CMP430/431

Workgroup 4 Thursday 28 March 2024

Online Meeting via Teams


WELCOME

Expectations of a Workgroup Member

- Contribute to the discussion
- Be respectful of each other's opinions
- Language and Conduct to be consistent with the values of equality and diversity
- Do not share commercially sensitive information
- Be prepared - Review Papers and Reports ahead of meetings
- Complete actions in a timely manner
- Keep to agreed scope
- Email communications to/cc'ing the .box email

Your Roles

- Help refine/develop the solution(s)
- Bring forward alternatives as early as possible
- Vote on whether or not to proceed with requests for Alternatives
- Vote on whether the solution(s) better facilitate the Code Objectives

Objectives and Timeline

Deborah Spencer – ESO Code Administrator

Objectives

- Introductions
- Action Review
- Proposed WACM
- CMP431 Solution (sections 3 and 11)
- Legal Text Review
- Next steps

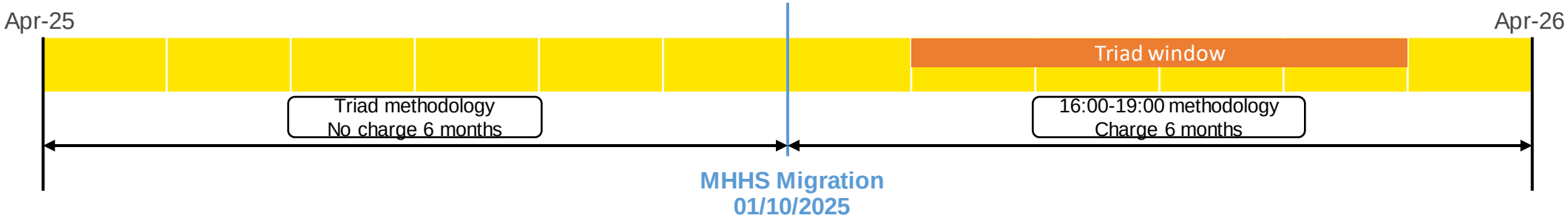
Action Review

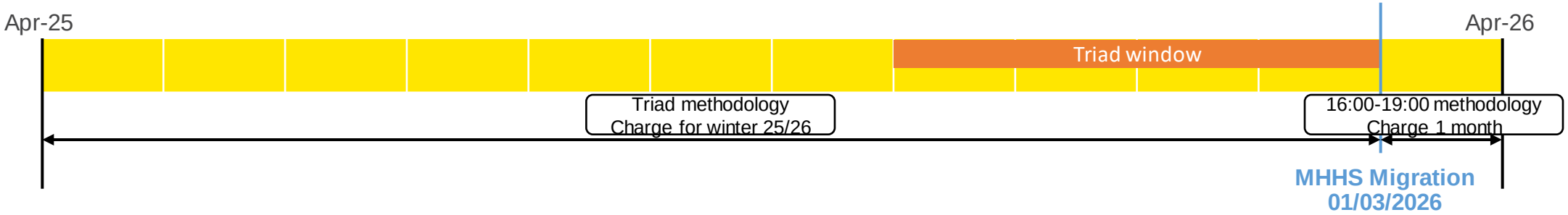
3	WG2	Proposer	To speak with DCUSA about DCP 414 data (RFI directly to DNOs)	WG3	Open
4	WG2	Proposer	To consider including a definition for “domestic premise indicator” in the legal text	WG3	Open
5	WG2	Proposer	Consider if there is any insight available into impact of Triads over winter 2023 and if this has changed following implementation of the Targeted Charging Review (TCR)	WG3	Open

Double Charging Scenarios

Pre MHHS Migration: Measurement Class = C

Post MHHS Migration: Domestic Premises Indicator = T and Connection Type Indicator = WC, L, H, E or U

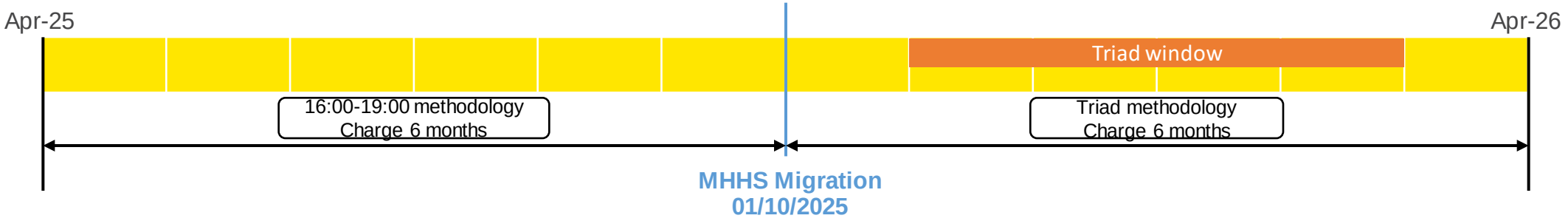


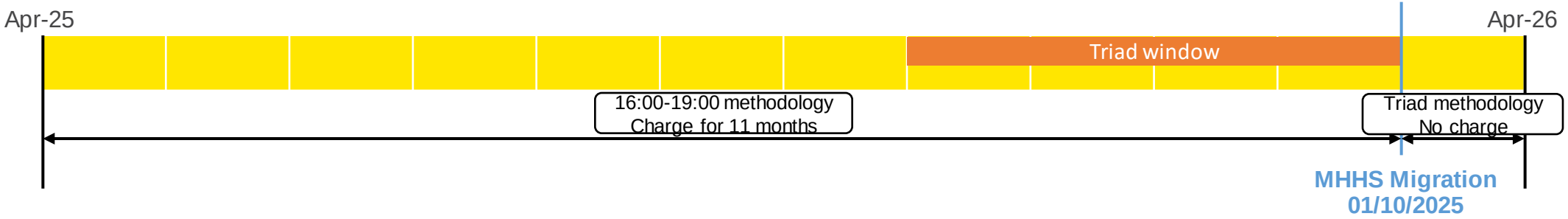


Double Charging Scenarios

Pre MHHS Migration: Measurement Class = A

Post MHHS Migration: Domestic Premises Indicator = F and Connection Type Indicator = L, H or E





Update on Sites Impacted

Reminder of ToR:

ToR C Identify the volume of customers who will experience a change in charging arrangements from pre MHHS migration to post MHHS migration, and consider the impact on those customers.

ToR F Consider the number of consumers impacted by each element of the defect and respective solution

Proposed WACM

Hugh Boyle – EDF

TNUoS Tariff Impact

Revenue currently recovered via Locational Tariffs will instead be recovered via the Transmission Demand Residual (TDR).

This leads to increases in the £/site/day rates for all users, with the revenue recovered via this increase equally offset by a reduction in the Triad and 4-7pm charge.

Derivation of Demand Residual Charges					2024/25 Final Tariffs			All Demand TNUoS via Residual				Variance		
Band	Consumption (GWh)	Consumption_ portion (%)	Revenue by Bands (£m)	SiteCount	TDR Charge (£/Site)	TDR Tariff £/(Site Day)	TDR Tariff £/MWh Equivalent	Adjusted Revenue (£m)	TDR Charge (£/Site)	TDR Tariff £/(Site Day)	TDR Tariff £/MWh Equivalent	TDR Charge (£/Site)	TDR Tariff £/(Site Day)	TDR Tariff £/MWh Equivalent
Domestic	95,232	37.27%	1,132	29,651,304	38	0.10	11.89	1,174	40	0.11	12.32	1.41	0.00	0.44
LV_NoMIC_1	1,912	0.75%	23	892,110	25	0.07	11.89	24	26	0.07	12.32	0.94	0.00	0.44
LV_NoMIC_2	5,244	2.05%	62	674,422	92	0.25	11.89	65	96	0.26	12.32	3.41	0.01	0.44
LV_NoMIC_3	6,169	2.41%	73	343,525	213	0.58	11.89	76	221	0.61	12.32	7.88	0.02	0.44
LV_NoMIC_4	18,119	7.09%	215	338,893	635	1.74	11.89	223	659	1.81	12.32	23.45	0.06	0.44
LV1	7,596	2.97%	90	79,039	1,142	3.13	11.89	94	1,184	3.25	12.32	42.15	0.12	0.44
LV2	11,259	4.41%	134	68,868	1,943	5.32	11.89	139	2,015	5.52	12.32	71.70	0.20	0.44
LV3	7,046	2.76%	84	27,033	3,098	8.49	11.89	87	3,213	8.80	12.32	114.32	0.31	0.44
LV4	19,752	7.73%	235	32,495	7,225	19.79	11.89	243	7,491	20.52	12.32	266.58	0.73	0.44
HV1	3,983	1.56%	47	7,881	6,006	16.46	11.89	49	6,228	17.06	12.32	221.62	0.61	0.44
HV2	11,647	4.56%	138	7,638	18,124	49.66	11.89	144	18,793	51.49	12.32	668.77	1.83	0.44
HV3	9,048	3.54%	108	3,092	34,779	95.29	11.89	112	36,063	98.80	12.32	1,283.32	3.52	0.44
HV4	25,961	10.16%	309	3,470	88,927	243.63	11.89	320	92,208	252.62	12.32	3,281.29	8.99	0.44
EHV1	1,851	0.72%	22	454	48,491	132.85	11.89	23	50,280	137.75	12.32	1,789.25	4.90	0.44
EHV2	4,818	1.89%	57	235	244,016	668.54	11.89	59	253,020	693.21	12.32	9,003.92	24.67	0.44
EHV3	5,116	2.00%	61	133	458,385	1,255.85	11.89	63	475,299	1,302.19	12.32	16,913.89	46.34	0.44
EHV4	14,234	5.57%	169	132	1,284,823	3,520.06	11.89	175	1,332,231	3,649.95	12.32	47,408.48	129.89	0.44
T-Demand1	366	0.14%	4	30	144,932	397.07	11.89	5	150,279	411.72	12.32	5,347.81	14.65	0.44
T-Demand2	891	0.35%	11	18	588,201	1,611.51	11.89	11	609,905	1,670.97	12.32	21,703.94	59.46	0.44
T-Demand3	1,614	0.63%	19	14	1,370,453	3,754.66	11.89	20	1,421,021	3,893.21	12.32	50,568.11	138.54	0.44
T-Demand4	1,469	0.57%	17	4	4,364,714	11,958.12	11.89	18	4,525,767	12,399.36	12.32	161,052.89	441.24	0.44
Unmetered	2,189	0.86%	26	p/kWh	1.19		11.89	27	1.23		12.32	0.04		0.44
Total	**255,519**	100.00%	3,037				11.89	3,149			12.32	112.06		0.44
	Triad Recovery (£m)		41.42				0.16	0.00			0.00	-41.42		-0.16
	4-7pm Recovery (£m)		70.65				0.28	0.00			0.00	-70.65		-0.28
	Total Locational Recovery (£m)		112.06				0.44	0.00			0.00	-112.06		-0.44
	Total Demand Recovery (£m)		3,149				12.32	3,149			12.32	**0.00**		**0.00**

Default Tariff Cap Impact

Using the 'Default Tariff Cap' (SVT Cap) methodology as an example. All domestic customers would see an increase in the Residual Charge at Nil Consumption (i.e. standing charge) of c. **£1.4/customer/year**.

On average this would be more than offset by reductions in the 4-7pm tariff to see a net reduction of c. **£0.36/customer/year**.

There will be locational differences. For example, more northern zones currently have floored locational tariffs and would only see the increase in the Residual tariff.

Additionally, the locational tariff allowance in the cap methodology is dependent on customer annual consumption, which will vary in practice.

Due to current profiling of domestic volumes, other tariff offerings from suppliers are likely to closely mirror the impact seen from the cap methodology.

Benchmark Metering Arrangement	Benchmark Annual Consumption Level	Unit	Zone	Charge Restriction Region	Q2-24 SVT Cap	CMP430 WACM1	Variance
Single-Rate Metering Arrangement	Nil	£ per customer per year	1	Eastern	38.17	39.58	1.41
			2	East Midlands	38.17	39.58	1.41
			3	London	38.17	39.58	1.41
			4	N Wales and Mersey	38.17	39.58	1.41
			5	Midlands	38.17	39.58	1.41
			6	Northern	38.17	39.58	1.41
			7	North West	38.17	39.58	1.41
			8	Southern	38.17	39.58	1.41
			9	South East	38.17	39.58	1.41
			10	South Wales	38.17	39.58	1.41
			11	Southern Western	38.17	39.58	1.41
			12	Yorkshire	38.17	39.58	1.41
			13	Southern Scotland	38.17	39.58	1.41
			14	Northern Scotland	38.17	39.58	1.41
	m (3,100 kWh)	£ per customer per year	1	Eastern	38.86	39.58	0.72
			2	East Midlands	38.17	39.58	1.41
			3	London	42.05	39.58	-2.46
			4	N Wales and Mersey	38.17	39.58	1.41
			5	Midlands	40.03	39.58	-0.45
			6	Northern	38.17	39.58	1.41
			7	North West	38.17	39.58	1.41
			8	Southern	43.53	39.58	-3.95
			9	South East	41.39	39.58	-1.81
			10	South Wales	41.34	39.58	-1.76
			11	Southern Western	44.72	39.58	-5.14
			12	Yorkshire	38.17	39.58	1.41
			13	Southern Scotland	38.17	39.58	1.41
			14	Northern Scotland	38.17	39.58	1.41

National Average	Q2-24 SVT Cap	CMP430 WACM1	Variance
Nil Consumption	38.17	39.58	1.41
Typical Consumption (3.1MWh)	39.94	39.58	-0.36

Summary

- National Grid ESO would run the T&T model as currently, calculating TNUoS tariffs for Transmission and Embedded Generators. These users will be unimpacted by the proposal.
- Any revenue recovered from demand customers via the 4-7pm charge or Triad charge would instead be recovered via the Transmission Demand Residual (TDR).
- In effect the tariff rates would be set to 0p/kWh and £0/kW respectively, with a higher Residual £/Site/Day charge. This would avoid any supplier IT system or Default Tariff Cap methodology change.
- Cost reflectivity is arguably reduced by zeroing the locational charges for demand customers, although the materiality is low.
    - The suitability of current tariff arrangements are however debatable, should network charges send operational signals? Additionally, profiled customers are unable to respond to time of use tariffs effectively.
- This proposal is not intending to create 'postage-stamp' TNUoS for demand customers on a permanent basis. It is expected that future industry reform from either stand-alone open governance, TNUoS taskforce related modifications or REMA will address this issue.

CMP431 Solution (Section 3 & 11)

Proposer – ESO

Legal Text Update

Proposer – ESO

AOB/Next Steps

Deborah Spencer – ESO Code Administrator

Timeline for CMP430 – Updated after CUSC Panel (23 February 2024)

Milestone	Date	Milestone	Date
Modification presented to Panel	23 February 2024	Code Administrator Consultation (6 working days)	10 June 2024 to 14 June 2024
Workgroup Nominations (4 Working Days)	23 February 2024 to 29 February 2024	Draft Final Modification Report (DFMR) issued to Panel (4 working days)	24 June 2024
Ofgem grant Urgency	29 February 2024 (5pm)	Panel undertake DFMR recommendation vote	28 June 2024
Workgroup 1 to 7 (assuming Ofgem have granted Urgency)	06 March 2024 11 March 2024 13 March 2024 – cancelled 19 March 2024 28 March 2024 05 April 2024 15 April 2024	Final Modification Report issued to Panel to check votes recorded correctly	28 June 2024
Workgroup Consultation (5 working days)	17 April 2024 – 24 April 2024	Final Modification Report issued to Ofgem	28 June 2024
Workgroup 8 to 14 - Assess Workgroup Consultation Responses and Workgroup Vote	29 April 2024 03 May 2024 08 May 2024 13 May 2024 20 May 2024 24 May 2024 30 May 2024	Ofgem decision	30 September 2024
Workgroup Report issued to CUSC dot box Workgroup Report presented to Special Panel (Panel agree Workgroup report has met its Terms of Reference)	03 June 2024 07 June 2024	Implementation Date	01 April 2025