

Code Administrator Consultation

CMP389: Transmission Demand Residual (TDR) band boundaries updates

Overview: This modification aims to implement changes related to band boundaries as stated in paragraph 3.12 of Ofgem's recent decision on CUSC modification CMP343.

Modification process & timetable



Have 5 minutes? Read our [Executive summary](#)

Have 20 minutes? Read the full [Code Administrator Consultation](#)

Have 30 minutes? Read the full Code Administrator Consultation and Annexes.

Status summary: We are not consulting on this proposed change.

This modification is expected to have a: High impact on Suppliers, Transmission Connected Demand Sites and a **Low impact** on ESO.

Governance route	Standard Governance modification to proceed to Code Administrator Consultation	
Who can I talk to about the change?	Proposer: Grahame Neale Grahame.Neale@nationalgrideso.com 07787 261242	Code Administrator Contact: Paul Mullen Paul.j.mullen@nationalgrideso.com 07794 537028
How do I respond?	Send your response proforma to cusc.team@nationalgrideso.com by 5pm on 13 June 2022.	

Contents

Contents	2
What is the issue?	3
Why change?	3
What is the proposer's solution?	3
Legal text.....	4
14.15.137	4
What is the impact of this change?	5
Proposer's assessment against CUSC Charging Objectives.....	5
Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories.....	6
When will this change take place?	6
Implementation date	6
Date decision required by	6
Implementation approach	6
Interactions	6
How to respond	7
Code Administrator consultation questions	7
Acronyms, key terms and reference material	7
Reference material	7
Annexes	7

What is the issue?

On 10 March 2022, Ofgem published their decisions on the CUSC modifications (CMP335/6 and CMP340/3¹) which implement the TNUoS Demand Residual (TDR) changes as a result of the Targeted Charging Review (TCR). As part of their decisions, Ofgem highlighted several small changes / clarifications that would be beneficial; this modification is part of a suite of CUSC modifications to implement these improvements, which includes CMP388 and other modifications that will be raised in future.

This modification looks to specifically clarify the following from Ofgem's CMP343 decision;

"3.12. In addition, following further analysis (later in the Chapter), we would ask the ESO to consider raising a modification proposal to examine the location of the band boundaries (in terms of the percentiles that the boundary falls between²⁹), particularly if updated data is used for allocating users to bands. Such a review of the distribution of sites across charging bands may allow band boundaries to be drawn in such a way as to help avoid clustering of similar sites either side of a given boundary."

Why change?

The rationale for the Decision(s) made by the Authority in respect of the TCR and the related CUSC modifications can be found in the Ofgem / Gas and Electricity Markets Authority (GEMA) publications relating to the TCR and the CUSC modifications.

This modification looks to clarify to industry the percentiles which will need be in effect for transmission connected sites from April 2023. This is to ensure that similar sites are treated in a similar manner within the TDR methodology.

What is the proposer's solution?

Following submission of CMP343 to Ofgem and its subsequent approval, additional information is available to quantify the impact on Transmission connected Final Demand Sites of various band boundaries. The analysis supporting this change is located in the annex at the end of this proposal form.

It is proposed that the CUSC is updated with the following text to revise the boundary between band 3 and 4. In practice this means reviewing the boundaries between transmission bands 3 and 4 (currently at the 85th percentile) and updating paragraphs 14.15.137 and 14.15.138 accordingly. This proposal will not affect the total amount of TNUoS revenue collected across the population of Transmission connected sites, but will affect the distribution of charges between Users.

Whilst CMP388 is also planning to make changes to these CUSC paragraphs, interactions between this proposal and CMP388 should be avoided due to the minor changes of CMP388. The above analysis is inclusive of the changes proposed in CMP388 and is consistent with previous analysis undertaken by the ESO.

¹ <https://www.ofgem.gov.uk/cy/publications/decision-cmp343>

Legal text

Changes are shown in red text.

14.15.137

To produce the **Transmission Demand Residual Tariffs** a set of **Charging Bands** are to be created for each of the **Residual Charging Groups** using the following methodology.

- (a) For domestic **Final Demand Sites** whether connected to the **Distribution** system or **Transmission** system there will be one **Charging Band** and;
- (b) For non-domestic **Final Demand Sites** connected to the **Distribution** system there will be four **Charging Bands** for each of the **Residual Charging Groups** according to the methodology introduced to Schedule 32 of the **DCUSA** via DCUSA modification DCP358 and entitled 'RESIDUAL CHARGING BANDS' with boundaries set at the 40th, 70th and 85th percentiles and;
- (c) For **Final Demand Sites** directly connected to the **Transmission** system there will be four **Charging Bands** using gross **Consumption** data with boundaries set at the 40th, 70th and **85th-93rd** percentiles and;
- (d) For **Unmetered Supplies** there will be one **Charging Band**.

14.15.138 These **Charging Bands** will be reviewed periodically and be implemented effective from the beginning of each **Onshore Transmission Owner** price control period.

Domestic Final Demand Sites	
LV No Mic	Band 1 ($\leq 40^{\text{th}}$ percentile)
	Band 2 ($> 40^{\text{th}}$ percentile – 70^{th} percentile)
	Band 3 ($> 70^{\text{th}}$ percentile – 85^{th} percentile)
	Band 4 ($> 85^{\text{th}}$ percentile)
LV MIC	Band 1 ($\leq 40^{\text{th}}$ percentile)
	Band 2 ($> 40^{\text{th}}$ percentile – 70^{th} percentile)
	Band 3 ($> 70^{\text{th}}$ percentile – 85^{th} percentile)
	Band 4 ($> 85^{\text{th}}$ percentile)
HV	Band 1 ($\leq 40^{\text{th}}$ percentile)
	Band 2 ($> 40^{\text{th}}$ percentile – 70^{th} percentile)
	Band 3 ($> 70^{\text{th}}$ percentile – 85^{th} percentile)
	Band 4 ($> 85^{\text{th}}$ percentile)
EHV	Band 1 ($\leq 40^{\text{th}}$ percentile)
	Band 2 ($> 40^{\text{th}}$ percentile – 70^{th} percentile)
	Band 3 ($> 70^{\text{th}}$ percentile – 85^{th} percentile)
	Band 4 ($> 85^{\text{th}}$ percentile)
Directly Connected Users Final Demand Sites	Band 1 ($\leq 40^{\text{th}}$ percentile)
	Band 2 ($> 40^{\text{th}}$ percentile – 70^{th} percentile)
	Band 3 ($> 70^{\text{th}}$ percentile – 85th-93rd percentile)
	Band 4 ($> 85^{\text{th}}-93^{\text{rd}}$ percentile)
Unmetered Supplies	

What is the impact of this change?

Proposer's assessment against CUSC Charging Objectives

Relevant Objective	Identified impact
(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;	Positive These clarifications will better reflect similar sites paying similar charges
(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);	Neutral
(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;	Neutral
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive These clarifications will provide greater certainty and transparency regarding the methodology.

*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Neutral
Lower bills than would otherwise be the case	Neutral
Benefits for society as a whole	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Positive Clarity will provide better visibility to Suppliers of how Final Demand Sites will be charged and so enable Suppliers to provide better service to their customers.

When will this change take place?

Implementation date

1 April 2023

Date decision required by

31 December 2022 for use in publishing final tariffs for 1 April 2023, however a decision by 1 October 2022 is preferred so it can be considered in draft tariffs for April 2023.

Implementation approach

To align with implementation of CMP343

Interactions

- | | | | |
|---|---|--|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs ² | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

No impact on other industry codes is expected

² 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 Electricity Balancing Guideline (EBR – 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.

How to respond

Code Administrator consultation questions

- Do you believe that the CMP389 Original proposal better facilitates the Applicable Objectives?
- Do you support the proposed implementation approach?
- Do you have any other comments?

Views are invited on the proposals outlined in this consultation, which should be received by **5pm on 13 June 2022**. Please send your response to cusc.team@nationalgrideso.com using the response pro-forma which can be found on the [modification page](#).

If you wish to submit a confidential response, mark the relevant box on your consultation proforma. Confidential responses will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
GEMA	Gas and Electricity Markets Authority
TCR	Targeted Charging Review
TDR	Transmission Demand Residual

Reference material

- None

Annexes

Annex	Information
Annex 1	Proposal Form
Annex 2	Supporting Analysis