

CMP260: TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247



Justification of Urgent Status

Nicky White - 29th January 2016

CMP260 Background

CMP241 (for charging year 2015/16)

- ▲ Implemented to prevent a single meter installation being liable for both Non Half Hourly (NHH) charges and Half Hourly (HH) TNUoS charges within the same charging year, due to the implementation of BSC Modification P272
 - ▶ The default option under CMP241 is that all meters within Measurement Classes E-G will be treated as NHH for TNUoS charging purposes
 - ▶ However Suppliers are given the option for those meters within Measurement Classes E-G prior to the start of the 2015/16 charging year to continue to be treated as HH for the charging year if the Supplier notifies National Grid of their intention before the start of the Triad season as well as provides verified metering data for those meter installations in time for the end of year reconciliation

CMP247 (for charging year 2016/17)

- ▲ The option provided by CMP241 to submit further metering systems that migrated throughout the charging year 2015/16 (predominantly taking advantage of P300 on 5th November 2015) and to enter the charging year for 2016/17 as HH was removed as part of CMP247

CMP260 (for charging year 2016/17)

What has changed since CMP241 & CMP247 & why is CMP260 needed?

- ▲ When CMP247 was submitted it was thought the number of sites that would migrate prior to April 2016 would be too large to manage through such a manual process, however it has now become apparent that the number of sites migrated by April 16 will be significantly lower than had previously expected.
- ▲ To continue to charge the NHH methodology for HH sites could significantly reduce the incentive to manage demand around the system peaks potentially leading to inefficient use of the system
- ▲ The biggest benefit of P272 identified by Ofgem is the incentive it provides to load shift away from peak periods through DSR activity. Denying Customers the opportunity to be charged under the HH methodology will delay these benefits.

CMP260 Proposal

For meters registered as HH during 2015/16

- ▲ Suppliers should have the option for those metering systems that are registered on Measurement Class E-G on or before 1/4/2016 to be treated as HH for TNUoS charging purposes
- ▲ Suppliers will need to provide a list of MPANs, before the start of the Triad season, which they wish to be treated as HH for TNUoS charging.
- ▲ Suppliers will need to provide verified 2016/17 metered demand data for the hours 4-7pm for those consumers. This data enables the backing out the NHH demand for that Supplier and calculates HH demand as Triads occur between 4.30pm and 6pm. If Suppliers do not provide the data the charges will be calculated as NHH

For meters registered as HH by April 2015, as CMP247

- ▲ Consumers being settled as HH before 1st April 2015 (and who would originally have been classed as Profile Class 5-8) can be treated as HH for TNUoS charging purposes
- ▲ This will be the case only if the Supplier provides information before the reconciliation and notifies NG of its intentions before the start of the Triad season

Supports load management activity and provides potential for customer cost savings

More customers to load manage and fully utilise benefits of HH charging if they choose to (without creating an administrative burden)

- ▲ Implementation of CMP260 will enable more HH settled consumers to choose to benefit from being as HH for TNUoS charging purposes i.e. they can actively Triad avoid during winter 2016/17

CMP260 Applicable CUSC Objectives

CUSC Applicable Objectives for Use of System Charging Methodology (a,b&c)

- (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

How CMP260 relates to CUSC objectives for use of system charging methodology (a,b,&c)

- ▲ Allowing Suppliers the option to have meter points with HH metering treated as HH for 2016/17 TNUoS charging will contribute to effective competition by increasing the options for these customers.
- ▲ To treat some HH customers as NHH (particularly those customers with the capability and desire to load manage through the Triad season) is a movement away from cost reflectivity
- ▲ Demand side management to increase system margin and defer network reinforcement is an increasing feature of network operators businesses. Allowing more customers to be settled under the HH methodology for TNUoS will allow those customers fully realise the benefit of load management activity at peak times

CMP260 supports relevant CUSC objectives

CMP260 Justification for Urgency

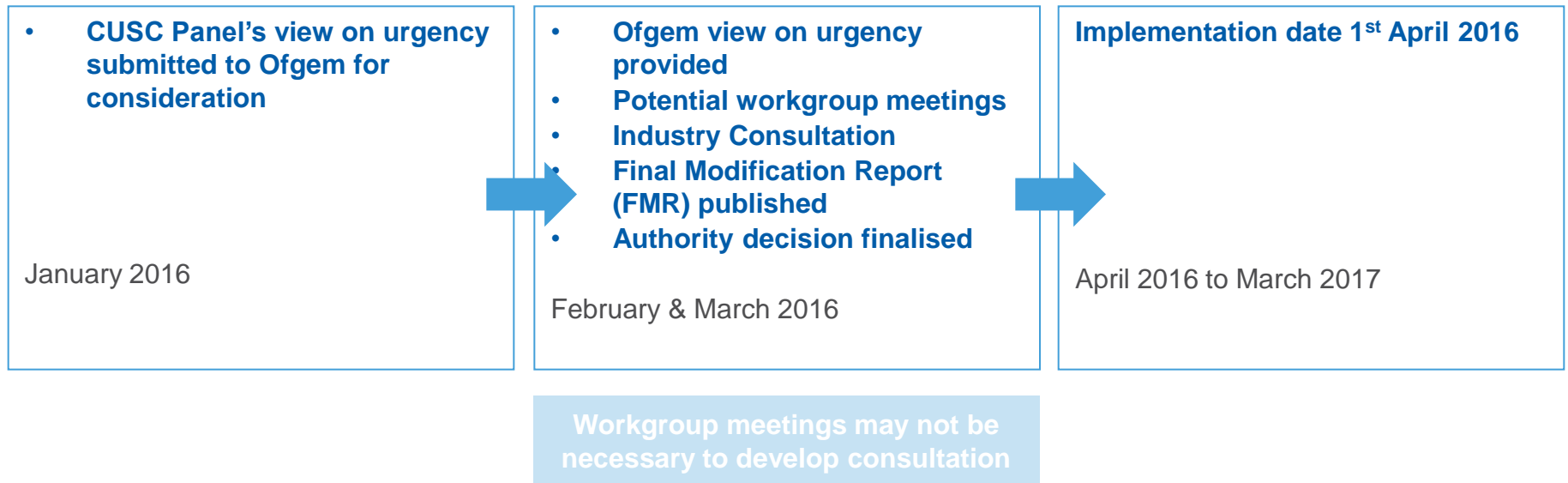
Certainty for customers and suppliers

- ▲ CMP260 proposes a change in the application of HH/NHH TNUoS methodology which will impact customers and suppliers
- ▲ Customers wishing to make plans to load manage will need certainty of the TNUoS methodology they face before the start of the charging year 2016/17
- ▲ Suppliers will need to provide forecasts to National Grid through the year to calculate their TNUoS liability.
- ▲ Therefore knowing which methodology will apply before the start of the charging year will have benefits for end consumers and suppliers alike

The modification justifies the urgent criteria as it is linked to an imminent date (1st April 2016) and will have a potential commercial impact for both customers and suppliers

CMP260 Supports load management activity and provides potential for customer cost savings. Implementation prior to April 2016 would remove uncertainty for customers and suppliers

Summary Timetable for implementation before 1st April 2016



Note: Jade Clarke, Frameworks Officer has a more detailed timetable to present to the CUSC panel for review

Code Administrator Proposed Progression

- The Panel is asked to agree:
 - whether CMP260 should be progressed as Self Governance
 - whether CMP260 should be progressed as Urgent
 - whether CMP260 should progress to either:
 - Workgroup

Or straight to

 - Code Administrator Consultation

Proposed timeline – with Workgroup

21 January 2016	CUSC Modification Proposal and request for Urgency submitted
29 January 2016	CUSC Panel meeting to consider urgent modification
29 January 2016	Panel's view on urgency submitted to Ofgem for consultation
29 January 2016	Request for Workgroup members (3 Working days)
2 February 2016	Ofgem view on urgency provided
5 February 2016	Workgroup meeting 1
10 February 2016	Workgroup Consultation issued (5 Working days)
17 February 2016	Deadline for responses
19 February 2016	Workgroup meeting 2
24 February 2016	Workgroup report issued to CUSC Panel
26 February 2016	Panel meeting to approve WG Report (at Standard Feb CUSC Panel)

Proposed timeline – with Workgroup

29 February 2016	Code Administrator Consultation issued (3 Working days)
3 March 2016	Deadline for responses
4 March 2016	Draft FMR published for industry comment (1 Working day)
7 March 2016	Deadline for comments
8 March 2016	Draft FMR circulated to Panel (1 Working day)
10 March 2016	Special Panel meeting for Panel recommendation vote
11 March 2016	FMR circulated for Panel comment (1 Working day)
14 March 2016	Deadline for Panel comment
15 March 2016	Final report sent to Authority for decision
19 March 2016	Indicative Authority Decision due (10 Working days)
1 April 2016	Implementation date

Proposed timeline – without Workgroup

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17 February 2016	Deadline for responses
19 February 2016	Draft FMR published for industry comment (1 Working day)
22 February 2016	Deadline for comments
24 February 2016	Draft FMR circulated to Panel (1 Working day)
26 February 2016	Panel recommendation vote (at standard Feb CUSC Panel)
29 February 2016	FMR circulated for Panel comment (1 Working day)
1 March 2016	Deadline for Panel comment
2 March 2016	Final report sent to Authority for decision
23 March 2016	Indicative Authority Decision due (15 Working days)
1 April 2016	Implementation date