

Workgroup Consultation Responses Summary**CMP343: Transmission Demand Residual bandings and allocation for 1 April 2022 implementation (TCR) &****CMP340: Consequential changes for CMP343 (TCR)**

We received 13 responses in total. 1 response was confidential so is not included in this summary.

For reference the applicable CUSC (charging) objectives for CMP343 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).*

For reference the applicable CUSC (non-charging) objectives for CMP340 are:

- 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).*

CMP343

Standard Workgroup Consultation questions CMP343

1	Do you believe that the CMP343 Original Proposal better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p><u>Yes – 7</u> E.ON, NGESO, EDF, Haven Power, Opus Energy, OVO, Sembcorp</p> <p>Yes, but need to address comparative distortions to sites that connect either to Distribution or Transmission. Positive against objective B and neutral to the rest. EDF</p> <p>Yes, positive against objectives A and C. Haven Power, Opus Energy, OVO</p> <p><u>No - 4</u> ADE, Liberty Steel, Pivot Power, UK Steel</p> <p>The proposal does not meet objectives A or C. Flooring the locational isn't consistent with the direction. This introduces a change which places additional burdens on large users and may result in inefficient disconnections, increasing charges for others. Liberty Steel</p> <p>For this to be an improvement, it needs to adopt a more tailored charging approach for sites directly connected to the transmission network, such as those proposed in alternative 5. Pivot Power</p> <p>This proposal does not meet objectives C or D. Already within the steel sector, sites are making considerations for moving from transmission connections to distribution connections - one site who already has moved will see a 94% lower TDR charge. Other sites will follow suit if 2 or 4 band options are implemented, further reducing the size of the pool. UK Steel</p> <p><u>No comment - 1</u> BOC</p>
2	Do you believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p><u>Yes - 6</u> ADE, E.ON, EDF, Liberty Steel, Pivot Power, UK Steel</p> <p>Yes, Option C – p/site/day. ADE</p> <p>Yes, the original and all of the proposed WACMs. E.ON</p> <p>Alternative proposal 5 is the best option (4 Transmission bands and maintain negative locational). Positive to objectives A and B and neutral to the rest. EDF, Pivot Power</p> <p>Alternative proposals 3 and 6 are in line with the direction. Liberty Steel</p>

		<p>Alternative proposal 3 is the best option. UK Steel</p> <p><u>Original solution is better – 5</u> Haven Power, NGESO, Opus Energy, OVO, Sembcorp</p> <p>If flooring wasn't applied there would be a reverse incentive to consume at peak periods. Haven Power, Opus Energy</p> <p>Introducing boundaries into an already small cohort creates serious problems that have a negative impact on ACO (a) and ACO (e). NGESO</p> <p>Re: flooring the demand locational tariff - the potential alternatives are either too cumbersome to be reasonable and practical for one year only or would allow the perverse incentive to remain. NGESO</p> <p>We believe the flooring methodology should be made as simple to implement as possible and cause minimal customer tariff impact. Opus Energy</p> <p>A negative signal will dampen other signals. There could be security of supply issues and TNUoS signals could act to exacerbate local issues. There would be significant under recovery as those who can respond to signals benefit whilst costs for others increase. It is not cost reflective. OVO</p> <p>Multiple bands create distortions between sizes of transmission connected sites that are not justified by their similar type of connections and use of the network. Sembcorp</p> <p><u>No comment - 1</u> BOC</p>
3	Do you support the proposed implementation approach?	<p><u>Yes - 6</u> ADE, E.ON, EDF, NGESO, OVO, Pivot Power</p> <p><u>Yes overall, but with concerns – 4</u> Haven Power, Opus Energy, Sembcorp, UK Steel</p> <p>We support the approach in general but are concerned that April 2022 implementation is still early, due to disruption caused by the pandemic. Haven Power, Opus Energy</p> <p>We believe it would be beneficial to align implementation of the TCR programme with delivery of access and forward-looking charges, which is scheduled for April 2023. Opus Energy, UK Steel</p>

		<p>Agree with the implementation timelines if the locational charge element not included. UK Steel</p> <p>The industry would be more comfortable with the changes if there was longer between the decision confirming the details and implementation</p> <p><u>No – 1</u> Liberty Steel</p> <p>The timescales are in line with those directed. However, removing the locational signal is not in line with the direction and pre-judges the outcome of the Access and Forward-Looking Charges consultation. Liberty Steel</p> <p><u>No comment - 1</u> BOC</p>
4	Do you have any other comments?	<p><u>No - 8</u> ADE, EDF, Haven Power, Liberty Steel, NGESO, Opus Energy, OVO, Sembcorp</p> <p><u>Yes – 4</u> BOC, E.ON, Pivot Power, UK Steel</p> <p>The proposed solution generates charges which deviate significantly from those presented at the Charging Futures Forum to date. There hasn't been enough industry engagement on this with those affected. BOC</p> <p>Consider creating and/or using existing data agreed capacity levels for transmission connected sites. E.ON</p> <p>Concerns about the way the proposed scheme creates 'cliff edges' at the band boundaries, and think this will adversely affect the evolution of the EV charging market. Concerns about the discriminatory pricing impact the current single transmission band would have. Pivot Power</p> <p>Concerns about the proposed bandings for the distribution networks. Creating dramatic jumps (£15k to £75k at 1.7 MVA on the 11kV network, and £3k to £89k at 1 MVA on the 33kV network) will put intense pressure on the charge point operators (CPOs) to keep their connections below this threshold - at least for several years, until customer queues mean they have to (and can afford to) upgrade. To drive EV adoption, we want CPOs to</p>

		<p>be investing in sites with capacity headroom, ensuring they can continue to stay ahead of demand, avoid queuing at their sites, and send the clear signal to drivers that the country is ready for rapid EV adoption. Pivot Power</p> <p>It would appear that there are no users/industry on this CUSC panel and therefore proposals have again been put forward and agreed on a highly subjective basis centred on the views of generators and suppliers. UK Steel</p>
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No - 12 ADE, BOC, E.ON, EDF, Haven Power, Liberty Steel, NGESO, OVO, Pivot Power, Sembcorp, UK Steel
Specific CMP343 Workgroup Consultation questions		
6	Do you agree with the proposed methodology on page 7 of the Workgroup Consultation document to calculate a volumetric p/kWh residual charge for Unmetered Supply (UMS) Demand? Please provide the rationale for your response.	<p>Yes – 7 ADE, E.ON, EDF, Haven Power, NGESO, Opus Energy, Sembcorp</p> <p>Since there are no meters and therefore no site information, it is not feasible to charge UMS on any basis other than volumetric. It seems fairest and most cost reflective to use annual volume rather than peak as proposed, as that is the most equivalent to the other bands. Sembcorp</p> <p>No comment – 5 BOC, Liberty Steel, OVO, Pivot Power, UK Steel</p>
7	Following the CMP332 Workgroup consultation, the CMP343/340 Workgroup has developed alternative options for 2 or 4 transmission bands and has produced some analysis to show the impacts. This can be found in Annex 8. What are your views on whether there should be 1, 2 or 4 transmission bands?	<p>Prefer 4 transmission bands - 3 ADE, EDF, Pivot Power</p> <p>4 transmission bands avoids distortive charges between small and large sites and delivers more cost reflective prices to sites connected at Tx level. EDF</p> <p>This goes a long way to reducing the distortions that would otherwise occur in charges for transmission vs distribution-connected assets. Pivot Power</p> <p>Cannot yet confirm – 1 E.ON</p> <p>Can't consider either options until there is consideration of whether Tx-connected sites can be charged/allocated based on allowed/agreed capacity. E.ON</p>

<p>Please provide the rationale for your response.</p>	<p><u>Prefer 1 transmission band – 7</u> BOC, Haven Power, Liberty Steel, NGESO, Opus Energy, Sembcorp, UK Steel</p> <p>The TDR charge for the highest proposed band at Tx level is considerably higher than the highest Dx band. An incentive is created to have the connection adopted by a DNO or to seek a Dx connection. BOC, UK Steel</p> <p>No clear preference for 1, 2 or 4 transmission bands, we do have a concern that multiple bands may encourage reconfiguration of sites by a customer to benefit from a cheaper charging structure. Haven Power</p> <p>Introducing banding to transmission connected parties would be a change from the direction made by the regulator, which was made after a full impact assessment on the basis of a single band for Tx. Liberty Steel</p> <p>The number of Tx connected sites is too small and sites are likely to change band through activity of another user. Liberty Steel, Sembcorp</p> <p>Segmenting Transmission connected Final Demand Sites into multiple bands might provide greater cost reflectivity and therefore better facilitate ACO (b). However, the ESO's view is that introducing boundaries into an already small cohort creates serious problems that have a negative impact on ACO (a) and ACO (e). NGESO</p> <p>We do have concerns that multiple bands could encourage customers to reconfigure their sites in order to benefit from cheaper Annual Tariffs. Opus Energy</p> <p>Differentiating sites that have the same type of network connection is not cost reflective and creates a distortion. The step-change between bands could also send a signal to separate into multiple smaller sites. Sembcorp</p> <p>Given the materiality of the charges, there will be significant consequences for an "incorrect"</p>
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		<p>assignment on the new connecting consumers. Sembcorp</p> <p>Such options should have been formally considered, set out in the IA and consulted on as part of the TCR not simply introduced as part of a CUSC mod. UK Steel</p> <p><u>No comment – 1</u> OVO</p>
8	<p>The Workgroup has proposed that if there were 2 transmission bands, these would be divided at the 85th percentile (as this coincides with the point beyond which the sites are more than twice the size of the mean total consumption). Do you agree with this method? Please provide the rationale for your response?</p>	<p><u>No – 4</u> BOC, Pivot Power, Sembcorp, Uk Steel</p> <p>The end result is not proportionate and potentially distortive. BOC</p> <p>It would render uneconomic any EV operation (car or bus) directly on the transmission network and would introduce a fixed charge wildly different to those such operations would face on the distribution network. Pivot Power</p> <p>Using the 85th percentile creates bands with very few sites in, which means charges could be significantly affected by other users' behaviour. Given there is no difference between sites other than their consumption, any cut-off point will be essentially arbitrary. Sembcorp</p> <p><u>Cannot yet confirm – 1</u> E.ON</p> <p>Can't consider either options until there is consideration of whether Tx-connected sites can be charged/allocated based on allowed/agreed capacity. E.ON</p> <p><u>The 85th percentile is appropriate if 2 transmission bands were adopted – 4</u> EDF, Haven Power, NGESO, Opus Energy</p> <p><u>No comment – 3</u> ADE, Liberty Steel, OVO</p>
9	<p>The assumptions that underpin the analysis on transmission banding to set out illustrative charges are contained in Annex 9. Please provide any comments on these assumptions.</p>	<p><u>No comment – 4</u> ADE, Haven Power, Opus Energy, OVO</p> <p><u>Issues with the assumptions – 3</u> BOC, Liberty Steel, UK Steel</p> <p>The banded set of charges are disproportionate to those seen on equivalent non-Transmission connected demand sites. BOC</p>

		<p>With such a small sample size, the analysis cannot be very meaningful. Liberty Steel, UK Steel</p> <p><u>No issues with the assumptions - 5</u> EDF, E.ON, NGESO, Pivot Power, Sembcorp</p> <p>The ESO at some point will have confirm which BMUs are single sites, either by directly contacting the User or through suppliers. It would be safest for the ESO to confirm with all BMUs that their “site status” is correct, not just those that have been grouped together.</p>
10	<p>Following the CMP332 workgroup consultation, the CMP343/340 Workgroup has developed options A, B and C to address the treatment of zones that have a negative locational tariff. Which of these options do you support? Please provide the rationale for your response.</p>	<p><u>Option A - Floor the locational tariff to £0/kW (Proposer's Original solution) – 5</u> NGESO, Haven Power, Opus Energy, OVO, Sembcorp</p> <p>We support Option A as it minimises the risk of an incentive for demand sites to consume more power at peak times. Haven Power, NGESO, Opus Energy, OVO</p> <p>We also believe Option C adds unnecessary complexity for a short period of time without any additional benefit to Option A. Haven Power, Opus Energy, OVO</p> <p>Option B would allow the perverse incentive to remain and incentivise consumption over peak periods whilst Option C is too cumbersome to manage for both industry and the ESO to be reasonable and practical for an interim measure. Option C would create a different TDR tariff for each Charging Band in each GSP group (totalling between 266 and 308 different tariffs depending on the number of transmission charging bands). This would require extensive billing system change for both Suppliers and the ESO for just one year's benefit which we believe is neither practical nor proportionate. NGESO</p> <p>The proposed £/site locational adjustment to the residual seems inappropriate – it is not cost reflective, as the forward-looking charge and the residual serve different purposes. Sembcorp</p> <p><u>Option B – No flooring to the original tariffs – 3</u> EDF, E.ON, UK Steel</p>

		<p>Option B, no flooring is the most appropriate as it appears to comply with what was directed. E.ON, EDF</p> <p>Except for two zones, the incentive and opportunity for customers to increase demand will be low. EDF</p> <p><u>Option C Introduce a £/site/day locational adjustment – 3</u> ADE, BOC, Liberty Steel</p> <p>We question the removal of the negative locational charge ahead of the SCR review. If there is genuine risk of perverse outcome, then option C might be taken above B – BOC</p> <p>Options B and C both maintain locational signals throughout GB. Of these, Option C would better address the proposer's concerns about unwanted demand increases over the TRIAD, whilst maintaining cost reflective locational signals throughout GB. Liberty Steel</p> <p><u>No comment – 1</u> Pivot Power</p>
Question 11 is for those who responded to the CMP332 consultation		
11	<p>CMP343/340 builds on the CMP332 solution. Please let us know if anything has changed in your response since the CMP332 Workgroup Consultation.</p>	<p><u>No comment – 6</u> ADE, BOC, Liberty Steel, OVO, Pivot Power, UK Steel</p> <p><u>Comments – 6</u> E.ON, EDF, NGESO, Haven Power</p> <p>Concerns raised in CMP332 regarding implementation date and UMS to be included in banding structure now resolved. E.ON, EDF, Sembcorp</p> <p>Some concerns highlighted in this response regarding proposed CMP343 solutions. EDF</p> <p>Re: later implementation date - there is now sufficient notice for the industry to manage the changes. NGESO</p> <p>No change to position since CMP332 – E.ON, Haven Power, Opus Energy</p>

CMP340

Standard Workgroup Consultation questions CMP340		
12	Do you believe that the CMP340 Original Proposal better	<u>No – 1</u> ADE

	facilitates the Applicable (non-charging) CUSC Objectives?	<p><u>Yes – 7</u> E.ON, EDF, Haven Power, NGESO, Pivot Power, Sembcorp</p> <p>Positive to objective A and neutral to the rest. EDF, Pivot power</p> <p>Positive to objectives A and D. Haven Power, Opus Energy</p> <p><u>No comment – 4</u> BOC, Liberty Steel, OVO, UK Steel</p>
13	Do you support the proposed implementation approach?	<p><u>Yes – 9</u> ADE, E.ON, EDF, Haven Power, Liberty Steel, NGESO, Opus Energy, Pivot Power, Sembcorp</p> <p>We support the approach in general but are concerned that April 2022 implementation is still early, due to disruption caused by the pandemic. Haven Power, Opus Energy</p> <p>We believe it would be beneficial to align implementation of the TCR programme with delivery of access and forward-looking charges, which is scheduled for April 2023. Opus Energy</p> <p><u>No comment – 3</u> BOC, OVO, UK Steel</p>
14	Do you have any other comments?	<u>No – 12</u> ADE, E.ON, EDF, BOC, Haven Power, Liberty Steel, NGESO, Opus Energy, OVO, Pivot Power, Sembcorp, UK Steel
15	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<u>No – 12</u> ADE, E.ON, EDF, BOC, Haven Power, Liberty Steel, NGESO, Opus Energy, OVO, Pivot Power, Sembcorp, UK Steel
Specific CMP340 Workgroup Consultation question		
16	Annex 11 sets out the initial thoughts on the potential changes to the CUSC Section 11 definitions that would need to change to support the CMP343 Original and other	<p><u>No comment – 9</u> ADE, BOC, E.ON, Haven Power, Liberty Steel, NGESO, Opus Energy, OVO, Sembcorp, UK Steel</p> <p><u>Comments – 3</u> EDF, NGESO, Pivot Power</p>

	potential solutions. Do you have any comments on the proposed changes?	<p>The potential changes seem reasonable. EDF, Pivot Power</p> <p>The ESO expects that these definitions will be refined as the legal text drafting is completed and is not an exhaustive list. NGESO</p>
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