site should be reviewed when actual data becomes available (NGESO). This is also picked up by Sembcorp who say that “Where allocation of a given site is decided by the most</p>

		<p>recent 12 months average consumption of all transmission connected Final Demand Sites, then reasonable for site or its Supplier to dispute the allocation, if they can demonstrate that the average of the actual consumption after let's say a year or six months is lower than the assumed one". (Sembcorp)</p>
		<p>No – 1</p> <p>Concern over divergence from DCUSA (Interger)</p>
		<p>No comment – 1</p>
7	<p>Do you think it would be appropriate for ESO to seek a derogation from Ofgem to be outside of the 5% to 9.5% tolerance range where there is under/over recovery arising from successful disputes?</p>	<p>Yes – 3</p> <p>As wouldn't want ESO incentivised to reject reasonable disputes (EDF)</p> <p>Derogation should be time-limited for the first year of the implementation of Ofgem's TCR Direction and setting of new charging band creation, and should still determine a limit of the tolerance range, albeit greater than the 5% to 9.5%, to avoid unexpected under/over recovery (Sembcorp)</p> <p>Want to avoid a mid-year tariff change. K-factor recovery best (Haven Power and Opus Energy)</p>
		<p>No – 3</p> <p>Pre-emptive derogation not appropriate yet – sends wrong signal to ESO who need to publish accurate tariffs to mitigate risk (Haven Power and Opus Energy)</p> <p>The revised implementation date for the TCR TDR changes should, however, mean that a lot of disputes can be resolved prior to publication of final tariffs in January 2022 (NGESO)</p>
		<p>No comment – 1</p>
8	<p>Do you agree with the proposed disputes process for</p>	<p>Yes – 5</p> <p>Aligned with DCUSA</p>

	<p>transmission sites? Do you agree that this is compatible with the DCUSA disputes process?</p>	<p>No – 1</p> <p>Diagram indicates that disputes are only possible if the consumption data is less than half or more than twice the assumed data - surely the test should be that the assumption was not correct (InterGen)</p>
		<p>No comment – 1</p>
<p>9</p>	<p>Do you support the method in ESO’s alternative proposal to bill the Transmission Demand Residual? If not, what approach would you prefer? Please provide your rationale.</p>	<p>Yes (bill monthly based on latest actual site count) – 5</p> <p>Removes risk of over/under recovery from suppliers’ share of the TDR (Opus Energy and Haven Power)</p> <p>Removes risk of suppliers accruing debt to ESO (Opus Energy and Haven Power)</p> <p>Using actuals requires less time from Suppliers to derive forecasts of site counts in each Charging Band and less time from the ESO to verify the forecasts (NGESO)</p> <p>Neutral - 1</p> <p>Support in principle but don’t know if the suppliers’ monthly forecasts are accurate or not so it’s difficult to assess whether the alternative to bill monthly based on latest actual site count would be much more beneficial (Sembcorp)</p> <p>No comment – 1</p>