

## CUSC Final Modification Report

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

**Overview:** Following the result of [CMP318](#), the ESO wish to amend the date (31 March 2023) to align with the introduction of the Market Wide Half Hourly Settlement (MWHHS) Programme and relevant subsequent charging year.

## Modification process & timetable



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

**Have 20 minutes?** Read the full [Final Modification Report](#)

**Have 30 minutes?** Read the full Final Modification Report and Annexes.

**Status summary:** This report has been submitted to the Authority for them to decide whether this change should happen.

**Panel recommendation:** The Panel has recommended unanimously that the Proposer's solution is implemented

**This modification is expected to have a: **Low impact** on Suppliers**

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

**Who can I talk to about the change?**

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## Executive summary

Following the result of CMP318, the ESO wish to amend the date (31 March 2023) to align with the introduction of the Market Wide Half Hourly Settlement (MWHHS) Programme and relevant subsequent charging year.

### What is the issue?

CMP318 was approved by Ofgem in November 2019, extending the CMP266 arrangements. Reforms implemented through the Access and Forward-Looking Charges Significant Code Review (SCR) and Targeted Charging Review (TCR) have been unsuccessful in negating 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 clause 14.17.29.9 has an explicit end date of 31 March 2023.

### What is the solution and when will it come into effect?

**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.

**Implementation date:** 1 April 2023

**Panel recommendation:** The Panel has recommended unanimously that the Proposer's solution is implemented

### What is the impact if this change is made?

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.

### Interactions

No interaction with other codes.

## What is the issue?

CMP318 was approved by Ofgem in November 2019, extending the CMP266 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 – unfortunately, these benefits have not been seen. 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 clause 14.17.29.9 has an explicit end date of 31 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, neither of which are appropriate.

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 solution?

### 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.

### Legal text

The legal text for this change can be found in Annex 2.

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 the Applicable Objectives

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;	<b>Positive</b> 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);	<b>Neutral</b>
(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;	<b>Neutral</b>
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b>
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	<b>Positive</b> 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	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	Neutral

### Code Administrator Consultation summary

The Code Administrator Consultation was run from 14 November 2022 to 5 December 2022 and received 1 non-confidential response. The full response can be found in Annex 3. Key points were:

- The respondent was not supportive of the change. The respondent noted that the proposed solution may be required to mitigate the Non Half-Hourly and Half-Hourly different charging methods through 2023/2024 financial year as it is not possible to develop and agree a new charging framework in the next few months. However, they argued that the ESO need to develop and implement a new charging regime (by 1 April 2024) to eliminate the different TNUoS charging for Non Half-Hourly & Half-Hourly Supplier Volume Allocation (SVA) customers and ensure the objectives of Market Wide Half Hourly Settlement Reform are met as Market Wide Half Hourly Settlement migration is scheduled to commence from 1 April 2024.
- The respondent also flagged 2 issues with the proposed legal text, which are:

#### Legal Text Issues

"The text prior to clause 14.17.29.8 refers to MC=E, F & G. Yet clause 14.17.29.9 only refers to MC=F&G. This leaves it ambiguous about the treatment of MC=E."

"Clause 14.17.29.8 does not seem to be relevant any more as the financial year it refers to ended on 31<sup>st</sup> March 2018. It should therefore be removed."

These will be considered by the CUSC Panel (on 16 December 2022) ahead of any recommendation vote taking place.

## Panel recommendation vote

The Panel met 16 December 2022 to carry out their recommendation vote.

They assessed whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

Ahead of the recommendation vote taking place, the Panel considered the legal text amendments proposed as part of the Code Administrator Consultation. Panel noted that “Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH)” should have been retained at the end of CUSC 14.17.29.9. Panel by majority agreed this was typographical on the basis that this wording was inadvertently removed from the legal text presented alongside the Code Administrator Consultation and retaining the above wording in CUSC does not change the meaning of CMP401 (as CMP401 is about the arrangements for Measurement Classes F and G). Therefore, Panel instructed the Code Administrator to make the change under CUSC 8.23.4(i)<sup>1</sup> – this change is reflected in the Legal Text set out in Annex 2.

**Vote 1:** Does the Original facilitate the objectives better than the Baseline?

Panel Member: **Andrew Enzor**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>						
The risk of double charging first resolved by CMP266 with resolution extended by CMP318 still exists. Continuing the CMP266/CMP318 solution better facilitates the ACOs than allowing it to lapse on 31 March 2023.						
ACO(a): better facilitated by ensuring those suppliers choosing to migrate customers to half hourly settlement do not face a competitive disadvantage						
ACO(b): better facilitated by ensuring charges in respect of customers migrated to half hourly settlement are not artificially inflated						
ACO(c) and ACO(d): Neutral						
ACO (e): extending the CMP266/CMP318 solution is an efficient approach to maintaining appropriate arrangements until market-wide half hourly settlement is introduced						

<sup>1</sup> CUSC 8.23.4 “A draft of the CUSC Modification Report shall be tabled at a meeting of the CUSC Modifications Panel prior to submission of that CUSC Modification Report to the Authority held in accordance with the timetable established pursuant to Paragraph 8.19.1, and at which the CUSC Modifications Panel may consider any minor changes to the legal drafting, which may include any issues identified through the Code Administrator’s consultation and: (i) if the change required is a typographical error the CUSC Modifications Panel may instruct the Code Administrator to make the appropriate change and the Panel Chairperson will undertake the CUSC Modifications Panel Recommendation Vote;”

Panel Member: **Andy Pace**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>						
This modification maintains the non-half hourly TNUoS charging arrangements for sites assigned to Measurement Classes F and G. These arrangements are necessary to ensure these sites are not double charged when transitioning from non-half hourly to half hourly settlement. We therefore assess this mod as better meeting applicable objective (a) by facilitating competition in the supply of electricity and applicable objective (e) by promoting efficiency in the implementation and administration of the use of system charging methodology.						

Panel Member: **Binoy Dharsi**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>						
No voting statement provided.						

Panel Member: **Cem Suleyman**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>						
I believe that CMP401 better facilitates the Applicable CUSC Objectives for the same reasons as provided by the Proposer.						

Panel Member: **Garth Graham**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>						
No voting statement provided.						

Panel Member: **Grace March**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Yes	Yes
<b>Voting Statement</b>						
This modification will prevent differences in charging arrangements based on when suppliers choose to migrate to HH Settlement (ACO a). It also removes the risk the of double charging where MPANs are charged both HH and NHH and so facilitates ACO b.						



It makes it clear how TNUoS charging will interact with the MHHS programme and so facilitates ACO e.

Panel Member: **Karen Thompson – Lilley**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes	Yes

**Voting Statement**

If an MPAN moves measurement from Measurement Class F or G during the same Charging Year, then 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.

Panel Member: **Paul Jones**

	Better facilitates AO (a)?	Better facilitates (b)?	Better AO facilitates (c)?	Better AO facilitates (d)?	Better A facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes	Yes

**Voting Statement**

Avoids double charging some suppliers which will help promote competition. Is a relatively simple holding solution which helps promote administrative simplicity.

**Vote 2 – Which option is the best?**

Panel Member	BEST Option?	Which objectives does this option better facilitate? (If baseline not applicable).
Andrew Enzor	Original	a, b, e
Andy Pace	Original	a, e
Binoy Dharsi	Original	a, b, e
Cem Suleyman	Original	a, e
Garth Graham	Original	a, e
Grace March	Original	a, b, e
Karen Thompson - Lilley	Original	a, e
Paul Jones	Original	a, e

**Panel conclusion**

The Panel has recommended unanimously that the Proposer's solution is implemented.

## When will this change take place?

### Implementation date

1 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.

## 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 <sup>2</sup> | <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

- [CMP318](#)

## Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Legal Text
Annex 3	Code Administrator Consultation response

<sup>2</sup> If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – 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.