

## CMP266: Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement



CUSC Panel – 24 June 2016  
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# Background

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- From early 2017 Ofgem want smaller and domestic customers to be able to elect to be HH settled
- One of the barriers noted by Ofgem as potentially blocking customers from doing so was TNUoS charges; any meter moving from NHH to HH settlement in the same charging year will currently pick up both the NHH and HH charge
  - The above issue arose as part of the implementation of P272
- Ofgem have 'encouraged' industry to work together to make HH Elective happen

## Summary of Defect

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- When a meter within Profile Classes 1-4 moves from being Non Half Hourly (NHH) settled to Half Hourly (HH) settled within the same TNUoS charging year, the Supplier and ultimately the end consumer is liable for both a NHH TNUoS liability and HH TNUoS liability for that charging year.
- Any meter moving from NHH settlement to HH settlement comes across this defect, to solve the underlying defect requires a fundamental review of charges
- Why have we therefore restricted it Profile Classes 1-4
  - Profile Classes 5-8 were dealt with through P272 and mods CMP241, 247
  - The solution was time limited to April 17
  - However there are meters which will have not migrated by this date
  - Including these meters will delay P272 meters from being charged under the HH methodology

## Proposed CUSC Modification

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- *To prevent double charging of TNUoS for a meter electing to be HH settled, all demand within Measurement Class F & G will be charged under the TNUoS NHH methodology from April 2017 up until HH settlement is mandatory for all consumers.*

# Justification against Applicable CUSC Objectives

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(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;

- It is necessary to remove the blocker of being overcharged from moving from being NHH settled to HH settled as this will prevent consumers electing to be HH settled.
- HH settlement allows end users to be charged on their actual energy use over peak periods as opposed to profiled data. This will aid the potential future creation of innovative tariffs thus creating competition, and may aid the creation of demand response products.

# Justification against Applicable CUSC Objectives

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(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);

- Consumers liabilities calculated under the NHH methodology are based on profiled data which is average usage for all users within the same Profile. Consumers liabilities are therefore not directly matched to their actual usage within the time periods on which they are charged. By allowing consumers to be charged on their actual demand matches allows tariffs to better reflects costs

## Urgency / Self Governance

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- There is no need for Urgency
- Under normal workgroup timescales 4-5 months gives time for Ofgem decision before final tariff setting (see timetable slide)
- Self Governance: No. The decision will affect the charging structure of a number of parties

# CMP266

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- The Panel is asked to agree to progress CMP266 to;
  - Workgroup
  - Code Administrator Consultation



## Proposed Timetable (1/2)

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16 June 2016	CUSC Modification Proposal submitted
24 June 2016	CUSC Modification tabled at Panel meeting
27 June 2016	Request for Workgroup members (5 Working days)
W/C 11 July 2016	Workgroup meeting 1
W/C 25 July 2016	Workgroup meeting 2
W/C 8 August 2016	Workgroup meeting 3
15 August 2016	Workgroup Consultation issued (15 Working days)
5 September 2016	Deadline for responses
12 September 2016	Workgroup meeting 4
16 September 2016	Workgroup meeting 5 (vote)
22 September 2016	Workgroup report issued to CUSC Panel
30 September 2016	CUSC Panel meeting to discuss Workgroup Report

## Proposed Timetable (2/2)

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4 October 2016	Code Administrator Consultation issued (10 Working days)
18 October 2016	Deadline for responses
20 October 2016	Draft FMR published for industry comment (5 Working days)
27 October 2016	Deadline for comments
27 October 2016	Draft FMR circulated to Panel (late paper)
28 October 2016	CUSC Panel Recommendation vote
2 November 2016	FMR circulated for Panel comment (3 Working days)
5 November 2016	Deadline for Panel comment
7 November 2016	Final report sent to Authority for decision
28 November 2016	Indicative Authority Decision due (15 Working days)
5 December 2016	Implementation date (5 Working days later)