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CUSC Alternative and Workgroup Vote

CMP384: Apply adjustments for inflation to manifest error thresholds using Indexation

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) 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:

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;

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.

*The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

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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 *(Stage 2 only)*

"Abstain"

Workgroup Member	Alternative 1 (Company, characteristic)	Alternative 2 (Company, characteristic)	Alternative 3 (Company, characteristic)	Alternative 4 (Company, characteristic)
Name				
WACM?				

No Alternatives raised.

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)
	Ryan Ward – Scottish Power					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***

Voting Statement:

The original proposal better facilitates against the following CUSC objectives.

- **ACO A)**
  - By increasing the manifest error thresholds in line with the current inflation, it ensures that the thresholds in place remain proportionate, relevant and minimises the likelihood of potentially over/under recovery, impacting users directly. This unforeseen impact can create an unlevel playing field for users when the objective is to facilitate effective competition between them.
- **ACO B & C)**
  - The pass-through reconciliation from the manifest error will be proportionate using the revised thresholds as the value set in October 2006 will be indexed in line with inflation and then the TO price control volume indexation, ensuring consistency and reflective of current industry practise.
- **ACO D)**
  - Neutral
- **ACO E)**
  - By increasing the manifest error threshold to reflect the current day value, this proposal should reduce ad hoc and unexpected reconciliations late on in the charging year. Unforeseen changes (wins or losses) provide uncertainty and inefficiency for users. If a loss occurs, users are not provided sufficient time to be able to recover for this.

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)
	Ken Doyle – National Grid ESO					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***

Voting Statement:

The proposal will ensure that pass through of manifest errors costs/benefits will be proportionate with the value set in 2006.

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)
	Binoy Dharsi – EDF Energy					
Original	***Y***	***Y***	***Y***	***Neutral***	***Y***	***Y***

Voting Statement:
A Manifest Error, despite its rareness, has the potential to impact generators commercially. The current level at which a Manifest Error is set has never been linked to any index. Whilst there may be more complex mechanisms that could allow for a more accurate level to adjust this level, the rareness of such events, on balance, leads to a conclusion of a more simplistic methodology which could reduce the chance of Manifest Errors occurring in the future.

It better facilitates Objective a) by providing effective competition in the generation and supply of electricity. Windfall costs and rebates to do not allow for effective competition.

Objective b) it complies to the use of system charging methodology and reflects the costs (and mitigates) the chance of errors being imposed on generators by adjusting the error threshold to an index mechanism.

This modification takes account of any developments in the transmission license and thus meets Applicable Objective c).

Finally it meets Objective e) which promotes efficiency in the charging methodology by introducing a mechanism to an input can be adjusted using an agreed methodology.

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)
	Damian Clough – SSE Generation Ltd					
Original	***Y***	***Y***	***Y***	***-***	***Y***	***Y***

Voting Statement:
Revenues and certain inputs to the DCLF model, are indexed linked, therefore without indexing the Manifest Error threshold is out of alignment with actual TNUoS charges. By indexing the Manifest Error threshold this will bring it into alignment

It better facilitates Objective a) Charges are set ex ante. By charging debits or credits after the event negatively impacts competition. By indexing this will prevent minor errors flowing through to Generators thus affecting competition. Large errors should get captured in the charge setting process or by Industry before charges go live.

Objective b) it complies to the use of system charging methodology and reflects the costs (and mitigates) the chance of minor errors being imposed on generators by adjusting the Manifest Error threshold to an index mechanism.

This modification takes account of any developments in the transmission license and thus meets Applicable Objective c).

Finally it meets Objective e) which promotes efficiency in the charging methodology by introducing a mechanism to an input can be adjusted using an agreed methodology.

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)
	Alan Currie - Ventient Energy					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***

Voting Statement:
A) By adjusting the manifest in line with inflation it will result in it staying in proportion with market and costs and help to minimise any potential under / over recovery.
B& C) This better complies with the use of system charging methodology reflecting costs and keeping them in proportion with inflation.
D) Neutral

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)
	Claire Hynes – RWE					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***

Voting Statement:
Objective (a) – Positive - The proposal ensures that the manifest error thresholds set in the original GB-ECM-05 in 2006 reflect it's real value by increasing in-line with inflation and then increasing in line with TOPI going forward. The real value application provides consistent treatment of material errors which results in an even playing field and supports effective competition.

Objective (b) – Positive - It promotes the alignment of the materiality thresholds with 'real' value providing better cost reflectivity.

Objective (c) - Positive - The proposal takes account of developments in transmission licensees' transmission businesses through the introduction of an indexation mechanism.

Objective (d) - Neutral

Objective (e) – Positive - It will bring the materiality thresholds in line with real value promoting efficiency in the implementation and administration of the system charging methodology.

Stage 2b – Workgroup Vote

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

Workgroup Member	Company	BEST Option?	Which objective(s) does

			the change better facilitate? (if baseline not applicable)
Ryan Ward	**Scottish Power**	**Original**	**(a), (b), (c) & (e)**
Ken Doyle	**National Grid ESO**	**Original**	**(a), (b), (c) & (e)**
Binoy Dharsi	**EDF Energy**	**Original**	**(a), (b), (c) & (e)**
Damian Clough	**SSE Generation Ltd**	**Original**	**(a), (b), (c) & (e)**
Alan Currie	**Ventient Energy**	**Original**	**(a), (b), (c) & (e)**
Claire Hynes	**RWE**	**Original**	**(a), (b), (c) & (e)**

Of the 6 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	**6**