

Workgroup Consultation Response Proforma**CMP363: 'TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand & Definition changes for CMP363'****CMP364: Definition changes for CMP363**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@nationalgrideso.com by **5pm** on **1 June 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation, please contact Paul Mullen paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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CMP363 - For reference the Applicable CUSC (charging) Objectives 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and*
- 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).*

CMP364 - For reference the Applicable CUSC (non-charging) Objectives are:

- a) *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- b) *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- c) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d) *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**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).*

Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.

CMP363

Standard Workgroup Consultation questions – CMP363		
1	Do you believe that the CMP363 Original Proposal better facilitates the Applicable Objectives?	<p>We believe CMP363 impacts the CUSC Charging Objectives as follows:</p> <p>a) Negative: We are concerned that CMP363 risks distorting competition by introducing gaming opportunities, primarily by setting a precedent for distribution-connected sites: where most band boundaries are relative to the maximum import capacity (MIC) of the Final Demand Site, and 'no-MIC' boundaries are relative to primarily estimated data.</p> <p>Whilst metered usage (kWh) can be clearly attributed to an individual Meter Point Administration Number (MPAN), the MIC can be 'assigned' to different MPANs within a site, which is then billed in aggregate against a single MPAN.</p> <p>The principle that CMP363 seeks to implement cannot be introduced for Final Demand Sites measured by usage only, nor can it apply to transmission-connected sites only (regardless of whether the scope of DCP363 excludes distribution-connected sites). It should also be noted that the</p>

		<p>allocation of distribution-connected no-MIC Final Demand Sites, currently relies upon estimated, not metered data per MPAN.</p> <p>b) Neutral.</p> <p>c) Positive: The ESO has been directed to ensure that obligations to address private wire and 'complex sites' have been discharged.</p> <p>However, we do not believe that this requires a change to the methodology to prove that the obligations have been assessed.</p> <p>d) Neutral.</p> <p>e) Negative: The implementation of the TCR direction did not introduce any additional barriers to determine what a Single Site is, and therefore how the residual is applied. We are concerned that perceived efficiencies, by avoiding the need enter into a different/additional Bilateral Connection Agreement (BCA) with the ESO, will be undermined by inefficiencies driving gaming opportunities, particularly for distribution-connected sites via precedent set by CMP363.</p>
2	Do you support the proposed implementation approach?	Setting aside our views on whether CMP363 better achieves the Applicable Objectives: yes, we support the proposed implementation approach and note the expected delay in implementation of CMP343 to 1 April 2023.
3	Do you have any other comments?	No.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.

CMP364

Standard Workgroup Consultation questions – CMP364

1	Do you believe that the CMP364 Original Proposal better facilitates the Applicable Objectives?	<p>We believe CMP364 impacts the CUSC Charging Objectives as follows:</p> <ul style="list-style-type: none"> a) Positive: The ESO has been directed to ensure that obligations to address private wire and 'complex sites' have been discharged. However, we do not believe that this requires a change to the methodology to prove that the obligations have been assessed. b) Negative: We are concerned that CMP364 risks distorting competition by introducing gaming opportunities, primarily by setting a precedent for distribution-connected sites: where most band boundaries are relative to the MIC of the Final Demand Site, and 'no-MIC' boundaries are relative to primarily estimated data. <p>Whilst metered usage (kWh) can be clearly attributed to an individual MPAN, the MIC can be 'assigned' to different MPANs within a site, which is then billed in aggregate against a single MPAN.</p> <p>The principle that CMP364 seeks to implement cannot be introduced for Final Demand Sites measured by usage only, nor can it apply to transmission-connected sites only (regardless of whether the scope of DCP364 excludes distribution-connected sites). It should also be noted that the allocation of distribution-connected no-MIC Final Demand Sites, currently relies upon estimated, not metered data per MPAN.</p> <ul style="list-style-type: none"> c) Neutral. d) Negative: The implementation of the TCR direction did not introduce any additional barriers to determine what a Single Site is, and therefore how the residual is applied. We are concerned that perceived efficiencies, by avoiding the need enter into a different/additional BCA with the ESO, will be undermined by inefficiencies driving gaming
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		opportunities, particularly for distribution-connected sites via precedent set by CMP364.
2	Do you support the proposed implementation approach?	Setting aside our views on whether CMP364 better achieves the Applicable Objectives: yes, we support the proposed implementation approach and note the expected delay in implementation of CMP343 to 1 April 2023.
3	Do you have any other comments?	No.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.

CMP363 and CMP364 Specific questions

Modification Specific Workgroup Consultation questions		
5	The Workgroup does not believe there are any Grid Code or BSC requirements that would prohibit the CMP363/364 Original Proposal. Do you agree or do you believe that any other consequential code changes are required to facilitate this change? Please provide the rationale for your response.	We agree with workgroup.
6	The Workgroup has assessed the practicalities of the proposed solution against a number of different scenarios,	Setting aside our fundamental concerns with CMP363/4, we do not propose further scenarios to be tested and agree with the general principle of netting off any metered usage from boundary metering.

	<p>which are represented diagrammatically in Annex 4. Do you agree with the Workgroup's initial assessment and do you believe there are any other scenarios that need to be tested?</p>	<p>However, whilst this is practical where the residual is allocated relative to (readily accessible) metered usage, and therefore appropriate for transmission-connected Final Demand Sites, we have significant concerns about the precedent that will be set for distribution-connected Final Demand Sites where such an implementation would be impractical.</p> <p>Additionally, we are concerned about gaming opportunities, as noted, primarily where the residual charging boundary is determined by a customer's MIC, but it should also be recognised that the vast majority of distribution-connected no-MIC Final Demand Sites (non-half hourly (NHH) settled) have been allocated to a charging band based on Estimated Annual Consumption (EAC) data provided by NHH Data Aggregators (NHHDA's). The data from NHHDA's is:</p> <ul style="list-style-type: none"> i) not comprehensive – there are missing MPANs; ii) subject to significant volatility in EAC between the quarterly reports provided for the same MPANs; iii) the only way distributors can obtain disaggregated MPAN level data for the foreseeable future. <p>Distributors currently do not receive metered usage per MPAN for half hourly (HH) settled no-MIC Final Demand Sites, and instead have relied upon adhoc reports provided to us by ElectraLink. This data is also subject to significant 'gaps' meaning not all MPANs are captured.</p> <p>We do not consider it practical to implement a consistent solution between transmission-connected and distribution-connected Final Demand Sites, and therefore question the appropriateness of what (and how) CMP363/4 and DCP388 seek to achieve.</p>
7	<p>Do you believe that the Metering should be Settlement Metering (as per the Original proposal) or Operational Metering? Please provide the</p>	<p>Setting aside our fundamental concerns with CMP363/4, we support the use of Settlement Metering. This is primarily driven by a preference to utilise existing systems and processes to provide the ESO with information in a transparent, and cost-effective manner to wider industry.</p>

	rationale for your response including if possible, any implementation costs.	<p>We are concerned that, otherwise, the usage will not be auditable, and the potential implications if a non-settlement meter precedent were to extend to distribution: given significant increase in volumes of meters.</p> <p>Whilst it may result in higher operating costs for customers to install Settlement Metering, the customer will need to assess whether it is commercially beneficial in pursuit of reduced residual charges.</p>
8	The Proposer has noted that the definition of Declaration does not need to change. Do you agree? Please provide the rationale for your response.	We agree with the Proposer that the definition of Declaration would remain fit for purpose, and instead the process would need to be adapted subject to CMP363/4.
9	The Proposer has set out what they believe should be contained in any Declaration. Do you agree? Please provide the rationale for your response.	Setting aside our fundamental concerns with CMP363/4, we believe the Declaration requirements should only require the site to declare Non-Final Demand and how this is isolated. The absence of a Declaration means that the site is a Final Demand Site, therefore we do not see merit in technical information demonstrating the measurement of Final Demand or 'mixed demand'.
10	Will the CMP363 and/or CMP364 Original Proposal impact your business. If so, how?	As noted throughout, our concern is the precedent the proposed solution will set for distribution-connected sites via DCP388: given the directed requirement to ensure consistency between the CUSC and DCUSA, where appropriate. We believe that consistency is essential to achieve the intent of this suite of code changes, but we cannot see a practical route to delivering it that does not incentivise gaming opportunities and ultimately undermine the TCR (i.e. avoiding costs which others will later bear).