

CUSC Modification Proposal Form

CMP401: Maintaining Non Half Hourly (NHH) charging arrangements for Measurement Classes F and G

Overview: As a result of CMP318, the period by which Meter Point Administration Numbers (MPANs) in Measurement Classes F and G are treated as NHH for Transmission Network Use of System (TNUoS) charging purposes was extended to 31st March 2023.

This proposal seeks to amend this date to align with Milestone 15 – M15 Market Wide Half Hourly Settlement (MHHS) Programme and relevant subsequent charging year.

Modification process & timetable



Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: Low Impact on Suppliers

Proposer's recommendation of governance route

Standard Governance modification to proceed to Code Administrator Consultation

Who can I talk to about the change?

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What is the issue?

[CMP318](#): *Maintaining Non Half- Hourly (NHH) charging arrangements for Measurement Classes F and G* was approved by Ofgem in November 2019, extending the [CMP266](#): *Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement* arrangements. It was envisaged that reforms through the Access and Forward-Looking Charges Significant Code Review (SCR) and Targeted Charging Review (TCR) being implemented would negate the double charging issue faced by some end users. Additionally, the Market Wide Half Hourly Settlements programme is not due to be implemented until October 2025, which will remove the requirements for this clause. Current CUSC wording in Section 14 (Charging Methodologies) clause 14.17.29.9 has an explicit end date of 31st March 2023.

Why change?

Without a change, Suppliers will be charged (on a per-MPAN basis) both the NHH and HH tariffs for the same site within one Charging Year for certain demand. This is double-charging and will likely lead either to windfall losses to Suppliers or to increased consumer costs.

Without extension / adjustment end users in Classes F and G would move to HH settlement with adverse financial consequences.

This extension should be aligned to the introduction of Market Wide Half Hourly programme and apply to the end of the financial year that the MWHH programme is live to ensure continuity for end users. The final milestone of the programme is to introduce a cut over to the new settlement arrangements which is due to occur in November 2025, but will be agreed after the end of the migration on a set of criteria.

What is the proposer's solution?

Amend the date in CUSC section 14.17.29.9 to align with Milestone 15 (M15) of the Market Wide Half Hourly Settlement (MHHS) Programme and relevant subsequent charging year, but recognising the need to avoid duplication of charges part way through the charging year covered in 14.17.29.8. To overcome this, the new date will take into account the next relevant charging year.

Draft Legal text

Legal Text changes shown in **red text**

14.17.29.8 A change from NHH to HH within a **Financial Year** would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the Financial Year which begins after 31 March 2017.

14.17.29.9 Notwithstanding 14.17.9, for each Financial Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Financial Year. This will be up until the end of the Financial Year (31st March) following delivery of M15 of the Transition Timeline as outlined in the Authority's decision dated 20th April 2021 on the introduction of half-hourly settlement on a market-wide basis (MHHS).

N.B. As part of [CMP399](#), which has been raised and is also planned to be implemented on 1 April 2023, this will result in different clause numbering for the above paragraphs.

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 This CMP prevents a distortion which would otherwise arise between Suppliers who actively promote HH settlement and those who do not. This distortion would arise from a Supplier who chooses to migrate relevant consumers to HH settlement being charged TNUoS twice against those individual sites
(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 This CMP would prevent layering change upon change to charging arrangements by preserving the status quo until MWHHS is introduced

**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.

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	Positive
Lower bills than would otherwise be the case	Neutral Click or tap here to enter text.
Benefits for society as a whole	[Select impact] [Please provide your rationale. This area would focus on demonstrating why and how the change can improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.]
Reduced environmental damage	[Select impact] [Please provide your rationale. Will this proposal support: <ul style="list-style-type: none"> • new providers and technologies? • a move to hydrogen or lower greenhouse gases? • the journey toward statutory net-zero targets? • decarbonisation? This area would relate to changes which demonstrate innovative work to design solutions which ensure the system can operate in an environmentally sustainable way both now and in the future. Examples include: <ul style="list-style-type: none"> • Gas quality blending • Carbon Capture and Storage New technologies, e.g. wind power]
Improved quality of service	[Select impact] [Please provide your rationale. This area would relate to any other identified changes to society, such as jobs or the economy.]

For example, by 2050, energy system decarbonisation efforts could add 19 million jobs and £52tn of gross domestic product (GDP) to the global economy, increasing the GDP of Northern and Western Europe by 1.25% and 2.5% respectively. It could also generate a 15% increase in global welfare and reduce negative health effects caused by local air pollution by 60%.]

When will this change take place?

Implementation date

01 April 2023

Date decision required by

31 January 2023

Implementation approach

No impact on systems or processes assuming this Modification is approved as this will be a continuation of Business As Usual.

Proposer's justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation

This Modification proposal is intended to cause minimal workload for the industry. It is extending the date within the CUSC to prevent double charging for two specific settlement classes and aligning to the introduction of the Market Wide Half Hourly Settlements programme. This will prevent further Modifications having to be raised in future, increasing efficiency in the processes.

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 ¹ | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other |

No interactions.

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

Reference material

- Add links to reference material

¹ 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.