

## CUSC Alternative and Workgroup Vote

### CMP363: TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand.

**Please note:** To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

#### Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

#### Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) If WACMs exist, vote on whether each WACM better facilitates the Applicable CUSC Objectives better than the Original Modification Proposal.

2c) Vote on which of the options is best.

#### Terms used in this document

Term	Meaning
Baseline	The current CUSC (if voting for the Baseline, you believe no modification should be made)
Original	The solution which was firstly proposed by the Proposer of the modification
WACM	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

#### The Applicable CUSC Objectives (Charging) are:

- 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;
- 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);
- 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;

- d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*; and
- e) Promoting efficiency in the implementation and administration of the system charging 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).

## Workgroup Vote

### Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative CUSC Modifications.

*The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.*

*Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original proposal then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.*

“Y” = Yes

“N” = No

“-“ = Neutral

Workgroup Member	Alternative 1 Settlement Metering as the default with Operational Metering as a fallback
Grahame Neale	Y
Lee Stone	Y
Lee Wells	Y
Lauren Jauss/ Raoul Thulin	<i>Did not attend</i>
Grace March	Y
Simon Vicary	Y
Edda Dirks	Y
<b>WACM?</b>	<b>WACM1</b>

## Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Grahame Neale - ESO						
Original	Y	-	Y	-	Y	Y
WACM 1	Y	-	Y	-	Y	Y
<p>Voting Statement:</p> <p>All options for this modification will affect the Applicable CUSC Objectives (ACOs) as follows;</p> <ol style="list-style-type: none"> <li>Positive as it provides clarity in the treatment of TNUoS demand residual charges in respect of complicated sites (that have a mix of Final and non-Final Demand) to ensure a level playing field across these types of site and so enhance competition.</li> <li>Neutral as this modification does not impact this ACO.</li> <li>Positive as it was a requirement of Ofgem's decision on CMP334 to provide this clarity and it does so in a way which facilitates these complicated sites and their operation with transmission businesses.</li> <li>Neutral as this modification does not impact this ACO.</li> <li>Positive as the removal of uncertainty will increase how efficiently the charging arrangements.</li> </ol>						

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Lee Stone – E.ON						
Original	Y	-	Y	-	Y	Y
WACM 1	Y	-	Y	-	Y	Y
<p>Voting Statement:</p> <p>I believe CMP 364 clarifies how complicated sites with mixed final and non-final demand residual charges can be split, in turn enabling a fair and proportionate mechanism for industry parties and NGENSO to ensure residual costs are allocated and collected fairly across the residual charging regime.</p> <p>Therefore, I believe that both the original &amp; WACM1 better facilitates Applicable Code Objectives (ACOs) A &amp; E, and as it also reflects the TCR decision (in so far as accounting for cost recovery mixed use sites within the residual) it is also positive against ACO C .</p>						

However my preferred solution is WACM 1, despite the same benefits between WACM 1 and the original WACM1 provides greater strength in the solution as it does not require consumers changing physical metering configuration on site, so has the potential to prevent such consumers from incurring extra costs in order to be pay only their 'fair of the residual charge, whilst also retaining the integrity the original solution offers.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Grace March - Sembcorp					
Original	Y	-	Y	-	-	Y
WACM 1	Y	-	Y	-	-	Y

**Voting Statement:**

This modification clarifies how complicated sites are to be treated for the residual, thus reducing confusion for suppliers and ensuring the residual is collected fairly across Final Demand. It therefore facilitates competition between suppliers (as there is reduced difference between suppliers with differing portfolios) and is positive against ACO a). It reflects the Authority's decision on how to recover the Residual and is there positive against ACO c).

Both the original and the WACM provide similar benefits against the ACOs but WACM1 prevents consumers being required to change their metering configuration and incurring extra costs in order to be paying only their 'fare share' of the residual. The extra costs identified due to the original will fall on the ESO and therefore be socialised, thus reducing any distortion.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Simon Vicary – EDF Energy					
Original	Y	-	Y	-	Y	Y
WACM 1	Y	-	Y	-	Y	Y

**Voting Statement:**

This modification clarifies the TNUoS Demand Residual charging arrangements for transmission connected sites that have a mix of Final and non-Final Demand, being positive against ACO's a, c and e. WACM1 is the best option in that using Settlement Metering as the default but with Operational Metering as a fallback is a pragmatic solution to avoid unnecessary high extra costs.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Edda Dirks – SSE Generation Limited					
Original	Y	Y	Y	-	Y	Y
WACM 1	Y	Y	Y	-	Y	Y
<p>Voting Statement:</p> <p><i>ACO a. – effective competition</i>  Positive - we consider that this proposal would create a more level playing field between non-final demand at stand-alone sites and at mixed demand sites in respect of their residual liability, and hence improve competition.</p> <p><i>ACO b. – cost reflectivity</i>  Positive - We consider that this proposal would apply Ofgem's TCR decision to a wider range of non-final demand users in respect of the residual, making the residual allocation more equitable and thus in a more cost reflective way than the Baseline (where those parties would not pay the element of charges that Ofgem has determined, in the TCR, they should not be liable for).</p> <p><i>ACO c. – developments in the transmission businesses</i>  Positive - we consider that this proposal enables the ESO to comply with Ofgem's direction to address the defect described in this proposal.</p> <p><i>ACO d. – compliance with EU regulations</i>  Neutral.</p> <p><i>ACO e. – efficiency – charging methodology</i>  Positive - we consider that the proposal promotes</p>						

### Stage 2b – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original) or WACM1)

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Grahame Neale	ESO	Original	a, c, e
Lee Stone	E.ON	WACM1	a, c, e
Grace March	Sembcorp	WACM1	a, c
Simon Vicary	EDF Energy	WACM1	a, c, e
Edda Dirks	SSE Generation Limited	WACM1	a, b, c, e

Of the 5 votes, how many voters said this option was better than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	5
WACM1	5