

# CMP254 'Addressing discrepancies in disconnection / de-energisation remedies'

# CMP254 : Addressing discrepancies in disconnection / de-energisation remedies

## Context

- There is a gap in the current industry code arrangements.
- For distribution-connected customers, if they fail to pay their debts, Suppliers have the right (both through the Electricity Act, and in most cases via retail supply contracts) to de-energise and disconnect the customer.
  - Suppliers can (subject to certain conditions) either disconnect them ourselves or use the DCUSA rules to request that the DNO de-energises them on our behalf (at Supplier's cost), based on both the retail contract, and Electricity Act, provisions. The DNO is obliged under the DCUSA to undertake this requirement (DCUSA section 25)
- For transmission-connected customers, if they fail to pay their debts, Suppliers also have these rights (EA89 and contractual) to de-energise and disconnect such a customer.
  - this is hard for suppliers to implement safely due to the skills required for this work. Specialist very high voltage qualifications are needed to do so safely, held in essence almost entirely by transmission company employees.
  - no Supplier will have the skills to disconnect them itself for non-payment of debts.
  - there is no equivalent DCUSA provision in CUSC.
- There should logically be a specific provision in CUSC to mirror that in DCUSA, and indeed is even more important at transmission level – safety is vital, and the relevant switch or, most often, remote control will be national grid or relevant TO control room.

# Supplier Disconnection CUSC modification

## Precedent

- the **BSC** has provision for the BSC Panel to require a Transmission Company or a Distribution System Operator to de-energise plant or apparatus (comprising BM Units) of a defaulting party (generally speaking this means a defaulting Supplier, and this includes disconnection of any of its customers that are grid-connected, among others). And the transmission company and DSOs all “consent” in the BSC wording, to this
- Relevance : this means the Transmission Company is already compelled to have staff able to deliver de-energisation in a timely manner on request; CUSC also allows disconnection on basis of non-payment of TNUoS and BSUoS
- Similar CUSC provisions allow National Grid to require the DNO to de-energise users as well

## Defect / consequences

- The defect in CUSC terms, is the lack of this equivalent right via the industry rules to enable Suppliers to request that the transmission network company de-energises such customers under the terms of their retail contract, or of the electricity act 1989.
- If not addressed, **Suppliers may be unwilling to supply such customers at all, or will only do so on onerous advance-payment, perhaps premium, terms**, harming such customers as a class – some of which are particularly sensitive to energy costs.
- **Smaller Suppliers are probably unable to participate in the market** to supply such customers, damaging competition in Supply

# Supplier Disconnection CUSC modification

- Use similar wording to DCUSA text – hence the mod has suggested legal text
  - *The Company shall, to the extent that it may lawfully do so, at the request of the User, when the User is entitled to have carried out Energisation Works, De-energisation Works and Re-energisation Works, carry out such works at the cost of the User within a reasonable time or, in circumstances of urgency, as soon as is reasonably practicable. The Company shall if requested by the User, inform the User of its reasonable requirements for the details by reference to which Metering Points or Metering Systems to be Energised, Deenergised or Re-energised are to be identified.*
- Indemnities suggested drawn from DCUSA, including :
  - *“the User shall indemnify the Company against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage made against or incurred or suffered by the Company and resulting directly from such Works howsoever arising (including, where the User is Registered in respect of the Exit Point, any claim by the user Registered in respect of the Entry Point, and vice versa) except insofar as such actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arise from the negligent act or omission or default of the Company, its officers, employees or agents”*
- The changes would sit in section 5 of the CUSC (events of default, de-energisation, and disconnection) – currently it only allows for disconnection in the case of bad debt in relation to charges collected by The Company, and not in relation to charges payable to a Supplier.

# Objectives

- Suppliers may be unwilling to supply such customers at all, or will only do so on onerous advance-payment, perhaps premium, terms, harming such customers as a class – some of which are particularly sensitive to energy costs.
- Smaller Suppliers are probably unable to participate in the market to supply such customers, damaging competition in Supply
- Therefore the mod (which is not a charging mod) better facilitates main objective (b) : 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.

# Urgency

- Urgency : needs to “be linked to an imminent issue or a current issue that if not urgently addressed may cause:
  - a) A significant commercial impact on parties, consumers or other stakeholder(s); or
  - b) A significant impact on the safety and security of the electricity and/or has systems; or
  - c) A party to be in breach of any relevant legal requirements”

Urgency **is** recommended because the gap in the industry framework means that there is **currently** a risk to suppliers in relation to non-payment by large non-embedded customers. The gap can lead to **significant commercial impacts on suppliers** (£ms) and so needs to be addressed urgently.

The fact that we have lived with this serious flaw for many years now, does not make the matter, now that it has been identified, any the less pressing.

# Self governance

- Self governance is warranted where a mod is unlikely to have a material effect on:
  - existing or future electricity customers
  - competition in generation or supply
  - the operation of the transmission system
  - security of Supply
  - governance of the CUSC
- Ofgem has already been encouraging panels to interpret and apply self governance a little more readily, and this idea is also within its new consultation <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-initial-proposals> - an idea therein is to make self governance the default rather than the exception, by changing the criteria for self - governance from negative to positive – i.e. need to explain why a proposal is “material” and invalid for self-governance, rather than proving the opposite – reverse the “burden of proof”
- This mod does seem to fit self governance – it just gives effect to what should already be operable, addressing what seems to be a defect in the CUSC and there is a basis under DCUSA