

Workgroup Consultation Response – Pro-Forma

CMP287: ‘Improving TNUoS Predictability Through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process’.

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 by **5pm on 23 May 2019** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Tom Chevalier</i> Tom.Chevalier@PowerDataAssociates.com <i>01525 601202</i>
Company Name:	<i>Please insert Company Name</i>
Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.	<p>For reference, the Applicable CUSC objectives are:</p> <p>(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;</p> <p>(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);</p> <p>(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;</p> <p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1*; and</p> <p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p>

	<p>*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).</p>
<p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p>	
<p>Do you have any other comments?</p> <p>Who should bear the risk of TNUoS volatility – the market, or the ESO? Why?</p>	<p><i>The problem is the underlying charging methodology rather than the forward planning.</i></p> <p><i>The charging should use a common approach to NHH & HH consumption. The current Ofgem SCR is seeking to move all settlement HH. So using a single method to determine TNUoS tariff setting would be sensible approach and remove the uncertainty of seeking to forecast [accurately] the NHH & HH demand in each GSP Group. There are some customer groups who will not be experiencing a cost reflective charge or the two different approaches may allow certain customers/suppliers to seek to 'game' the system.</i></p> <p><i>Ofgem have finally agreed a DCUSA change DCP268 which will use the settlement data to determine DUoS charges, this removes the different approach from NHH & HH customers in the DUoS charging. This same approach needs to apply in the TNUoS arrangements.</i></p> <p><i>The period of analysis was also not necessarily reflective of future due to the transition of a sector of the market from NHH to HH as a result of the BSC P272. This will have caused difficulty in forecasting over recent years as not all Suppliers have moved all customers even now.</i></p> <p><i>The document does not draw out the proportion of the final energy bill which is made up of TNUoS charges. The variation in TNUoS charges is a small proportion of the overall energy bill. The variation in energy costs will be significantly greater than the TNUoS variations over the period of a contract.</i></p>
<p>Is 15 months the optimum time period? If you disagree, please suggest a timeframe and reasoning.</p>	<p><i>There is no optimum. Suppliers would like all charges defined years in advance, whereas the respective sources of these charges needs as short a term as possible to ensure the charges are as responsive and reflect the most up to date forecast of cost inputs.</i></p>
<p>Please provide comment on the benefits analysis contained in Annex 2.</p>	

