

## CMP260 – ‘TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247’



CUSC Panel – 27 May April 2016  
Heena Chauhan – National Grid

## Background

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- CMP260 was raised by Npower and was submitted to the CUSC Modifications Panel for their consideration on 29 January 2016.
- CMP260 seeks to give the option for metering systems that are registered on Measurement Class E-G on or before 01/04/2016 to be treated as HH for the purposes of calculating the actual annual liability up until the full charging year after the implementation date of P272.

## Workgroup Consultation

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- Five responses were received to the Consultation and were considered by the Workgroup.
- Four out of the five responses were supportive of the modification as they felt it contributed to effective competition by increasing options for customers, improved cost reflectivity and allowed customers to realise the benefit of load management activity at peak.
- The respondent which did not support the modification felt the proposal gave opportunity to game the lower TNUs charging regime to the dis-benefit of other consumers and suppliers and it was unlikely customers as a whole would see any direct benefit of the change.

## Proposed options

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- One WACM was agreed by the Workgroup
  - **Original Proposal** – For meters registered as HH during 2015/16 Charging Year, Suppliers should have the option for those metering systems registered in Measurement Class E-G on or before 1/4/2016 to be treated as HH for Transmission Use of System (TNUoS) charging purposes
  - **WACM1** – Raised by EDF Energy applying the same principles as the Original with an increased window from April 2016 to September 2016

# Workgroup Conclusions

- Terms of Reference have been met;

Scope of Work	Evidence in Workgroup Report
<i>a) Implementation</i>	Section 7
<i>b) Review draft legal text</i>	Annex 8 of
<i>c) Is the modification advantageous to certain customers?</i>	Section 3

- Proposed legal text agreed by the Workgroup.
- One Workgroup member voted baseline as better facilitating the applicable CUSC objectives, two Workgroup members each voted the Original and 2 Workgroup members each voted that the WACM better facilitated the applicable CUSC objectives.
- The Workgroup have outlined implementation options within Section 7 of the Workgroup Report. Ofgem expected to make a determination within the modification decision letter currently expected in July 2016.

## Proposed CUSC Modification

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- This Proposal seeks to amend;
  - CUSC Section 14 – Charging Methodology

## Next Steps

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- The Panel is invited to:
  - Accept the Workgroup Report
  - Agree for CMP260 to progress to Code Administrator Consultation

## Code Administrator Conclusions

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- Three responses were received to the Code Administrator Consultation
- All responses had opposing views.
  - One respondent preferred the Original Proposal over the proposed WACM
  - One respondent supported the WACM as they considered that this would provide suppliers with flexibility over an extended period of time when compared to the Original.
  - One respondent did not support either the Original Proposal or WACM and preferred the baseline as they considered the proposal to positively be detrimental to the Applicable CUSCO Objectives in relation to competition and cost reflective charging.

## Late Response

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- One late response was received after the publication of the DFMR from EDF.
- The response included a number of comments and identified an incorrect representation of the cut-off date for the WACM within the legal text which has been addressed in v2 of the DFMR.
  - Legal text amended from 1 September 2016 to 30 September 2016.
- The comments have been addressed and National Grid and the Proposer have provided their views on this response.

## Proposer and National Grid View

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- The Proposer and the National Grid representative both agree;
  - The summary and report represents the Workgroup discussions;
  - They agree that the wider comments in the response are important but are out the scope of this mod
  - The date in the WACM has been incorrectly represented but does not have an impact on the assumptions made within the report as any analysis carried out for WACM used 30 September

## Questions before Panel Vote?



# Panel Recommendation Vote

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## **The Applicable CUSC objectives for CMP260 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; and

(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.

*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).*

# Vote 1

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
<b>James Anderson</b>					
Original					
WACM1					
<b>Bob Brown</b>					
Original					
WACM1					
<b>Kyle Martin</b>					
Original					
WACM1					
<b>Garth Graham</b>					
Original					
WACM1					
<b>Nikki Jamieson</b>					
Original					
WACM1					
<b>Paul Jones</b>					
Original					
WACM1					
<b>Simon Lord</b>					
Original					
WACM1					
<b>Cem Suleyman</b>					
Original					
WACM1					
<b>Paul Mott</b>					
Original					
WACM1					

## Vote 2

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Panel Member	BEST Option?
James Anderson	
Bob Brown	
Kyle Martin	
Garth Graham	
Nikki Jamieson	
Paul Jones	
Simon Lord	
Cem Suleyman	
Paul Mott	

# Proposed Timetable

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29 April 2016	Workgroup report presented to CUSC Panel
4 May 2016	Code Administrator Consultation issued (10 Working days)
18 May 2016	Consultation closes
19 May 2016	Draft FMR published for industry comment (1 Working day)
20 May 2016	Deadline for comments
23 May 2016	Draft FMR issued to Panel
<b>27 May 2016</b>	<b>Panel Recommendation Vote</b>
<b>31 May 2016</b>	<b>Final FMR circulated for Panel comment</b>
<b>2 June 2016</b>	<b>Deadline for Panel comment</b>
<b>3 June 2016</b>	<b>Final report sent to Authority for decision</b>
<b>8 July 2016</b>	<b>Indicative Authority Decision due</b>
<b>22 July 2016</b>	<b>Implementation Date</b>

# Proposed Timetable – if CMP260 goes back to the Workgroup

10 June 2016 ?	Workgroup Reconvene
14 June 2016	Workgroup Consultation issued to Workgroup for comment (5 WD)
21 June 2016	Deadline for comment
23 June 2016	Workgroup Consultation published (5 WD)
30 June 2016	Deadline for responses
4 July 2016	Workgroup meeting (WG vote)
6 July 2016	Circulate draft Workgroup Report
8 July 2016	Deadline for comment
21 July 2016	Submit final Workgroup Report to Panel
<b>29 July 2016</b>	<b>Workgroup report presented to CUSC Panel</b>
3 August 2016	Code Administrator Consultation issued (5 WD)
10 August 2016	Consultation closes
12 August 2016	Draft FMR published for industry comment (1 WD)
15 August 2016	Deadline for comments
18 August 2016	Draft FMR issued to Panel
<b>26 August 2016</b>	<b>Panel Recommendation Vote</b>
31 August 2016	Final FMR circulated for Panel comment
7 September 2016	Deadline for Panel comment
<b>9 September 2016</b>	<b>Final report sent to Authority for decision</b>
14 October 2016	Indicative Authority Decision due
28 October 2016	Implementation Date