

## CUSC Modification Proposal Form

# CMP364: Definition changes for CMP363

**Overview:** CMP363 seeks to clarify the TNUoS Demand Residual charging arrangements for transmission connected sites that have a mix of Final and non-Final Demand. This modification is to support CMP363 by changing Section 11 to add/amend/remove definitions as needed.

### Modification process & timetable



**Status summary:** The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

**This modification is expected to have a:** **Medium impact**

Transmission connected sites with a mixture of Final and non-Final Demand, the ESO, ELEXON

<b>Proposer's recommendation of governance route</b>	Standard Governance modification with assessment by a Workgroup to jointly assess CMP363 and CMP364.
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<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Grahame Neale <a href="mailto:Grahame.Neale@nationalgrideso.com">Grahame.Neale@nationalgrideso.com</a> 07787261242	<b>Code Administrator Contact:</b> Paul Mullen <a href="mailto:Paul.j.mullen@nationalgrideso.com">Paul.j.mullen@nationalgrideso.com</a> 07794537028
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## What is the issue?

As part of Ofgem's TCR decision<sup>1</sup>, they directed that network demand residual charges should be charged to 'Final Demand Sites' and so CMP334<sup>2</sup> was raised to define what a 'Final Demand Site' should be.

This definition would then be applied to the TNUoS methodology that was created under CMP340 and CMP343<sup>3</sup>. As of writing this proposal, CMP340/343 is still awaiting an Ofgem decision. However, Ofgem have made a decision on CMP334 and as part of that decision Ofgem stated the following;

### ***"Obligation to address private wire and complex sites***

*As noted in our assessment on [Applicable CUSC Objective] ACO (a) we believe that the obligation of the TCR Direction to address private wire and complex sites has not been discharged.*

*We expect the new modification to be developed in a way that allows implementation by April 2022. This will provide the Workgroup the opportunity to establish a comprehensive approach to treating private wires and complex sites, as it will allow for different potential scenarios and potential consequences to be explored in detail. We note that there may be a need for further changes to other industry codes as a result of this modification. For clarity, we expect that any proposal brought forward will ensure that:*

- sites that would not be subject to the TDR under CMP334 WACM1 would be not be subject to the TDR if they exist in a private wire/complex site; and*
- any site in a private wire/complex site that has associated final demand would be liable for the TDR in a proportionate way."*

'Complex Sites' and 'Private Wires' are colloquial terms used in the industry and so have no formally recognised meaning –and neither are recognised by CUSC. As such, this proposal seeks to clarify the arrangements for TNUoS Demand Residual charges for the following scenarios should they be Transmission connected;

1. A Single Site (defined in CMP334) which has a combination of Final and non-Final Demand.
2. A Single Site with multiple connection points.
3. Two (or more) Single Sites interconnected independently of a licensed network
4. If unlicensed networks should have any special/different treatment from current arrangements (licensed network connections or direct connections).
5. Any other Single Site configurations identified by the workgroup.

This proposal does not look to review what a 'site' or 'final demand' is or how the TNUoS Demand Residual charge is calculated, but how they're applied in the above scenarios. This proposal also only seeks to apply to Transmission connected sites as it is expected that DCUSA modifications (such as DCP328) will create similar arrangements for Distribution connected 'Complex Sites' and 'Private Wires'.

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment>

<sup>2</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp334>

<sup>3</sup> <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp343-and-cmp340>

This modification is to support CMP363 by changing Section 11 to add supporting definitions specifically:

- The declaration process created to facilitate CMP319 and CMP334 should be reviewed to ensure it is able to accommodate the options developed under CMP363.
- Finally, it appears that there is at least one inconsistency in the legal text that could cause confusion and should be corrected. In the definition of 'Final Demand Site' we believe that "All Users" should be replaced with "For Users" for consistency with the subsequent points.

### **Why change?**

Please see CMP363 Proposal form.

### **What is the proposer's solution?**

The proposal is to update CUSC Section 11 as appropriate to reflect CMP363 solution and any changes following the review of the current declaration process.

### **Draft legal text**

To be developed as part of workgroup discussions.

### **What is the impact of this change?**

<b>Proposer's assessment against CUSC Non-Charging Objectives</b>	
<b>Relevant Objective</b>	<b>Identified impact</b>
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	<b>Positive</b>  The ESO has been directed to raise this modification and implement its effects by the Authority.
(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;	<b>Positive</b>  Provides clarity in the treatment of TNUoS charges in respect of sites that have a mix of Final and non-Final Demand to ensure a level playing field across these types of site.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b>  No impact expected

(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<p><b>Positive</b></p> <p>Provides clarity in the treatment of TNUoS charges in respect of sites that have a mix of Final and non-Final Demand to ensure a level playing field across these types of site.</p>
<p>*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).</p>	

<b>Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories</b>	
<b>Stakeholder / consumer benefit categories</b>	<b>Identified impact</b>
Improved safety and reliability of the system	<p><b>Neutral</b></p> <p>No impact expected.</p>
Lower bills than would otherwise be the case	<p><b>Positive</b></p> <p>Clarity in the charging arrangements for these sites will reduce perceived risk and any risk premia associated with these sites</p>
Benefits for society as a whole	<p><b>Neutral</b></p> <p>No impact expected</p>
Reduced environmental damage	<p><b>Neutral</b></p> <p>No impact expected</p>
Improved quality of service	<p><b>Negative</b></p> <p>No impact expected</p>

## When will this change take place?

### Implementation date

Section 11 changes to be implemented 10 working days after an Authority decision. However, CMP364 will not become effective without the CMP363, which will have a 1 April 2022 Implementation Date.

### Date decision required by

01 October 2021 to allow sufficient time for the ESO processes to be adapted to reflect this decision, especially in respect of the declaration process.

### Implementation approach

The declaration process introduced by CMP319 (and used by CMP334) will need to be enhanced to account for the more complex requirements this proposal will introduce.

**Proposer's justification for governance route**

Governance route: Standard Governance modification with assessment by a Workgroup

**Interactions**

Grid Code                       BSC                                       STC                                       SQSS  
 European                       EBGL Article 18                       Other                                       Other  
 Network Codes                      T&Cs<sup>4</sup>                                      modifications

There is potential for this modification to impact on metering and/or BMU registrations to ensure any Final Demand and non-Final Demand within a site are separately metered; therefore, these interactions should be reviewed by the Workgroup.

There and not expected to be any interactions with EBGL Article 18 T&Cs.

**Acronyms, key terms and reference material**

Acronym / key term	Meaning
BMU	Balancing Mechanism Unit
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
EBGL	Electricity Balancing Guideline
NGESO	National Grid Electricity System Operator
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TCR	Targeted Charging Review
TNUoS	Transmission Network Use of System charges
T&Cs	Terms and Conditions

**Reference material**

- None

<sup>4</sup> If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.