CMP241 TNUoS Demand Charges during the Implementation of P272

What stage is this document at?

01	Initial Written Assessment
02	Workgroup Consultation
03	**Workgroup Report**
04	Code Administrator Consultation
05	Draft CUSC Modification Report
06	Final CUSC Modification Report

This proposal seeks to treat Profile Classes 5-8 which move to being Half-Hourly settled after 1st April 2015 as Non Half-Hourly for the 2015/16 Charging Year for the purposes of TNUoS charging to avoid liabilities being higher than originally forecast.

This Modification has been classed as urgent

This document contains the discussions and conclusions of the Workgroup which formed in March 2015.

The Workgroup concludes:
That CMP241 better facilitates Applicable CUSC Objectives (a) and (b) and should be implemented.

National Grid opinion:
CMP241 should be implemented as it better facilitates Applicable CUSC Objective (a), (b) and (c).

High Impact:
Suppliers

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About this document

This is the Workgroup Report which includes the deliberations of the Workgroup, responses from the Workgroup Consultation and the final conclusions of the Workgroup.

Document Control

Version	Date	Author	Change Reference
0.1	11 March 2015	Code Administrator	Version for Workgroup Comment
1.0	11 March 2015	Code Administrator	Version to CUSC Panel

Any Questions?

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1 Summary

1.1 This document describes the CMP241 Modification Proposal, gives a record of the Workgroup discussions, summarises responses to the Workgroup Consultation, includes the Workgroup Consultation Alternative Request and contains the Workgroup's conclusions.

1.2 CMP241 seeks to treat Profile Classes 5-8 which move to being Half-Hourly settled after 1st April 2015 as being Non Half-Hourly settled for all of the 2015/16 Charging Year. This will avoid TNUoS Demand liabilities payable by Suppliers being higher than originally forecasted when TNUoS tariffs for 2015/16 were finalised on 31st January 2015.

1.3 CMP241 was proposed by National Grid Electricity Transmission Plc and submitted to the CUSC Modifications Panel for their consideration on 23rd February 2015, the Panel had a special CUSC Panel meeting on 25th February 2015 to discuss this Modification. Further to the Proposer's recommendation that CMP241 should be progressed through the urgent route, the Panel determined that the proposal should be progressed as urgent on the basis that CMP241 is an imminent issue and can have a significant impact. The Authority accepted the Panel's recommendation to progress CMP241 as Urgent. Further details on CMP241 and its treatment as urgent can be found in section 1.7.

1.4 The Panel determined that CMP241 should be developed by a Workgroup and sent to Workgroup Consultation for a period of 3 Working days and that a special CUSC Panel meeting would be held on 13th March 2015 to consider the Workgroup Report and agree the Workgroup have met their Terms of Reference, after which a Code Administrator consultation will be issued on or around 15th March 2015 for a period of 2 Working Days and that a special CUSC Panel meeting would be held on 23rd March 2015 to vote on the proposal.

1.5 The Workgroup met on 2nd March and discussed the proposal before issuing a Workgroup Consultation. 10 responses and a Workgroup Consultation Alternative Request were received and discussed at a second Workgroup meeting on 10th March 2015. The Workgroup agreed unanimously not to progress the Workgroup Consultation Alternative Request on the grounds that it was not workable with the data available. No further Workgroup Alternatives were progressed.

1.6 The Workgroup voted unanimously that CMP241 better facilitates the Applicable CUSC Objectives, although one Workgroup member noted reservations about customer impacts. The Workgroup concluded that CMP241 should be implemented on 1st April 2015.

1.7 This Workgroup Report has been prepared in accordance with the Terms of the CUSC. An electronic copy can be found on the National Grid Website, www.nationalgrid.com/uk/Electricity/Codes/ along with the CUSC Modification Proposal Form.

National Grid's View

1.8 National Grid supports the implementation of CMP241 as it better facilitates Applicable CUSC Objective (a) in that it seeks to provide more predictable charges and reduce uncertainty and (b) by avoiding charging part year for Non Half-Hourly and potentially full year for Half-Hourly is more cost reflective. CMP241 also seeks to facilitate the smooth introduction of BSC Modification P272 by minimising transitional impacts on Suppliers which

better facilitates CUSC Objectives (a) and (c). CMP241 also seeks to avoid over recovery by National Grid and so therefore facilitates objective (c).

Treatment as Urgent

1.9 The CUSC Panel considered the Proposer's request for urgency with reference to Ofgem's guidance on Code Modification Urgency Criteria.[1] The majority view of the Panel was that CMP241 should be treated as Urgent for the following reasons:

(i) CMP241 refers to an imminent issue;

(ii) The issues addressed by CMP241 may cause a significant impact on parties, consumers or other stakeholders.

(iii) The CUSC Panel Chairman wrote to the Authority on 25th February 2015 with the request for CMP241 to be treated as an urgent proposal. This letter can be found in Annex 4. The Authority approved the request on 27th February 2015, and a copy of their approval letter can be found in Annex 5.

[1] Ofgem's Urgency Criteria can be found here:
http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/Ofgem%20Guidance%20on%20Code%20Modification%20Urgency%20Criteria.pdf

2 Why change?

2.1 Following Ofgem's approval of BSC Modification P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8', it will be mandatory for Import Meters with an Advanced Meter on Profile Classes 5-8 to become Half Hourly (HH) settled by 1st April 2016. These will be registered to either Measurement Class E (if current transformer metered) or Measurement Class G (if whole current metered). For further information on P272 please refer to the BSC website[2].

2.2 Annual TNUoS demand liabilities are calculated based on the actual metered demand multiplied by the tariff for the zone the demand is located within, the tariff being specific to Non Half Hourly (NHH) or HH settled meters.

2.3 Annual NHH demand is calculated as the total of daily demand between 4pm and 7pm throughout the charging year. Annual HH demand equals the average demand taken over the three peak half hour settlement periods (Triads) between the start of November and the end of February.

2.4 To implement P272, meters will be moved across gradually throughout the charging year, rather than in one block at the end. This is understood to be due to various restraints restricting the transition of large numbers of meters all at once. When meters move within the charging year, under the current TNUoS charging methodology, a Supplier will be liable for the NHH demand on a metering system from when it was NHH settled and the HH demand on a metering system from when they were transitioned across. For example, if the metering system was moved across in October, they will be liable for six months of NHH charges based on the demand taken to date. They will also be liable for the HH demand from when the meters start being HH settled. As HH annual demand is based on Triad demand, they will therefore potentially be liable for charges associated with a whole year's worth of HH demand.

2.5 This will mean that the liability for that Supplier (and consumer if these costs are passed on) will be considerably higher than what they would have been if they had either been solely NHH settled or HH settled for the full charging year. As well as changing liabilities for Suppliers if liabilities are higher than what was assumed when finalising TNUoS tariffs for 2015/16 this will lead to over recovery of TNUoS revenue. This over recovery will also feed through to tariffs for 2017/18 leading to increased tariff volatility. The over recovery will result in reduced allowed revenues for all Transmission Users and not just for those Suppliers who paid more and created the over recovery in 2015/16.

2.6 It is estimated that if all metering systems affected by P272 moved across at the end of October 2015, TNUoS demand liabilities for 2015/16 will increase by approximately £70m without this CMP241 modification (accepting this might be a high estimate as all meters cannot move in one stage). This estimation is based on historical average demand per month and NHH, HH demand being as forecast when finalising TNUoS demand tariffs for 2015/16.

2.7 If the transfer is evenly spread across the year it is estimated that the total liabilities could increase by around £40m. This may represent a more realistic estimate. This is based on the total liabilities for this class being

[2] https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/

£140m if charged exclusively HH or NHH and a Triad occurring in December, January and February.

2.8 The transitioning of a meter from being NHH settled and the effects on TNUoS liabilities is an existing defect. However the numbers of meters which have transitioned to date coupled with the fact that Suppliers are in control of when they transition in the charging year makes this defect manageable by the Supplier. However due to the numbers of meters being transitioned as part of P272 the defect for 2015/16 becomes material to Suppliers, hence the need for this modification this charging year.

2.9 The CUSC requires Suppliers to forecast both their HH and NHH volumes in a year. Therefore they are required to represent the same meter in both NHH and HH forecasts, i.e. they cannot currently choose to ignore its contribution to HH prior to transfer.

3 Solution

3.1 This CUSC Modification Proposal seeks to treat Profile Classes 5-8, which move to being HH settled after the 1st April 2015, as NHH settled for the entire 2015/16 charging year for the purposes of TNUoS charging. The annual TNUoS demand liability for these meters will be based on daily demand taken between the hours of 4-7pm for the whole charging year.

3.2 For those Metering Systems that are currently on Measurement Class E, and therefore HH settled before 1st April 2015, it is proposed that these could be treated as HH settled for the purposes of calculating the actual annual liability for 2015/16. This would be the case only if Suppliers provide verified metered demand data between the hours of 4-7pm and the demand taken in each of the three Triad half-hours for those consumers. If Suppliers do not provide this data, the charges will be calculated as NHH settled. The Supplier will have until the end of September 2015 to decide if they wish to opt for this, including relevant customers/meters. The Supplier will then be required to send the actual metering data to National Grid before the reconciliation process starts (start of June). This is necessary so as to: avoid the situation where a Supplier can make a commercial decision post event based on the more favoured liability and; allow the metering demand data to be removed from the NHH settled file and moved into a HH settled file, thus preventing double counting. This will have no impact on how the volumes are settled in the BSC. As part of the solution National Grid would work with Elexon to ensure that the data files only contain data from the correct meters affected by P272 and CMP241.

4 Workgroup discussions

Workgroup discussions

4.1 The CMP241 Workgroup first met on 2nd March 2015 to discuss the Modification Proposal (Annex 1) and the Workgroup Terms of Reference (Annex 2). The Proposer presented his Modification Proposal to the Workgroup and stated that P272 is mandating that Profile Classes 5-8 are settled as Half-Hourly by the end of Charging Year 2015/16. When meters are transitioned from Non Half-Hourly (NHH) to Half-Hourly (HH) within the charging year, they will receive a NHH charge and a HH charge, this will result in their liability being greater than if they were only NHH or HH settled for the whole charging year. This will mean that, depending on the contract with the end consumer, the Supplier will face increased liabilities or the end consumer will face increased bills.

4.2 The Proposer noted that CMP241 seeks to ensure that for the purpose of TNUoS demand charges, all meters within Profile Classes 5-8 moving to Measurement classes E-G after 1st April 2015 will be settled as NHH for the whole charging year up until the implementation of P272. This will avoid meters being settled and charged as both NHH and HH within a charging year, which will also avoid increasing the demand liability. The Proposer advised that where consumers are already being settled as HH before 1st April 2015 (and who would originally have been classed as Profile Class 5-8), meters could be settled as HH for the whole charging year 2015/16 but only if the Supplier provides National Grid with information before the reconciliation and also informs National Grid of its intentions before the Triad season.

4.3 The Proposer advised that CMP241 had been granted urgency by Ofgem and will progress via the agreed timetable (Annex 3). The Proposer noted that if this timetable is delayed for any reason and CMP241 is not implemented by 1st April 2015, this will affect Supplier forecasts. Suppliers need to forecast annual demand according to the current methodology in the CUSC and will be invoiced monthly based on these forecasts. The Proposer estimates that this will lead to Suppliers as a whole paying around £8m per month initially in overlapping charges and noted that these overlapping charges would be returned gradually over the year or as part of the reconciliation in July of the following charging year, which will create cash flow issues. If forecasts are changed within year, any over recovery is prevented for that charging year, although does not prevent any cash flow problems. However, cash flow issues would be avoided by implementing CMP241 on or before 1st April 2015.

4.4 A Workgroup member advised that Measurement Classes F and G will be merged with Measurement Class E and questioned how Elexon would distinguish the volumes of those moving across from this data set and whether this would involve requesting information from Suppliers. The Workgroup member noted that if Elexon did envisage requesting information from Suppliers, it would be useful to know so that Suppliers could prepare for this. The Proposer informed the Workgroup that Elexon will continue to send National Grid a existing data file showing demand data for all NHH settled meters (P210 file). Profile Classes 5-8 will be included within the data set as they are NHH settled. Elexon will send an additional data file showing metering data for Measurement Classes E-G. As Profile Classes 5-8 move to being HH settled, they will move from one file to the other. To calculate annual demand for the whole year, the two files will be added together. NHH demand will then be calculated by totalling demand between 4-7pm from the amalgamated (NHH) data set. The Supplier provided data (for

those meters which they want to be treated as being HH settled) will be deducted from the NHH data set to avoid double counting and treated as HH demand. This process will be undertaken as part of the reconciliation as this is the first time when actual metering data is used to invoice Suppliers.

4.5 It was also questioned whether the data that Elexon provides to National Grid is based on one point in time 'snap shot'. The Proposer clarified that this would be the case and noted that when using any data, National Grid will state which settlement runs relate to which day for transparency. This will be no different from the current reconciliation process which takes metering data at a particular moment in time. Any differences due to the timing of the snap shot (settlement run difference), would be picked up during the final reconciliation 18 months after year end which uses final settlement data.

4.6 It was clarified that the charges for NHH and HH are relatively similar, so charging all customers as being NHH settled for the whole year, rather than HH settled would be preferable to double charging, which currently occurs when a customer switches from NHH to HH mid-year. A Workgroup member questioned what the likely impact would be on revenues to National Grid based on CMP241 being implemented. The Proposer noted that CMP241 prevents a material impact on liabilities and therefore revenues and reverts revenue recovery back to what was forecasted as of 31st January 2015 when TNUoS tariffs for 2015/16 were finalised.

4.7 Another Workgroup member asked whether any gains or losses from providing verified metered demand data would be taken account of within this modification. The Proposer noted that any gains and losses would be picked up through reconciliation either in the 2015/16 or 2016/17 charging years.

4.8 A Workgroup member questioned whether the accuracy of the forecasts provided by Suppliers would be checked. The Proposer noted that there would be scope for this and it would be done as it is under the current methodology. The Performance VAR process undertaken at the end of the year would remain the same. It was also noted that under the current CUSC drafting, Suppliers should forecast on the basis that they will be charged both NHH and HH in the same charging year for the same meter. To do this with any degree of accuracy would be extremely difficult as the Supplier would need to know the transition date for each meter and also assign a proportion of HH demand to this demand based on whether or not the meter will be settled for one, two or three Triads. CMP241 removes the above forecasting complexity. A Workgroup member stated that it would be very difficult to forecast throughout the winter period if meters are moving from NHH to HH settled during this time. The Proposer stated that forecasts of demand provided by Suppliers are forecasts of annual demand. To forecast annual demand, the Supplier would need to have a view of the winter period as of now.

4.9 A Workgroup member noted that Suppliers validate TNUoS charges submitted by National Grid and questioned when the data used to calculate the charges would be available if CMP241 was implemented on 1st April 2015 as proposed. The Workgroup member noted that Suppliers usually do a shadow calculation of their view of the bill provided by National Grid and if they did not have sight of this information, they would not be able to do their validation for the 2015/16 charging year. It was also noted that this would be needed for any Supplier system changes. The Workgroup agreed that wording should be drafted into the proposed legal text to require National Grid to provide this information to Suppliers after the data is received from Elexon. The Proposer noted that this data would be received from Elexon a minimum of 23 days after the end of the charging year. The Proposer took an action to discuss with National Grid's legal team how to draft this within

the proposed legal text. It was also noted that if Suppliers found material errors during validation than the appropriate conversations would be had to correct these before billing. Failing this, the Final reconciliation can be used to solve these errors. The historic purpose of the final reconciliation is to iron out differences between settlement runs rather than deal with errors, however it provides a fail-safe to the process.

4.10 A Workgroup member noted that although National Grid may treat a meter as being NHH settled, Suppliers systems may not allow them to treat meters differently. This may mean that for pass through contracts, the Supplier would be charged as if the meter is NHH settled in terms of TNUoS charges but the end consumer would still be charged as if it was HH settled. This Modification Proposal therefore solves the problem of overcharging to the Supplier but does not necessarily prevent all end consumers being double charged.

4.11 The Proposer clarified that CMP241 makes an assumption that all meters would be moved to being HH settled by the end of the 2015/16 charging year (i.e. 31st March 2016). A Workgroup member noted that there will no doubt be a small proportion that have not moved over to HH going into the 2016/17 charging year and questioned how these would be treated under CMP241. It was noted that there is an obligation on Suppliers to have these transferred by implementation of P272, so CMP241 should assume this will happen. If this ends up not being the case, it would be addressed nearer the time.

4.12 A Workgroup member asked the Proposer how National Grid would know whether Measurement Class E HH measurement customers have moved over or not and asked when they would be included in forecasts. The Proposer clarified that as soon as they transfer over, the data moves from the P210 file, into a separate file. This will prevent any double counting. Under CMP241 the transition date is not relevant as the meter is treated as NHH for the whole year. For the purposes of forecasting, the Supplier would provide forecasts similar to current forecasts (2014/15 charging year) and will ignore the transition date.

4.13 Another Workgroup member noted that there may be a situation where a Supplier acquires a new customer throughout the charging year and questioned how the Supplier would know whether this customer was NHH or HH settled before 1st April 2015. Suppliers would need to know this so they can provide metering data to National Grid so as to allow it to be treated as being HH settled. The Proposer stated this should be transparent information and that it could be requested from Elexon.

4.14 The Workgroup member asked whether it would be possible for Elexon to provide data to National Grid on the amount of meters switched over from NHH to HH throughout the charging year. The Proposer noted that he would ask Elexon to keep National Grid up to date with this information. It was noted that the assumption for this modification is that everyone will change from NHH to HH by the end of 2015/16 charging Year (i.e. 31st March 2016), and if these assumptions changed based on data received throughout the charging year, the situation would be reviewed.

4.15 The Workgroup also discussed the potential delay to P272 that some parties are seeking and a Workgroup member noted that this should be considered when drafting the proposed legal text for CMP241. The Proposer noted that even if implementation of P272 is delayed, the defect for CMP241 still remains and the delay of P272 may not stop Suppliers moving meters from NHH to HH, but this will be done over a longer period.

4.16 The Proposer noted that National Grid would produce a one page 'plain English' statement which explains CMP241 to provide information to industry

parties and other stakeholders that are unaware of the background to this Modification and publish this alongside the CMP241 documents on the National Grid website.

4.17 The Proposer noted that the proposal seeks to better facilitate the Applicable CUSC Charging Objective (a) by ensuring predictable charges and reducing uncertainty. CMP241 also better facilitates CUSC Charging objective (b) by avoiding changing part charging year for those that are NHH settled and better facilitates Objective (c) by ensuring the smooth introduction of the P272 by minimising impact on Suppliers and avoids over recovery by National Grid. The majority of the Workgroup initially agreed with the Proposers' view against the Applicable CUSC Charging Objectives however wanted to note that there is a clear issue between Suppliers and consumers.

Terms of Reference

4.18 The Workgroup considered the issues specified by the Terms of Reference as follows:

(a) Assess Suppliers' ability to provide metering data for Measurement Class E meters, which were originally within Profile Classes 5-8 and have moved to being Half-Hourly settled prior to April 1st 2015.

4.19 A Workgroup member noted that depending on what system a Supplier is using, he thought this data should not be difficult to provide and stated that if it is in Measurement Class E a Supplier is obliged to appoint an agent to collect this data, so it should be available to provide to National Grid. The Workgroup agreed to include this as a question within the Workgroup Consultation to gain views from the industry.

(b) Assess how Suppliers obtain demand data per meter and how this then feeds through to the end consumer bill with the objective of determining whether a Supplier can treat actual HH settled meters as NHH settled meters within their own systems for the purposes of applying TNUoS charges.

4.20 One Workgroup member noted that this question within the Workgroup Terms of Reference relates to the discussion the Workgroup has had on the outstanding issue between Suppliers and consumers and the question how the data is fed through. It was noted that the data passed through is subject to contractual arrangements and there would be impacts for the suppliers billing system. The Workgroup agreed to include this as a question within the Workgroup Consultation.

(c) In relation to a) and b) determine if there are any necessary changes to systems to aid the implementation of the modification and if so; the timescales and likely costs of any changes.

4.21 A Workgroup member noted there would be system costs of validating changes from being NHH to HH settled and there will need to be system changes. The Workgroup agreed to seek industry views on this through a question within the Workgroup Consultation.

(d) Implementation.

4.22 The Proposer's view on implementation is that CMP241 should be implemented on or before 1st April 2015, which is the main reason for seeking urgency for this Modification. By being implemented on this date, it gives certainty of charges and gives Suppliers some lead time to change their systems if they need to. One Workgroup member questioned what would happen if the Modification was implemented after 1st April 2015. It

was noted that there would need to be retrospective charging for HH for the part of the 2015/2016 charging year prior to the date of implementation (if later than prior to the start of that charging year). Implementation before the 1st April 2015 prevents the occurrence where a consumer may take demand between 4-7pm from 1st April 2015 onwards assuming that it will be charged based on demand over the Triad periods, only to be told after the event that they will be treated differently.

(e) Review illustrative legal text

4.23 During the first Workgroup meeting, it was noted that legal text would be drafted once the Workgroup had fully considered any responses to the Workgroup Consultation and would be made available within the Code Administrator Consultation. Subsequently, legal text was provided to Workgroup Members for comment and can be found in Annex 9.

Further Workgroup Discussions

4.24 The Workgroup met again on 10th March 2015 to discuss the responses received to the Workgroup Consultation and the Workgroup Consultation Alternative Request received from RWE Npower (Annex 8). A summary of responses is contained within section 7 of this Report.

4.25 The Workgroup reviewed the consultation responses in turn. Workgroup members noted that several respondents had stated it was difficult to assess costs and impacts of system changes at short notice due to the urgent process. EDF's response highlighted some system costs for implementing CMP241. Workgroup members noted that Haven Power asked for suppliers' forecasts to be scrutinised; one Workgroup member considered this was not relevant. The Workgroup Chair commented that National Grid would scrutinise any data submitted.

4.26 Opus Energy's response queried how losses would be accounted for. The NGET representative confirmed that NGET receives a BMU reading at the GSP level from ELEXON. The Workgroup Chair asked NGET to ensure that the Legal text reflects that the calculation will be done at the GSP level.

4.27 ScottishPower's response raised a number of issues which the Workgroup discussed. ScottishPower commented that CMP241 would add complexity to TNUoS charging, NGET acknowledged that this is true. The Ofgem representative asked about the issue of complexity, the ScottishPower Workgroup member responded that while CMP241 fixes one problem, it creates another. Suppliers' customers have different duration contracts how do you know when a new customer joins you what their basis is. Another issue raised in ScottishPower's response regarding complexity is how the temporary nature of the CMP241 change could be reflected in 2 and 3 year contracts. The Workgroup acknowledged this issue.

4.28 ScottishPower also noted that significant work would be required to communicate the changes proposed to customers; again NGET acknowledged this and noted that it would be down to Suppliers to contact their customers. One Workgroup member suggested there should be consistency between suppliers as to how this is done. The Scottish Power representative on the Workgroup reiterated the point that CMP241 would have consequential impacts on Suppliers' customers. The Workgroup Chair commented that suppliers will have different contracts with their customers and confirmed that CMP241 does not seek to address Suppliers' customer issues resulting from the proposed changes.

4.29 The ScottishPower Workgroup member noted that some customers will currently load manage to avoid peak Triad charges, but that under CMP241,

those customers would not be able to do this as they would be charged on the basis of NHH charges between 4 – 7 pm throughout the year. Some of ScottishPower's customers would be interested in load managing but would not be able to do this in the first year of CMP241 being implemented, only in year 2. The Workgroup Chair summarised this issue as some customers can Triad avoid currently, but CMP241 would delay that benefit and will result in a complicated discussion each Supplier will need to have with each of their customers.

4.30 ScottishPower's response concluded that CMP241 could have a negative impact on competition in the I&C market. One Workgroup member queried whether this is a competition impact as all suppliers would be affected equally. The ScottishPower Observer confirmed that the issue is that each Supplier can take a view on their approach with how to implement CMP241 and that this could impact competition in a detrimental way. Another Workgroup member felt that the ability of Suppliers to apply what would be a uniform charging rule in the best way to suit their customers would facilitate competition and that the alternative to CMP241 of revenue over recovery would be more detrimental to competition as you are increasing costs across the industry. The Workgroup Chair summarised SP's consultation response as overall CMP241 is better than the existing CUSC baseline, but raises some competition issues.

4.31 The Workgroup discussed the issue of Suppliers' customers switching supplier between 1st April 2015 and 1st April 2016. If an existing Measurement Class E customer switches supplier between 1st April and 1st September 2015 and the new Supplier wishes to notify NGET that the customer should remain as HH charged by the end of September 2015, would the new Supplier know how the previous Supplier had chosen to treat that site? The Workgroup member who raised the issue acknowledged that it should only affect a small number of MPANs, however in the future, Consumption classes E, F and G are all going to be combined, so there will have to be a way of distinguishing these somehow. You would not be able to split these out unless you went to an MPAN level. The Workgroup Chair asked whether the MPAN data exists and the Workgroup member agreed that it would need to be provided to National Grid.

4.32 The Workgroup Chair noted that this issue could be addressed by NGET codifying the situation and applying special circumstances. For example, the new Supplier could talk to NGET and agree how to deal with affected customers on a case by case basis. A Workgroup member asked whether, under these circumstances, the new supplier would be able to change the basis of charging for the customer who switched. For example, the first Supplier treats the customer as HH (before 1st April 2015). CMP241 would move to treat them as NHH unless the Supplier tells them otherwise. If the customer changes Supplier, is the second Supplier locked into the NHH charging or could they change back to HH? One Workgroup member commented that Suppliers and their customer would have their own bilaterally negotiated agreement on how the charges would be passed through. However a further Workgroup Member responded that the Supplier may not be able to reflect what is agreed between the Supplier and NGET in the customer's contract.

4.33 In order to help Suppliers manage customers who had moved during the 1st April to September 2015 period, the Workgroup asked whether NGET could publish a list of all MPANs in Measurement Class E (HH) prior to 1st April 2015. The Workgroup Chair responded that NGET could ask ELEXON to publish a list of customers already in Class E. However, a Workgroup member commented that the full list of customers in Class E would be irrelevant; the data is only needed where a Supplier wants the MPAN numbers want to remain as HH. One Workgroup member felt that this information could be made public under the provisions of Sections 95 or 105

of the Electricity Act, but suggested that this would be best done by NGET sending the data to all Licensed Suppliers on Ofgem's published list. This is on the grounds that this data would not need to be published on NGET's website, it is only needed by Licenced Suppliers and those Suppliers who receive the data would have to treat it confidentially. The Workgroup Chair raised a concern that the data may not be received by the Suppliers. The proposed solution is that NGET will publish a notification on its website that it will supply a list of MPAN numbers that want to be treated as HH to Suppliers who wish to receive it. Any Suppliers who wishes to receive the list should contact NGET. NGET would need to maintain the list of MPAN numbers and update it monthly up until the end of September 2015.

4.34 The Workgroup moved on to discuss RWE's consultation response which echoes ScottishPower's in terms of anticipated customer impacts from CMP241 and how it pushes the problem onto suppliers to manage with their customers. The RWE Workgroup Member noted that it is a time of considerable change within the industry from a systems perspective. RWE also highlighted that a request has been made for an extension to the P272 implementation date and that this has been consulted on within the industry. A Workgroup member noted that the consultation has recently closed, but that it is possible that a further delay to implementation of P272 may not be seen favourably, given some of the issues currently being discussed by the ongoing CMA Energy Market investigation.

4.35 The RWE Workgroup member highlighted that RWE's Settlements team had asked how the data submitted by Suppliers would be validated by National Grid, assuming that NGET would have a master list and check submitted data against it. RWE noted in its response that it cannot treat HH settled meters as NHH at present. The Workgroup Chair commented that parties could do either an IS change or a contractual change in order to implement CMP241.

4.36 During the discussion, a Workgroup member flagged an issue regarding implementation dates to the Workgroup. There is speculation in the press that the purdah date (pre-election period) for the General Election may be brought forward from the published date of 30th March 2015 to 25th March 2015 and this could impact Ofgem's timeline for decision making. The Ofgem representative did not think that an earlier purdah date would be an issue for Ofgem**.**

Discussion of Workgroup Consultation Alternative Request (WGCAR).

4.37 The Workgroup Chair invited the RWE Workgroup member to present the WGCAR which can be found in Annex 8. RWE explained that the basis for the WGCAR is that any over recovery should be ring-fenced and credited back to Suppliers. A list would be provided by Suppliers to NGET of meters migrated to HH under P272. RWE considers that this offers a better short-term solution than CMP241.

4.38 Workgroup members asked what data Suppliers would have to provide to NGET to allow them to calculate the rebate, raising a concern that suppliers will not have the data RWE proposes. Workgroup members also asked how NHH charges would be calculated for suppliers pre-transition. The RWE Workgroup member responded that the data provided to NGET would be a list of meters migrated to HH under P272 and the dates of when they had migrated. The rebate would be calculated on the basis of when the customer had transitioned. Customers would be credited back NHH TNUoS and only changed for HH Triad TNUoS. Suppliers would need to provide a list of MPANs and NHH consumption over that period. A WG member responded that Suppliers do not have that data for 4 – 7pm as the data available is profiled, not actual data, and therefore the only way to have a true view would be if Suppliers have Automated Meter Reading (AMR) data. The

Workgroup member did not think that the proposed WGCAR would work as he could not see how NHH consumption could be calculated. The RWE Workgroup Member suggested that NGET could calculate the NHH consumption from the list provided, however the NGET representative responded that the list of meters would not be sufficient to undertake the calculations as NGET does not receive data for every single meter from ELEXON. The RWE Workgroup member acknowledged that the granularity of data presents a challenge.

4.39 A Workgroup member suggested that the WGCAR would also create cashflow issues for Suppliers with the proposed timing delay for the rebate. A further Workgroup member added that it would also create a cashflow issue for customers. The NGET representative raised a concern about how the rebate would be calculated and how NGET could target the suppliers who had overpaid. NGET would need to know how much NHH had been paid for over 3000 meters. A Workgroup Member reiterated that he believed that the necessary data would not be available to NGET as it is all profiled.

4.40 The Workgroup Chair asked what would happen if a customer were to switch from NHH to HH and miss the first Triad leg? For example, if the customer were to switch in December, they would miss any first Triad leg that occurred in November. NGET would therefore not have any HH data for the first Triad leg for that customer and could only apply the HH charges to the remaining two Triad periods. This would result in some Suppliers only paying for two Triad legs, but NGET would have to pay full NHH charges back as a rebate; this would create inequality between suppliers who had switched earlier and incurred charges for the full Triad period. The Workgroup discussed whether NGET would have to pro-rata the rebate for those suppliers whose customers had switched to HH and missed the first Triad leg.

4.41 The Workgroup Chair asked Workgroup members whether there is a solution to the issues raised in order to make the WGCAR work. One Workgroup member considered that the WGCAR is not valid and actually makes things worse than CMP241 original from both a supplier and customer point of view. The RWE representative acknowledged that there are considerations to be adopted to make the WGCAR work and that from the discussions in the Workgroup it did not feel as though it could readily work with the data available. They also recognised that there is a customer impact and confirmed that this was not the intention.

4.42 The Workgroup Chair asked Workgroup members to vote on whether to take the WGCAR forward. The Workgroup voted unanimously not to progress the WGCAR on the grounds it is not workable and therefore does not better facilitate the ACOs. No further suggestions of alternatives were raised by Workgroup Members.

5 Impacts

Impact on the CUSC

5.1 CMP241 requires amendments to the following parts of the CUSC:

- Section 14 – Charging Methodology

5.2 The text required to give effect to this proposal is contained in Annex 9 of this document.

Impact on Greenhouse Gas Emissions

5.3 Neither the Proposer nor the Workgroup identified any material impacts on Greenhouse gas Emissions.

Impact on Core Industry Documents

5.4 Neither the Proposer nor the Workgroup identified any impacts on Core Industry Documents.

Impact on other Industry Documents

5.5 Neither the Proposer nor the Workgroup identified any impacts on other Industry Documents.

6 Proposed Implementation

6.1 It is proposed that CMP241 should be implemented in line with the agreed urgent timetable, on or before 1st April 2015.

6.2 The Workgroup discussed whether a Workgroup Alternative CUSC Modification proposal should be raised to address the potential issue of retrospective implementation. The concern was that parties may not be aware of the potential change taking place from 1st April 2015 if the Authority were to make its decision after that date. The Workgroup agreed to proceed with an implementation date of 1st April 2015 and to use the Code Administrator consultation to highlight to parties that the implementation date of 1st April 2015 would remain, even if the Authority were to make its decision **after** that date.

6.3 The Workgroup discussed the implications to CMP241 if implementation of P272 is delayed. The Workgroup agreed that CMP241 should progress against the existing baseline and no contingencies would be built into CMP241 in case of changes to implementation of P272.

7 Workgroup Consultation Responses

7.1 Ten responses (including one Confidential) and one Workgroup Consultation Alternative Request (WGCAR) were received to the Workgroup Consultation. These responses and the WGCAR are contained within Annex 7 and 8 of this report. The following table provides an overview of the responses received.

Respondent	Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
British Gas	• Yes. CMP241 better facilitates objectives (a), (b) and (c) for the reasons set out within the Workgroup Consultation	• Yes.	• Suppliers would be able to provide metering data for Measurement Class E meters which were originally within Profile Classes 5-8 and have been moved to being settled prior to 1st April 2015. • We would be able to treat HH settled meters as NHH settled meters for the purpose of charging TNUoS. • We don't envisage system changes
EDF Energy	• Yes. Predictable charges contribute to effective competition. • Double-application of TNUoS charges is not cost-reflective, so therefore fixing this issue would seem to facilitate (b). • CMP241 minimises impact on Suppliers of BSC proposal better facilitating (c).	• Yes.	• Yes to question 5 (although not relevant to our own situation. • Yes we will be able to treat HH settled meters as NHH settled meters within our own systems for the purpose of charging TNUoS. • We do envisage system changes. Costs identified so far, to main central settlement costs, may come to about £30k. There may be further business billing system costs but we are not able to provide these at such short notice.
EON	• Yes. Better facilitates (a) by ensuring Suppliers are not subject to high TNUoS charges for certain customers. • Better facilitates (b) as its cost reflective prior to 1 April 2016. • Better facilitates (c) and is neutral to (d).	• Yes	• Question 5 may not be applicable to us. • We do not anticipate there will be any issues for us in billing our customers appropriately. • We have not identified any system changes at this point.
Gazprom Marketing &	• Yes. Supportive of CMP241 and its	• Yes.	• Suppliers would be able to provide metering data for

Respondent	Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
Trading Retail Ltd	implementation date. • It better facilitates Applicable CUSC Objectives (a), (b) and (c). • In particular, CMP241 will contribute to a smoother and more efficient implementation of P272.		Measurement Class E meters which were originally within Profile Classes 5-8 and have been moved to being settled prior to 1st April 2015. • Yes we will be able to treat HH settled meters as NHH settled meters within our own systems for the purpose of charging TNUoS. • We don't envisage any system changes.
Haven Power	• Yes. Ensures predictability of charges and reduces uncertainty for 2015/16 charging year. • CMP241 doesn't necessarily facilitate effective competition. • However, it aids reflective charging and allows for the smooth introduction of P272 by minimising impact on Suppliers.	• Yes.	• We would welcome the accuracy of forecasts provided by suppliers to be scrutinised. • We would like to see a contingency In the legal text if the April 2016 deadline of transferring meters wasn't met by industry. • We note the concerns expressed by the Workgroup, however a lot of fears stem directly from P272. This is a separate modification and we support the intent behind it. • Yes, Suppliers would be able to provide metering data for Measurement Class E meters which were originally within Profile Classes 5-8 and have been moved to being settled prior to 1st April 2015. • Yes we will be able to treat HH settled meters as NHH settled meters within our own systems for the purpose of charging TNUoS. • We do not foresee any issues in our billing systems as a result of CMP241.
Opus Energy Ltd	• Yes.	• Yes.	• We support CMP241. If not implemented, there will be a materially detrimental impact upon consumers. • The addition on loss adjustments to the meter level reads needs consideration. • Profiling the consumption in line with the current NHH volume settlement could also be investigated for

Respondent	Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
			charging purposes. • Yes, Suppliers would be able to provide metering data for Measurement Class E meters which were originally within Profile Classes 5-8 and have been moved to being settled prior to 1st April 2015. • Yes we will be able to treat HH settled meters as NHH settled meters within our own systems for the purpose of charging TNUoS. • We don't envisage any system changes.
RWE Npower	• We do not believe CMP241 has any impact on objective (a). • Better facilitates (b) as intended charges will reflect the costs incurred by transmissions licensees in their transmission business. • Neutral to objective (c) and (d).	• No. We're not supportive of the proposal as it has adverse impacts on customers. • Timescales do not enable system development to support the required pricing and billing arrangements.	• There are other industry changes that impact a number of internal systems: EMR, Nexus & P272. • We urge Ofgem to consider this change alongside the P272 implementation date consultation. • **We have raised a WG alternative request.** • We can provide a view of MPAN and consumption data with a MC E effective from data of =<01/04/2015. How will this data be validated by National Grid? • It is not possible to treat actual HH settled meters as NHH settled meters within our systems for the purpose of charging TNUoS. • The likely cost and time implications of system changes to support CMP241 would be high and lengthy. This is not possible to achieve within the short timescales available.
Scottish Power	• Yes. Provides a clear approach for Suppliers to follow, however there are potential consequential impacts on competition in Retail market. • CMP241 eliminates the issue around double collection of revenue, however given that some HH suppliers shall be	• Yes.	• CMP241 will add complexity to TNUoS charging for some customers. • Significant work will be required to communicate these changes to customers effectively. • How this is reflected is 2 or 3 year contracts add complexity. • It could add cost uncertainty for customers who may have to revise their assumptions on

Respondent	Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
	attracting the NHH TNUoS charging mechanism, it does not deliver a fully cost reflective model. • Could have a negative impact on competition with the I&C Market, on customer perception of the benefits of P272 as a whole and on the price reflectivity of customer contracts. • Neutral to (c) and (d).		TNUoS costs. • Triad avoidance benefits will be lost which could result in higher costs. • A potential issue is that any Supplier gaining a HH site after 1st April 2015 might not be able to identify if that site was PC5-8 or otherwise prior to 1st April 2015. • Our billing system shall require significant development in order to fulfil 'Pass Through' contracts by applying NHH TNUoS charges to bills for HH settled sites. • CMP241 would also impact how our system that validates demand charges would operate in 2015/16 financial year. • We have calculated likely system cost and time implications outlined within the response.
SSE	• Yes. CMP241 better facilitates objectives (a), (b), (c) and is neutral with respect to (d). • Agree with the reasons provided by the Proposer.	• Yes.	• We believe we have no metering systems currently settled on Measurement Class E and therefore cannot comment on whether Suppliers are able to provide the metering data. • We understand that there are three broad options in terms of system changes. Two of these options cost in the region of £15k each and would take about a month each to complete. The third option would cost in the region of £40k and take three months to complete.
Private & Confidential response	• No comment	• We support the change in principle as it aims to reduce the liability of customers and suppliers to the TNUoS charge.	• Timetable does not give Suppliers an opportunity to collect data and consider impacts accurately. • Suppliers would be able to provide metering data for Measurement Class E meters which were originally within Profile Classes 5-8 and have been moved to being settled prior to 1st April 2015. • We believe it will be possible for us to manage the vast majority of the

Respondent	Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
			disruption through our internal processes without major system changes.

8 Views

Workgroup view

8.1 The Workgroup believes that the Terms of Reference have been fulfilled and that CMP241 has been fully considered. On 10th March 2015, the Workgroup voted unanimously that CMP241 better facilitates the Applicable CUSC Objectives than the baseline and so should be implemented.

8.2 For reference the CUSC Objectives for the Use of System Charging Methodology 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.

National Grid initial view

8.3 National Grid considers that CMP241 better facilitates Applicable CUSC Objective (a) in that it seeks to provide more predictable charges and reduce uncertainty and (b) by avoiding charging part year for Non Half-Hourly and potentially full year for Half-Hourly is more cost reflective. CMP241 also seeks to facilitate the smooth introduction of BSC Modification P272 by minimising transitional impacts on Suppliers which better facilitates CUSC Objectives (a) and (c). CMP241 also seeks to avoid over recovery by National Grid and so therefore facilitates objective (c).

Workgroup Vote

8.4 The Workgroup met on 10th March 2015 and voted unanimously that CMP241 better facilitates the Applicable CUSC Objectives and should be implemented, as set out in the table below. One Workgroup Member expressed concerns over consequential customer impacts of CMP241 as highlighted in RWE's Workgroup Consultation response and reiterated in the comments section below.

WG Member	(a)	(b)	(c)	(d)	Overall
Stuart Boyle	Yes	Yes	Neutral	Neutral	Yes
Garth Graham	Yes	Yes	Neutral	Neutral	Yes
Bernard Kellas	Yes	Yes	Neutral	Neutral	Yes
Guy Phillips	Yes	Yes	Yes	Neutral	Yes
Richard Mawdsley	Yes	Yes	Neutral	Neutral	Yes
Herdial Dosanjh	Neutral	Yes	Neutral	Neutral	Yes
Andy Kelsall	Yes	Yes	Neutral	Neutral	Yes

8.5 Some Workgroup Members provided commentary on their voting, as set out in the comments below.

Andy Kelsall: CMP241 better facilitates objective (a) as although it does have consequential impacts, overall it will better facilitate competition. It also better facilitates objective (b) as it will eliminate the over recovery of revenue.

Guy Phillips: In addition to better facilitiating objectives (a) and (b), CMP241 will also better facilitate objective (c) as NGET has to respond to the issues raised by P272.

Herdial Dosanjh: Although CMP241 does better facilitate the CUSC objectives overall, there are concerns over the customer and system impacts identified. These were outlined in RWE's response to the Workgroup Consultation.

Annex 1 – CMP241 CUSC Modification Proposal Form

CUSC Modification Proposal Form (for Charging Methodology Proposals) CMP241

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Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal

TNUoS Demand Charges during the Implementation of P272

Submission Date

23rd February 2015

Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

Following Ofgem's approval of BSC Modification P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8', it will be mandatory for Import Meters with an Advanced Meter on Profile Classes (PCs) 5-8 to become Half Hourly (HH) settled by April 1st 2016.These will be registered to either Measurement Class (MC) E (if current transformer metered) or MC G (if whole current metered).

Annual TNUoS demand liabilities are calculated based on the actual metered demand multiplied by the tariff for the zone the demand is located, the tariff being specific to Non Half Hourly (NHH) or HH settled meters.

NHH demand is calculated as the total of daily demand between 4pm and 7pm throughout the year. HH demand is calculated as the average demand taken over the three peak half hour settlement periods (Triads) between the start of November and the end of February.

To implement P272, the industry has decided that customers will be moved across gradually throughout the charging year, rather than in one block at the end. When customers move within year, under the current TNUoS charging methodology a Supplier will be liable for the NHH demand on a metering system from when it was NHH settled and the HH demand on a metering system from when they were transitioned across. For example, if the metering system was moved across in October they will be liable for six months of all NHH charges and liable for all of the HH charges as they will be HH settled for the whole Triad season.

This will mean that the liability for that Supplier (and consumer if these costs are passed on) will be considerably higher than what they would have been if they had either been solely NHH settled or HH settled for the full year. As well as changing liabilities for Suppliers if liabilities are higher than what was assumed when finalising TNUoS tariffs for 2015/16 this will lead to over recovery of TNUoS revenue. This over recovery will also feed through to tariffs for 2017/18 leading to increased tariff volatility.

We estimate that if all metering systems affected by P272 moved across at the end of October 2015, TNUoS demand liabilities for 2015/16 will increase by around £67m without this

modification. This is based on historical average demand per month and NHH, HH demand being as per forecasted when finalising TNUoS Demand tariffs for 2015/16.

This is a current issue, but due to the very small numbers of Metering Systems that are migrated from NHH to HH, this is usually manageable by the Supplier to avoid the additional TNUoS charge.

Description of the CUSC Modification Proposal

It is proposed that for 2015/16, Profile Classes 5-8 (around 190k Metering Systems) which move to being HH settled after the 1st April 2015 will be treated as NHH for the 2015/16 charging year for the purposes of TNUoS charging. The annual TNUoS liability for these classes will be based on daily demand taken between the hours of 4-7pm for the whole year.

For those Metering Systems that are currently on MC E which are elective HH settled before the 1st April 2015 (around 3k Metering Systems), we will treat these as HH settled for the purposes of calculating the actual annual liability for 2015/16 only if Suppliers provide verified metered demand data between for the hours 4-7pm for those consumers. By providing this data it enables the backing out the NHH demand for that Supplier and calculates HH demand as Triads occur between 4.30pm and 6pm. If Suppliers do not provide the data the charges will be calculated as NHH. The Supplier will have until end of September 2015 to decide if they wish to opt for this including relevant customers/meters, and then the end of April 16 to notify the volumes. This is necessary to avoid the situation where a Supplier can make a commercial decision post event based on the more favourable liability.

As of 2016/17 all consumers who are Half Hourly settled will be treated as such for the purposes of TNUoS charging.

It is suggested that the legal drafting be developed so that it is robust to any change in the April 2016 implementation date.

Impact on the CUSC

Section 14 Charging Methodology.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes / No

No.

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

BSC ☐

Grid Code ☐

STC ☐

Other ☐
(please specify)

No changes to the BSC or its configurable items have been identified and it is unlikely that any will be required. However the modification will remove a concern of Suppliers regarding the implementation of P272. Furthermore data will be required from Elexon to allow National Grid to reconcile the forecast and metered positions of the affected metering systems.

Urgency Recommended:

Yes

Justification for Urgency Recommendation

An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

a) *A significant commercial impact on parties, consumers or other stakeholder(s); or*
b) *A significant impact on the safety and security of the electricity and/or has systems; or*
c) *A party to be in breach of any relevant legal requirements.*

You can find the full urgency criteria on the Ofgem's website:
http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance

Suppliers build into the tariffs an estimate of TNUoS liabilities. The transition of consumers from being NHH to HH settled can happen at any time throughout the year. Any uncertainty over the TNUoS liabilities will create a risk to Suppliers. This risk may be passed on to the end consumer through the tariffs the Supplier levy. Therefore knowing what liabilities will apply before fixing tariffs will be beneficial to both the Supplier and subsequently the end consumer.

Suppliers are required to provide changing volume forecasts to National Grid on which their TNUoS charges are invoiced throughout the year. The difference between actual and forecast demand is subject to interest and also affects the amount of credit that a Supplier needs to put in place for the following charging year.

Therefore Suppliers need to know how different classes of customers will be treated from a charging perspective to provide accurate forecasts to NGET and reflect these charges in their commercial positions accurately. Inaccurate forecasts will impact on Supplies charges, cash flows and future liabilities and securities.

Implementation before the start of the 2015/16 charging year reduces the transitional impact of P272 from a TNUoS charging perspective close to 0. Implementation within the 2015/16 charging year will impact on the Industry with this impact being potentially greater as the year progresses.

There is merit in discussing the modification with the industry as part of the modification process to ensure this modification does not cause an unforeseen impact on Suppliers.

We believe that the above meets the Urgency criteria in principle. Treating this proposal as non-urgent is likely to introduce a six month delay to implementation. We believe that this Proposal should be implemented as soon as possible in the 15/16 charging year to ensure forecasts are accurate.

Self-Governance Recommended:

No

Justification for Self-Governance Recommendation

N/A

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

We do not believe this impact on any ongoing SCR.

Impact on Computer Systems and Processes used by CUSC Parties:

N/A

Details of any Related Modification to Other Industry Codes

NGET is in discussion with Elexon and there may be a related BSC proposal that facilitates data exchange, although this is not expected to be urgent if required, as Suppliers are initially invoiced based on their own forecasts.

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives for Charging:

Please tick the relevant boxes and provide justification for each of the Charging Methodologies affected.

Use of System Charging Methodology

x (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;

x (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);

x (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.
These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Full justification:

Predictable charges contribute to effective competition and reducing uncertainty reduces end user premiums therefore better facilitating (a).

Avoiding changing part year for NHH and then also for HH is more cost reflective, this better facilitates (b).

The proposal facilitates the smooth introduction of a BSC proposal by minimising the transition impact on Suppliers from a TNUoS charging perspective better facilitating both objectives (a) and (c).

The proposal seeks to avoid over recovery by NGET and so therefore facilitates meeting NGET licence objectives which better facilitates objective (c).

Connection Charging Methodology

☐ (a) that compliance with the connection 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 connection 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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);

☐ (c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;

☐ (d) in addition, the objective, in so far as consistent with sub-paragraphs (a) above, of facilitating competition in the carrying out of works for connection to the national electricity transmission system.

☐ (e) 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.

Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Full justification:

Additional details

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission Plc
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	 Damian Clough NGET 01926656416 Damian.Clough@nationalgrid.com

Details of Representative's Alternate:	
Name:	Alex Haffner
Organisation:	NGET
Telephone Number:	01926655838
Email Address:	Alex.Haffner@nationalgrid.com
Attachments (Yes/No): **If Yes, Title and No. of pages of each Attachment:**	

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail cusc.team@nationalgrid.com

Phone: 01926 653606
For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to jade.clarke@nationalgrid.com and copied to cusc.team@nationalgrid.com, or by post to:

Jade Clarke
CUSC Modifications Panel Secretary, TNS
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.

Annex 2 – Workgroup Terms of Reference

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Workgroup Terms of Reference and Membership
TERMS OF REFERENCE FOR CMP241 WORKGROUP

CMP241 aims to treat Profile Classes 5-8 which move to being Half-Hourly settled after 1st April 2015/16 Charging Year for the purposes of TNUoS charging to avoid liabilities being higher than originally forecast. CMP241 is recommended by the CUSC Modifications Panel to be progressed as an Urgent CUSC Modification Proposal and to follow an expedited timetable.

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal **241 'TNUoS Demand Charges during the Implementation of P272'** tabled by National Grid Electricity Transmission Plc at a special CUSC Modifications Panel meeting held on 25th February 2015.

2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

Use of System Charging Methodology

(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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.
These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

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).

3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.

5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:

a) Assess Suppliers ability to provide metering data for Measurement Class E meters, which were originally within Profile Classes 5-8 and have moved to being Half Hourly settled prior to April 1st 2015
b) Assess how Suppliers obtain demand data per meter and how this then feeds through to the end consumer bill with the objective of; determining whether a Supplier can treat actual HH settled meters as NHH settled meters within their own systems for the purposes of applying TNUoS charges
c) In relation to a) and b) determine if there are any necessary changes to systems to aid the implementation of the modification and if so; the timescales and likely costs of any changes
d) Implementation
e) Review illustrative legal text

6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.

7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.

8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.

9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.

10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be

for a period of 3 Working days in accordance with the timetable for urgency recommended by the CUSC Modifications Panel.

11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on 12th March 2015 for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel at a special meeting on 13th March 2015.

Membership

13. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	Patrick Hynes	
*National Grid Representative**	Damian Clough	National Grid
*Industry Representatives**	TBC	TBC
	TBC	TBC
	TBC	TBC
	TBC	TBC
	TBC	TBC
	TBC	TBC
	TBC	TBC
	TBC	TBC
Authority Representatives	TBC	TBC
Technical secretary	Jade Clarke	Code Administrator
Observers		

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The Chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP241 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.

15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise. There may be up to three rounds of voting, as follows:

- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
- Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal*;*
- Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.

17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.

18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.

19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1 – Indicative Workgroup Timetable

The following timetable is indicative for CMP241

23 February 2015	CUSC Modification Proposal and request for Urgency submitted
25 February 2015	CUSC Panel considers Proposal and request for Urgency
25 February 2015	Panel's view on urgency submitted to Ofgem for consultation
25 February 2015	Request for Workgroup members (2 Working days)
27 February 2015	Ofgem view on urgency provided
2 March 2015	Workgroup meeting 1
4 March 2015	Workgroup Consultation issued (3 Working days)
9 March 2015	Deadline for responses
10 March 2015	Workgroup meeting 2
12 March 2015	Workgroup report issued to CUSC Panel

13 March 2015	Special Panel meeting to approve report
13 March 2015	Code Administrator Consultation issued (2 Working days)
17 March 2015	Consultation closes
18 March 2015	Draft FMR published for industry comment (1 working day)
19 March 2015	Deadline for comments
20 March 2015	Draft FMR circulated to Panel (1 working day review)
23 March 2015	Special Panel meeting for Panel Recommendation Vote
23 March 2015	Final FMR circulated for Panel comment
24 March 2015	Deadline for Panel comment (1 working day review)
25 March 2015	Final report sent to Authority for decision
31 March 2015	Indicative Authority Decision due (4 working days)
1 April 2015	Implementation Date

Annex 3 – Urgent timetable for CMP241

The agreed urgent timetable for CMP241 is as follows;

23 February 2015	CUSC Modification Proposal and request for Urgency submitted
25 February 2015	Special CUSC Panel meeting to discuss Modification
25 February 2015	Panel's view on urgency submitted to Ofgem for consultation
26 February 2015	Ofgem view on Urgency provided
2 March 2015	Workgroup meeting 1
4 March 2015	Workgroup Consultation issued (3 working days)
9 March 2015	Deadline for responses
10 March 2015	Workgroup meeting 2
12 March 2015	Workgroup report issued to CUSC Panel
13 March 2015	Special Panel meeting to approve report
13 March 2015	Code Administrator Consultation issued (2 working days)
17 March 2015	Deadline for responses
18 March 2015	Draft FMR published for industry comment (1 working day)
19 March 2015	Deadline for comments
20 March 2015	Draft FMR circulated to Panel (1 working day)
23 March 2015	Special Panel meeting for Panel recommendation vote
24 March 2015	Deadline for Panel comment
25 March 2015	Final report sent to Authority for decision
31 March 2015	Indicative Authority Decision due (4 working days)
1 April 2015	Implementation date

Annex 4 – Panel Urgency Request to Authority

White House,
24 Upper West Street,
Reigate,
Surrey
RH2 9BU
Home: 01737 242960
Mobile Telephone Number: 07770 341581
e-mail: miketoms53@btinternet.com

Abid Sheikh
Industry Codes Manager
Ofgem
By email

25 February 2015

Dear Abid

CUSC Modifications Panel Views on request for Urgency for CMP241: TNUoS Demand Charges during the Implementation of P272.

On 23rd February 2015, National Grid Electricity Transmission plc raised CMP241, with a request for the proposal to be treated as an Urgent CUSC Modification Proposal. The CUSC Modifications Panel ("the Panel") considered CMP241 and the associated request for urgency at a special CUSC Modifications Panel held by teleconference on 25th February 2015. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends, should the Authority grant urgency.

Request for Urgency
The Panel considered the request for urgency with reference to Ofgem's Guidance on Code Modification Urgency Criteria. The majority view of the Panel is that CMP241 should be treated as an Urgent CUSC Modification Proposal, for the reasons set out below:

- CMP241 refers to an imminent issue;
- The issues addressed by CMP241 may cause a significant impact on parties, consumers or other stakeholders

In the discussion, members of the Panel also noted a few concerns over granting urgency, set out below;

- Using an urgent process holds an inherent risk of unintended consequences, which may arise due to there being insufficient time for all aspects of a Modification Proposal to be considered;
- Urgency creates a situation with short consultation periods, as much as possible should be done to inform relevant parties of when these consultations will be issued.

Procedure and Timetable
The Proposer included a proposed timeline with the Modification Proposal, which set out recommended process steps and dates. Having agreed to the principle of urgency, the Panel discussed an appropriate process. The Panel agreed that CMP241 would require a Workgroup and subject to Ofgem's decision on Urgency and a Workgroup meeting being moved a day earlier within the Proposed timetable, an additional day should be given to the Workgroup Consultation.

The Panel Members agreed that, if the Authority were to grant Urgency, the timetable attached should be used. Panel Members noted that the timetable assumes two decisions to be provided by the Authority by certain dates, including a decision on this Urgency request by 26th February 2015. We appreciate that it is not within the gift of the Panel to require this to happen.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response.

Yours sincerely

Michael Toms
CUSC Panel Chair

Appendix: Proposed Process and Timetable for Urgency

23 February 2015	CUSC Modification Proposal and request for Urgency submitted
25 February 2015	CUSC Panel considers Proposal and request for Urgency
25 February 2015	Panel's view on urgency submitted to Ofgem for consultation
25 February 2015	Request for Workgroup members (2 Working days)
26 February 2015	Ofgem view on urgency provided
2 March 2015	Workgroup meeting 1
4 March 2015	Workgroup Consultation issued (3 Working days)
9 March 2015	Deadline for responses
10 March 2015	Workgroup meeting 2
12 March 2015	Workgroup report issued to CUSC Panel
13 March 2015	Special Panel meeting to approve report
13 March 2015	Code Administrator Consultation issued (2 Working days)
17 March 2015	Consultation closes
18 March 2015	Draft FMR published for industry comment (1 working day)
19 March 2015	Deadline for comments
20 March 2015	Draft FMR circulated to Panel (1 working day review)
23 March 2015	Special Panel meeting for Panel Recommendation Vote
23 March 2015	Final FMR circulated for Panel comment
24 March 2015	Deadline for Panel comment (1 working day review)
25 March 2015	Final report sent to Authority for decision
31 March 2015	Indicative Authority Decision due (4 working days)
1 April 2015	Implementation Date

Annex 5 – Authority Response to Panel Urgency Request

Making a positive difference
for energy consumers

Michael Toms
CUSC Panel Chair
c/o National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

Direct dial: 020 7901 7223
Email: kersti.berge@ofgem.gov.uk

Date: 27 February 2015

Dear Mr. Toms,

CUSC Modifications Panel request for urgency for CMP241: '*TNUoS Demand Charges during the Implementation of P272*'

On 25 February 2015 the Connection and Use of System Code (CUSC) Modifications Panel (the Panel) requested that modification proposal CMP241: '*TNUoS Demand Charges during the Implementation of P272*' should be treated as an urgent modification proposal.

This letter sets out our decision ***granting*** the request for urgency.

Background to the proposal

The electricity settlement process determines how much suppliers pay for the energy that their customers use in each half hour of the day. The majority of electricity consumers do not have meters that can record half-hourly (HH) consumption data; therefore they are settled non-half-hourly (NHH) using estimates of their consumption in each half hour. These estimates are based on a consumer's total consumption and its assumed load profile (ie how its total consumption is spread over time), which is determined by a consumer's 'Profile Class'.

NHH consumers are assigned to one of eight Profile Classes, based on their expected consumption pattern and meter type. For example, most domestic consumers are assigned to Profile Class 1, but domestic consumers with an Economy 7[1] meter are assigned to Profile Class 2. As well as setting a consumer's assumed load profile (for the purposes of estimating its HH consumption), a consumer's Profile Class also determines its distribution use of system tariff.

Since 6 April 2014, suppliers have had a licence obligation to supply consumers in Profile Classes 5-8 (who are generally considered to be larger non-domestic consumers) through a HH-capable advanced meter. In October 2014, we approved Balancing and Settlement Code (BSC) modification proposal P272. According to this proposal, suppliers will be required to settle consumers in Profile Classes 5-8 using HH consumption data from 1 April 2016. As part of the P272 solution, and to meet the 1 April 2016 implementation date, suppliers will need to move consumers in Profile Classes 5-8 from

[1] Economy Seven meters track energy consumption during the day and during the night separately. This allows consumers to access cheaper rates for energy consumed during the night.

NHH settlement to HH settlement during the 2015/16 charging year, ie. the year from 1 April 2015. These consumers will therefore spend part of the year under NHH settlement and part of the year in HH settlement. Under the current charging arrangements, this move from NHH to HH settlement could result in suppliers being over charged for transmission use of system (TNUoS) charges. This is due to the different ways in which TNUoS charges are levied in respect of HH and NHH consumers.

TNUoS charges recover costs in respect of constructing and maintaining the GB electricity transmission system. They are levied on suppliers in respect of their customers' use of the transmission system. The way in which consumers are settled (ie. whether HH or NHH) determines the way in which TNUoS charges are calculated. For NHH consumers, charges are based on use of the network each day between 16:00 and 19:00. However, for HH consumers, TNUoS charges are based on use of the network at 'Triad', the three points of peak demand during the charging year. These normally occur in the latter half of the charging year. So, under the current charging arrangements, if a consumer moves from NHH to HH settlement before Triad, its supplier will be subject to a full year's HH TNUoS charge, but will also receive a NHH TNUoS charge for the part of the year in which the consumer was NHH metered.

Suppliers are required to provide demand forecasts to National Grid Electricity Transmission (NGET). The TNUoS charges levied by NGET on them are based on these forecasts and invoiced throughout the charging year. The difference in charges between actual and forecast demand is subject to interest and also affects the amount of credit that a supplier needs to put in place for the following charging year.

The proposal

NGET proposed CMP241 on 23 February 2015. CMP241 seeks to avoid overcharging as suppliers implement P272 following our recent decision to approve this modification. CMP241 proposes that consumers who move from NHH to HH settlement during a charging year are settled as a NHH consumer for the full year. This will avoid suppliers being overcharged by receiving a full year's HH TNUoS charge and a part year's NHH TNUoS charge in respect of a given consumer and, ultimately, such charges being passed on to consumers.

CMP241 also seeks to remove uncertainty about TNUoS liabilities for suppliers. Suppliers need to know how different classes of consumers will be treated from a charging perspective to provide accurate forecasts to NGET and reflect these charges in their commercial positions accurately. Inaccurate forecasts will impact on suppliers' charges, cash flows and future liabilities and securities.

NGET requested urgent treatment for the proposal to give consumers and suppliers certainty over TNUoS charges in the 2015/16 charging year.

Panel Discussion

The Panel discussed CMP241 at its meeting on 25 February 2015. Panel members agreed that failure to take action could result in over charging of suppliers for their customers in Profile Classes 5-8 and that failure to address this issue expediently will result in significant uncertainty for suppliers and consumers. Panel members raised concerns about the short consultation period proposed but, ultimately, they agreed that CMP241 should be progressed as an urgent modification because not addressing the issues may cause a significant impact on consumers, suppliers or other stakeholders.[2]

[2] The Panel's letter to the Authority setting out its recommendation for urgent treatment of CMP241 is on National Grid's website here: http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP241/

Our Views

Taking into account the Panel's views, we are satisfied, that the proposal meets our criteria for urgent treatment of code modification proposals.[3] In particular, we consider that the proposal is:

Linked to an imminent issue or a current issue that if not urgently addressed may cause:

a) *a significant commercial impact on parties, consumers or other stakeholder(s);*

In our view, it is clear that this issue needs to be addressed to avoid over charging and that delay in doing so will lead to significant uncertainty for suppliers and consumers. NGET has estimated that if all metering systems affected by P272 were to change at the end of October 2015, TNUoS demand liabilities would increase by around £67m without CMP241. We therefore accept that the modification should be addressed through an urgent timetable, because failure to do so would result in a significant commercial impact on suppliers and consumers. We agree with the Panel that this outweighs concerns about the short consultation periods in the Panel's proposed urgent timetable, (eg. the risk that the change results in unintended consequences that may have been identified given a longer consultation period).

Urgency Timetable

The Authority consents to urgency on the grounds that this proposal meets the urgency criteria. We also note the urgent timetable presented by the Panel. We are happy that, given the time available, this timetable is sensible. We note the concerns of Panel members about the risks of processing a modification through an urgent timetable, especially the impact of shortened consultation periods. We note that the urgent timetable seeks to maximise, to the extent possible, consultation periods with industry as well as the use of a Workgroup to discuss the modification. We encourage the CUSC Code Administrator to do as much as possible to inform industry of when consultations are to be issued to ensure appropriate levels of engagement.

For the avoidance of doubt, in accepting this request for urgency, we have made no assessment of the merits of the modification proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of this modification proposal.

Yours sincerely,

Kersti Berge
Partner, Transmission
Duly authorised on behalf of the Authority

[3] Our urgency criteria are set out here: https://www.ofgem.gov.uk/publications-and-updates/open-letter-code-modification-urgency-criteria

Annex 6 – Workgroup attendance register

Name	Company	Position	02/03/2015
Patrick Hynes	National Grid	Chair	Attend
Jade Clarke	Code Administrator	Technical Secretary	Attend
Damian Clough	National Grid	Proposer	Attend
Garth Graham	SSE	Workgroup Member	Dial-in
Bernard Kellas	SSE Energy Supply	Workgroup Member	Attend
Richard Mawdsley	Haven Power	Workgroup Member	Attend
Herdial Dosnjh	RWE Npower	Workgroup Member	Attend
Guy Phillips	E.ON	Workgroup Member	Attend
Andy Kelsall	Scottish Power	Workgroup Member	Attend
Donald Smith	Ofgem	Authority Representative	Dial-in
David Dalrymple	Scottish Power	Observer	Attend
Steven McKnight	GDF Suez	Observer	Dial-in

Annex 7 – Workgroup consultation responses

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*George Moran (george.moran@britishgas.co.uk)*
Company Name:	*British Gas*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	Yes, CMP 241 would better facilitate Applicable CUSC Charging objectives (a), (b) and (c) for the reasons set out at paragraph 1.6 of the consultation.
2	**Do you support the proposed implementation approach?**	Yes
3	**Do you have any other comments?**	No
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have**	Yes

	moved to being HH settled prior to 1st April 2015.	
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	We would be able to treat HH settled meters as NHH settled meters for the purpose of charging TNUoS.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	No

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Paul Mott
Company Name:	EDF Energy
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	Yes. Predictable charges that work in the manner that is natural, intuitive and expected, would contribute to effective competition. Baseline CUSC works in a way that is not natural or "sensible" – not as one would expect – for a mid-year transfer from NHH to HH, and the effects of many such changes could leave Suppliers of such customers, or their customers, with £40m to £70m of extra TNUoS bills that Suppliers themselves. Correcting this feature of baseline CUSC via CMP241 would better facilitate effective competition in the supply of electricity. Reducing uncertainty that arises from the unanticipated effect of what many would see as "double billing" or overcharging as a feature of in baseline, would seem to better facilitate (b) (over-charging through double-application of the cost-reflective TNUoS charges, is not cost-reflective). The proposal facilitates the smooth introduction of a BSC proposal by minimising the transition impact on Suppliers from a TNUoS charging perspective, this better facilitating objective (c) by ensuring that the use of system charging methodology, as far as is reasonably practicable, properly takes account of wider developments in transmission licensees' transmission business. Avoiding over recovery by NGET also facilitates meeting NGET's licence objectives and is another way in which CMP214 would, if passed, better facilitate objective (c).
2	**Do you support the proposed implementation approach?**	Yes
3	**Do you have any other comments?**	No

4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have moved to being HH settled prior to 1st April 2015.**	Yes (not relevant to our own situation)
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	Yes
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	Yes; the costs we can identify so far, to main central settlement costs, may come to about £30k. There may be further Supply business billing system costs - but deeply regret we could not quantify these in the extremely small time available to understand and respond to this mod.

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Guy Phillips (guy.phillips@eon-uk.com)*
Company Name:	*E.ON*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	Yes, in our view it better facilitates objective a) in that it ensures that Suppliers are not subject to higher TNUoS charges for certain customers that will transfer from NHH to HH within the charging year as part of implementing P272. Consequently it better facilitates objective b) in that the charges are more cost reflective, in so far as possible, prior to 1 April 2016. It better facilitates objective c) in so far as National Grid must take account of the implementation of P272. The proposal is neutral to objective d).
2	**Do you support the proposed implementation approach?**	Yes.
3	**Do you have any other comments?**	No.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No.

Specific questions for CMP239

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were**	This may not be applicable to us.

	originally within profile Classes 5-8 and have moved to being HH settled prior to 1st April 2015.	
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	We do not anticipate this would present any issues to us in billing our customers appropriately.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	We have not identified any system changes at this point.

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Tom Breckwoldt* *Tom.breckwoldt@gazprom-energy.com*
Company Name:	*Gazprom Marketing & Trading Retail Ltd*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	We are supportive of CMP241 and its proposed implementation date. We agree with the proposer that the Applicable CUSC objectives a), b) and c) are all better facilitated. In particular we feel that the modification will contribute to a smoother and more efficient the implementation of P272. It will do this by removing the current commercial disadvantage that suppliers/consumers will face if they migrate from NHH to HH prior to March 2016. For reference, the Applicable CUSC objectives are: Use of System Charging Methodology (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	We are supportive of CMP241 and its proposed implementation date. We agree with the proposer that the Applicable CUSC objectives a), b) and c) are all better facilitated. In particular we feel that the modification will contribute to a smoother and more efficient the implementation of P272. It will do this by removing the current commercial disadvantage that suppliers/consumers will face if they migrate from NHH to HH prior to March 2016.
2	**Do you support the proposed implementation approach?**	Yes.
3	**Do you have any other comments?**	No.
4	**Do you wish to raise a Workgroup Consultation**	No.

	Alternative request for the Workgroup to consider?	

Specific questions for CMP239

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have moved to being HH settled prior to 1st April 2015.**	Yes.
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	Yes.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	No.

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Richard Mawdsley *richard.mawdsley@havenpower.com*
Company Name:	Haven Power
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	Yes. Although this modification doesn't necessarily facilitate effective competition, we would agree that it ensures the predictability of charges and reduces uncertainty for the 2015/16 charging year. This modification aids reflective charging as it avoids the ambiguity and complexity in changing the charging principle of Non Half-Hourly meters that are to be settled Half Hourly. CMP241 does allow for the smooth introduction of P272 by minimising the impact on Suppliers and avoids over recovery by National Grid.
2	**Do you support the proposed implementation approach?**	Yes. The notion of treating Profile Classes 5-8 MSIDs which move to being Half-Hourly settled after 1st April 2015 as being Non Half-Hourly settled for all of the 2015/16 charging year avoids suppliers and consequently consumers, from greater and erroneous TNUoS liabilities.
3	**Do you have any other comments?**	Yes. We would welcome the accuracy of forecasts provided by suppliers to be scrutinised. We would also like to see a contingency plan built in to the legal text, if the 31st March 2016 deadline for transferring meters to Half-Hourly wasn't met by industry. Whilst we can appreciate some of concerns expressed at the working group, a lot of fears stem directly from P272. It is important to remember that this is a separate modification and

		Haven Power supports the intent behind it.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No.

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have moved to being HH settled prior to 1st April 2015.**	Yes.
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	Yes.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	No. We do not foresee any issues in our billing systems as a result of this modification.

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Paul Bedford
Company Name:	Opus Energy Ltd
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	Yes
2	**Do you support the proposed implementation approach?**	Yes
3	**Do you have any other comments?**	We support CMP241. If not implemented, we believe that there would be a materially detrimental impact upon consumers. The addition on loss adjustments to the meter level reads needs consideration. Profiling the consumption in line with the current NHH volume settlement could also be investigated for charging purposes.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were**	Yes

	originally within profile Classes 5-8 and have moved to being HH settled prior to 1st April 2015.	
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	Yes
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	No

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

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Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Herdial Dosanjh 07827 896 093 herdial.dosanjh@npower.com
Company Name:	RWE npower
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	(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; We do not believe this change has any impact on this objective. (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection); We believe CMP241 does facilitate this objective as the intended charges will reflect as reasonably practicable the costs incurred by transmission licensees in their transmission businesses. (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. We believe that this change is neutral to this objective. (d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. We believe that this change is neutral to this objective.

2	**Do you support the proposed implementation approach?**	We do not support the proposed implementation approach due to the adverse impacts it will have on our customers. The timescales do not enable any system development to support the required pricing and billing arrangements. This would lead to adverse service impacts to customers due to the complexity that would need to be managed for this change in the short term.
3	**Do you have any other comments?**	In addition to the above we currently have a number of industry changes in progress which also impact a number of internal systems: EMR, Nexus & P272. A request to extend the end of date associated to P272 is currently in progress which could result in a reduced number of meters being migrated from NHH to HH within the 15/16 charging year. We urge Ofgem to consider this change alongside the P272 implementation date consultation and ensure a robust consistent decision is made across both CMP241 and P272. Whilst we have chosen to raise a WG alternative we also want Ofgem to effectively make a decision including P272 extension request. This may be a point of discussion for the WG to consider an alternative approach which extrapolates a solution to include the 16/17 TNUoS charging year or remove the 15/16 year completely.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	*If yes, please complete a WG Consultation Alternative Request form, available on National Grid's website[1], and return to the CUSC inbox at cusc.team@nationalgrid.com* Alternative option included as part of the consultation response submission.

Specific questions for CMP239

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have moved to being HH settled**	We can provide a view of MPANs and consumption data with a MC E effective from data of =<01/04/2015. Question: How will this data be validated by National Grid?

[1] http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/forms_guidance/

	prior to 1st April 2015.	
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	It is not possible to treat actual HH settled meters as NHH settled meters within our systems for the purpose of charging TNUoS. Customers will either need to be priced and billed as HH or NHH. It is not possible to mix and match across the meter types in the short term.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	The likely cost and time implications of system changes to support CMP241 would be high and lengthy. This is not possible to achieve within the short timescales available. In addition if this approach were adopted it would result in customers not being able to be migrated to HH under P272 until system changes were implemented. This would compromise our ability to achieve the P272 objective and associated timescales.

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

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Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Thomas Connolly Thomas.connolly@scottishpower.com 0141 614 3398
Company Name:	Scottish Power
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	(a) We agree this proposal provides a clear and consistent approach for all Suppliers to follow, however there are potentially consequential impacts on competition in the Retail market which we expand on below. (b) We agree this proposal does eliminate the issue around the double collection of revenue, however given that some HH supplies shall be attracting the NHH TNUoS charging mechanism, this does not deliver a fully cost reflective model. (c) Neutral. (d) Neutral.
2	**Do you support the proposed implementation approach?**	We agree with the proposed implementation approach. The proposed solution mitigates the issue of double collection of HH and NHH TNUoS revenues, however a number of other issues have been identified below.
3	**Do you have any other comments?**	This change will add complexity to TNUoS charging for some customers as HH supplies shall in fact be incurring NHH TNUoS charges. Significant work will be required to communicate these changes to customers effectively as part of the wider communication strategy for customers, especially given this change will only apply for the transitional period of P272. How this temporary aspect of this change is reflected in 2 or 3 year contracts is an additional area of complexity and concern. This change could introduce cost uncertainty for customers who may have to make revisions to their assumptions on

		TNUoS costs for the first year of being HH settled. Furthermore, by incurring NHH TNUoS charges the ability of new HH customers to gain the financial benefits involved in Triad avoidance via Demand Management will be removed and, in certain circumstances, could result in higher TNUoS costs for customers than they would have incurred under the HH mechanism. For the reasons given above, we consider that this change could have a negative impact on competition with the I&C Market, on customer perception of the benefits of P272 as a whole and on the price reflectivity of customer contracts.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have moved to being HH settled prior to 1st April 2015.**	This would not be an issue for ScottishPower. In general, Suppliers should be able to provide data to National Grid as they will, in theory, be receiving HH consumption data from their appointed Data Collectors. One potential issue that has been identified with the proposed process is that any Supplier gaining an HH site (Measurement Class E) after 1st April 2015 might not be able to identify if that site was PC5-8 or otherwise prior to 1st April 2015. Therefore the gaining Supplier might not know how the losing Supplier elected to treat that sites TNUoS charging.
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	Currently, this would not be possible without significant development to ScottishPower's Pricing and Billing systems in order to reflect the appropriate charging, based on the proposed method. For customer's requesting 'Rolled-Up' contracts we require development of our Pricing System to accurately reflect NHH TNUoS charges within HH Pricing. There is an added complication of reflecting NHH TNUoS charges and HH TRIAD costs with 2 and 3 year contracts (i.e. contracts which span Winter 2015/16 and 2016/17 which would incur both charging mechanisms). Our Billing System shall require development is order to

		fulfil 'Pass Through' contracts by applying NHH TNUoS charges to bills for HH settled sites. We also use a system to validate TNUoS demand charges from National Grid and the proposed change would impact how the system operates for financial year 2015/16.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	Given the short timescales for submission of this response a more detailed assessment of the impacts will be required and, when performed, this may identify more efficient solutions or additional obstacles especially given that this is a temporary/transitional change and not an enduring solution. We have, however, assessed the changes required and, referencing the costs and lead times for changes of a similar scale and complexity our initial view of likely system costs and time implications are set out below. Pricing System – c£50k with 3-6 months lead time. Billing System – £60k to £120k with 3-6 months lead time. Validation System - £15k with 3-4 months lead time. Total - £125k to £185k with 3-6 month lead time.

CUSC Workgroup Consultation Response Proforma

CMP241 'TNUoS Demand Charges during the Implementation of P272'

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.

This is an urgent Modification and will have a reduced period for consultation of 3 working days in line with the agreed timetable. Please send your responses by **5:00pm** on **9th March 2015** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Garth Graham (garth.graham@sse.com)*
Company Name:	*SSE*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	Yes, we believe that CMP241 does better facilitate the Applicable CUSC Objectives; and in particular (a), (b) and (c). It is neutral with respect to (d). In coming to this view we agree with the reasoning provided by the Proposer in the CMP241 proposal itself under 'Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives for Charing'.
2	**Do you support the proposed implementation approach?**	We note the proposed implementation approach set out in Section 6 of the consultation document. We support this proposed implementation approach.
3	**Do you have any other comments?**	We have no additional comments at this time.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	No

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have**	We believe we have no metering systems currently settled on Measurement Class E and therefore cannot comment on whether Suppliers would be able to provide the metering data.

	moved to being HH settled prior to 1st April 2015.	
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	We understand that there are three broad options for proceeding with this change in terms of system changes. Two of these options cost in the region of £15k each and would take in the region of one month each to complete. The third change would cost in the region of £40k and take some three months to complete.

CUSC Workgroup Consultation Response Proforma

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Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	
Company Name:	*Private and Confidential*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Use of System Charging Methodology** (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

Standard Workgroup Consultation questions

Q	Question	Response
1	**Do you believe that CMP241 better facilitates the Applicable CUSC Charging objectives?**	No comment
2	**Do you support the proposed implementation approach?**	We support the change in principal as it aims to reduce the liability of customers and suppliers to the TNUoS charge.
3	**Do you have any other comments?**	Making an assessment of the impact of this change has been limited because there isn't any actual HH data to do a 'before and after' comparison. The timing of the release of the change proposals haven't given suppliers an opportunity to collect data and consider impacts accurately.
4	**Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?**	*No*

Specific questions for CMP241

Q	Question	Response
5	**Do you consider that Suppliers would be able to provide metering data for Measurement Class E meters which were originally within profile Classes 5-8 and have**	Yes

	moved to being HH settled prior to 1st April 2015.	
6	**If you are a Supplier, will you be able to treat actual HH settled meters as NHH settled meters within your own systems for the purpose of charging TNUoS?**	We believe it will be possible for us to manage the vast majority of the disruption through our internal processes without major system changes.
7	**Do you envisage system changes, if so what are the likely cost and time implications of this?**	No

Annex 8 – CUSC Workgroup Consultation Alternative Request

CUSC WORKGROUP CONSULTATION ALTERNATIVE REQUEST FORM

Please send your completed form along with your completed Workgroup Consultation Response to ####### by #####.

Please note that any responses received after the deadline may not receive due consideration by the Workgroup.

Respondent Name and contact details	Herdial Dosanjh, RWE Npower, 07827 896 093
CMP241 [TNUoS Demand Charges during the Implementation of P272]	
Capacity in which the WG Consultation Alternative Request is being raised : (i.e. CUSC Party, BSC Party or "National Consumer Council ")	CUSC Party

Description of the Proposal for the Workgroup to consider*(mandatory by proposer)*:

The current CMP241 proposal will mean Suppliers have to make significant changes to the manner in which they interact with their customers from both a pricing and billing perspective. In addition this change will be very short term with no intended long term consequence. RWE npower therefore suggest that any over recovery as a result of the migration of sites from PC5-8 to Measurement Class E, F and G within 15/16 should be ring fenced by National Grid and credited back to Suppliers as a rebate which would in turn be passed back to customers.

The rebate from NG would be driven by a list of meters provided by all Suppliers that would reflect meters migrated to HH under P272 and the date from which they had transitioned. This would enable NG to provide Suppliers with a rebate for NHH TNUoS charges that we have paid for PC 5-8 meters who have moved during 2015/16. Once the rebate has been provided customers would then be rebated the NHH TNUoS charge from the relevant Supplier.

This option requires the following considerations:

1) NG are happy to adopt the additional validation and processing required to calculate the rebate to Suppliers for 15/16.
2) All Suppliers would need to adopt a single set of requirements to produce the required meter list - this would be subject to; a) business rules for certain scenarios (i.e. gains / losses etc)
b) governance c) audit history d) data quality etc

Description of the difference(s) between your proposal compared to Original / Workgroup Alternative(s) *(mandatory by proposer)*:

Instead of National Grid charging HH customers a NHH rate as under CMP241 (original) a rebate would be provided to ensure customers are only charged the appropriate HH charge. This would also allow customers the opportunity to avoid Triad charges and demand manage their sites if they have a pass-through contract with their supplier.

Justification for the proposal (*including why the Original proposal / Workgroup Alternative(s) does not address the defect*) *(mandatory by proposer)*:

Although we believe that CMP241 addresses the issue, this alternate appears a better short term solution. It does not incur large costs for a temporary workaround, will not impede Suppliers ability to comply with P272 and allows customers the opportunity to avoid Triad charges.

Impact on the CUSC *(this should be given where possible)*:

See CMP241

Impact on Core Industry Documentation *(this should be given where possible)*:

Interaction with the NGET licence will need to be considered.

Impact on Computer Systems and Processes used by CUSC Parties *(this should be given where possible)*:

None identified

Justification for the proposal with Reference to Applicable CUSC Objectives* *(mandatory by proposer)*:

To be determined at the working group

Attachments (Yes/No): **If Yes, Title and No. of pages of each Attachment:**	NO

Notes:

1. Applicable CUSC Objectives* - These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1. Reference should be made to this section when considering a proposed Modification.

Annex 9 – Draft legal text

Draft legal text for CMP241

14.17 Demand Charges

Parties Liable for Demand Charges

14.17.1 The following parties shall be liable for demand charges:

- The Lead Party of a Supplier BM Unit;
- Power Stations with a Bilateral Connection Agreement;
- Parties with a Bilateral Embedded Generation Agreement

14.17.2 14.25 Classification of parties for charging purposes provides an illustration of how a party is classified in the context of Use of System charging and refers to the paragraphs most pertinent to each party.

Basis of Demand Charges

14.17.3 Demand charges are based on a de-minimus £0/kW charge for Half Hourly and £0/kWh for Non Half Hourly metered demand.

14.17.4 Chargeable Demand Capacity is the value of Triad demand (kW). Chargeable Energy Capacity is the energy consumption (kWh). The definition of both these terms is set out below.

14.17.5 If there is a single set of demand tariffs within a charging year, the Chargeable Demand Capacity is multiplied by the relevant demand tariff, for the calculation of demand charges.

14.17.6 If there is a single set of energy tariffs within a charging year, the Chargeable Energy Capacity is multiplied by the relevant energy consumption tariff for the calculation of energy charges..

14.17.7 If multiple sets of demand tariffs are applicable within a single charging year, demand charges will be calculated by multiplying the Chargeable Demand Capacity by the relevant tariffs pro rated across the months that they are applicable for, as below,

$$Annual\ Liability_{Demand} = Chargeable\ Demand\ Capacity \times \left(\frac{(a \times Tariff\ 1) + (b \times Tariff\ 2}{12} \right.$$

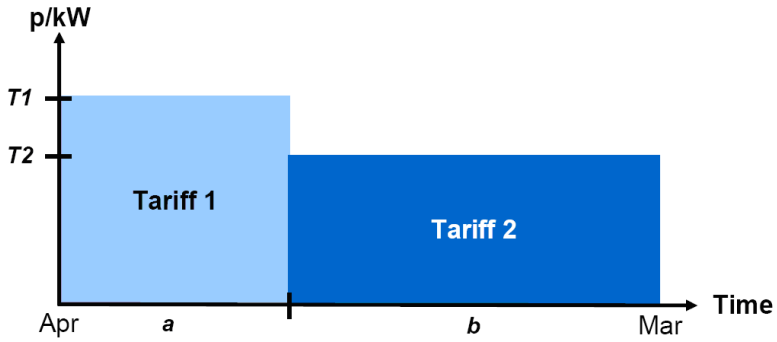
where:

Tariff 1= Original tariff,

Tariff 2= Revised tariff,

a = Number of months over which the original tariff is applicable,

b = Number of months over which the revised tariff is applicable.



14.17.8 If multiple sets of energy tariffs are applicable within a single charging year, energy charges will be calculated by multiplying relevant Tariffs by the Chargeable Energy Capacity over the period that that the tariffs are applicable for and summing over the year.

$$Annual\ Liability_{Energy} = Tariff\ 1 \times \sum_{T1_S}^{T1_E} Chargeable\ Energy\ Capacity + Tariff\ 2 \times \sum_{T2_S}^{T1_E} Chargeable\ Energy\ Capacity$$

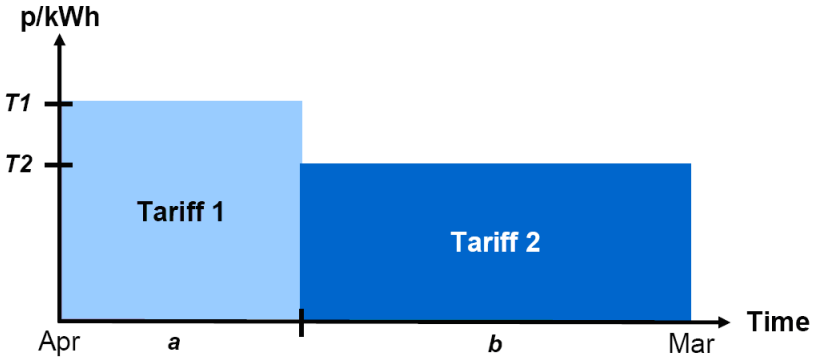
Where:

$T1_S$ = Start date for the period for which the original tariff is applicable,

$T1_E$ = End date for the period for which the original tariff is applicable,

$T2_S$ = Start date for the period for which the revised tariff is applicable,

$T2_E$ = End date for the period for which the revised tariff is applicable.



Supplier BM Unit

14.17.9 A Supplier BM Unit charges will be the sum of its energy and demand liabilities where::

- The Chargeable Demand Capacity will be the average of the Supplier BM Unit's half-hourly metered demand during the Triad (and the £/kW tariff), *and*

- The Chargeable Energy Capacity will be the Supplier BM Unit's non half-hourly metered energy consumption over the period 16:00 hrs to 19:00 hrs inclusive every day over the Financial Year (and the p/kWh tariff).

Power Stations with a Bilateral Connection Agreement and Licensable Generation with a Bilateral Embedded Generation Agreement

14.17.10 The Chargeable Demand Capacity for a Power Station with a Bilateral Connection Agreement or Licensable Generation with a Bilateral Embedded Generation Agreement will be based on the average of the net import over each Triad leg of the BM Units associated with the Power Station (in Appendix C of its Bilateral Connection Agreement or Bilateral Embedded Generation Agreement, including metered additional load) during the Triad.

Exemptible Generation and Derogated Distribution Interconnectors with a Bilateral Embedded Generation Agreement

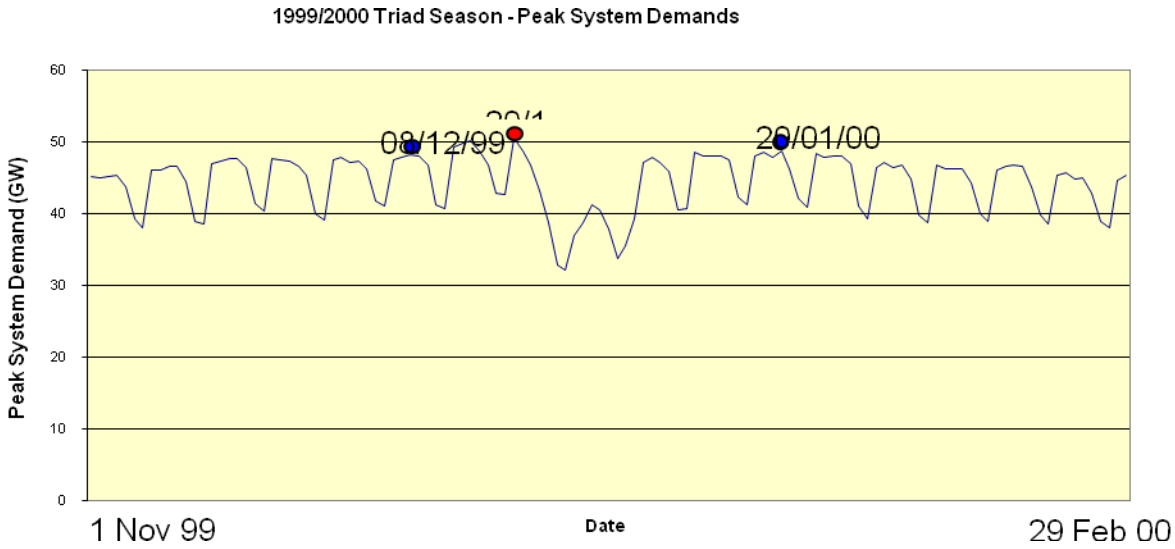
14.17.11 The Chargeable Demand Capacity for Exemptible Generation and Derogated Distribution Interconnectors with a Bilateral Embedded Generation Agreement will be based on the average of the metered volume of each BM Unit specified in Appendix C of the Bilateral Embedded Generation Agreement during the Triad.

Small Generators Tariffs

14.17.12 In accordance with Standard Licence Condition C13, any under recovery from the MAR arising from the small generators discount will result in a unit amount of increase to all GB demand tariffs.

The Triad

14.17.13 The Triad is used as a short hand way to describe the three settlement periods of highest transmission system demand within a Financial Year, namely the half hour settlement period of system peak demand and the two half hour settlement periods of next highest demand, which are separated from the system peak demand and from each other by at least 10 Clear Days, between November and February of the Financial Year inclusive. Exports on directly connected Interconnectors and Interconnectors capable of exporting more than 100MW to the Total System shall be excluded when determining the system peak demand. An illustration is shown below.



Half-hourly metered demand charges

14.17.14 For Supplier BMUsand BM Units associated with Exemptible Generation and Derogated Distribution Interconnectors with a Bilateral Embedded Generation Agreement, if the average half-hourly metered volume over the Triad results in an import, the Chargeable Demand Capacity will be positive resulting in the BMU being charged. If the average half-hourly metered volume over the Triad results in an export, the Chargeable Demand Capacity will be negative resulting in the BMU being paid. For the avoidance of doubt, parties with Bilateral Embedded Generation Agreements that are liable for Generation charges will not be eligible for a negative demand credit.

Netting off within a BM Unit

14.17.15 The output of generators and Distribution Interconnectors registered as part of a Supplier BM Unit will have already been accounted for in the Supplier BM Unit demand figures upon which The Company Transmission Network Use of System Demand charges are based.

Monthly Charges

14.17.16 Throughout the year Users' monthly demand charges will be based on their forecasts of:

- half-hourly metered demand to be supplied during the Triad for each BM Unit, multiplied by the relevant zonal £/kW tariff; and

- non-half hourly metered energy to be supplied over the period 16:00 hrs to 19:00 hrs inclusive every day over the Financial Year for each BM Unit, multiplied by the relevant zonal p/kWh tariff

Users' annual TNUoS demand charges are based on these forecasts and are split evenly over the 12 months of the year. Users have the opportunity to vary their demand forecasts on a quarterly basis over the course of the year, with the demand forecast requested in February relating to the next Financial

Year. Users will be notified of the timescales and process for each of the quarterly updates. The Company will revise the monthly Transmission Network Use of System demand charges by calculating the annual charge based on the new forecast, subtracting the amount paid to date, and splitting the remainder evenly over the remaining months. For the avoidance of doubt, only positive demand forecasts (i.e. representing an import from the system) will be accepted.

14.17.17 Users should submit reasonable demand forecasts in accordance with the CUSC. The Company shall use the following methodology to derive a forecast to be used in determining whether a User's forecast is reasonable, in accordance with the CUSC, and this will be used as a replacement forecast if the User's total forecast is deemed unreasonable. The Company will, at all times, use the latest available Settlement data.

For existing Users:

i) The User's Triad demand for the preceding Financial Year will be used where User settlement data is available and where The Company calculates its forecast before the Financial Year. Otherwise, the User's average weekday settlement period 35 half-hourly metered (HH) demand in the Financial Year to date is compared to the equivalent average demand for the corresponding days in the preceding year. The percentage difference is then applied to the User's HH demand at Triad in the preceding Financial Year to derive a forecast of the User's HH demand at Triad for this Financial Year.

ii) The User's non half-hourly metered (NHH) energy consumption over the period 16:00 hrs to 19:00 hrs every day in the Financial Year to date is compared to the equivalent energy consumption over the corresponding days in the preceding year. The percentage difference is then applied to the User's total NHH energy consumption in the preceding Financial Year to derive a forecast of the User's NHH energy consumption for this Financial Year.

For new Users who have completed a Use of System Supply Confirmation Notice in the current Financial Year:

iii) The User's average weekday settlement period 35 half-hourly metered (HH) demand over the last complete month for which The Company has settlement data is calculated. Total system average HH demand for weekday settlement period 35 for the corresponding month in the previous year is compared to total system HH demand at Triad in that year and a percentage difference is calculated. This percentage is then applied to the User's average HH demand for weekday settlement period 35 over the last month to derive a forecast of the User's HH demand at Triad for this Financial Year.

iv) The User's non half-hourly metered (NHH) energy consumption over the period 16:00 hrs to 19:00 hrs every day over the last complete month for which The Company has settlement data is noted. Total system NHH energy consumption over the corresponding month in the previous year is compared to total system NHH energy consumption over the remaining months of that Financial Year and a percentage difference is calculated. This percentage is then applied

to the User's NHH energy consumption over the month described above, and all NHH energy consumption in previous months is added, in order to derive a forecast of the User's NHH metered energy consumption for this Financial Year.

14.17.18 14.27 Determination of The Company's Forecast for Demand Charge Purposesillustrates how the demand forecast will be calculated by The Company.

Reconciliation of Demand Charges

14.17.19 The reconciliation process is set out in the CUSC. The demand reconciliation process compares the monthly charges paid by Users against actual outturn charges. Due to the Settlements process, reconciliation of demand charges is carried out in two stages; initial reconciliation and final reconciliation.

Initial Reconciliation of demand charges

14.17.20 The initial reconciliation process compares Users' demand forecasts and corresponding monthly charges paid over the year against actual outturn data (using latest Settlement data available at the time) and corresponding charges. Initial reconciliation is carried out in two parts; Initial Reconciliation Part 1 deals with the reconciliation of half-hourly metered demand charges and Initial Reconciliation Part 2 deals with the reconciliation of non-half-hourly metered demand charges.

Initial Reconciliation Part 1– Half-hourly metered demand

14.17.21 The Company will identify the periods forming the Triad once it has received Central Volume Allocation data from the Settlement Administration Agent for all days up to and including the last day of February. Once The Company has notified Users of the periods forming the Triad they will not be changed even if disputes are subsequently resolved which would change the periods forming the Triad.

14.17.22 Initial outturn charges for half-hourly metered demand will be determined using the latest available data of actual average Triad demand (kW) multiplied by the zonal demand tariff(s) (£/kW) applicable to the months concerned for each zone for that Financial Year. These actual values are then reconciled against the monthly charges paid in respect of half-hourly demand.

Initial Reconciliation Part 2 – Non-half-hourly metered demand

14.17.23 Actual payments for non-half-hourly metered demand will be determined using the latest available actual energy consumption data (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) over the year multiplied by the energy consumption tariff(s) (p/kWh) applicable to the months concerned for each zone. These actual values are then reconciled against the monthly charges paid in respect of non-half-hourly energy consumption.

Final Reconciliation of demand charges

14.17.24 The final reconciliation process compares Users' charges (as calculated during the initial reconciliation process using the latest available data) against final outturn demand charges (based on final settlement data).

14.17.25 Final actual charges will be determined using the final demand reconciliation data taken from the Final Reconciliation Settlement Run or the Final Reconciliation Volume Allocation Run.

Reconciliation of manifest errors

14.17.26 In the event that a manifest error, or multiple errors in the calculation of TNUoS tariffs results in a material discrepancy in a Users TNUoS tariff, the reconciliation process for all Users qualifying under Section 14.17.28 will be in accordance with Sections 14.17.20 to 14.17.25. The reconciliation process shall be carried out using recalculated TNUoS tariffs. Where such reconciliation is not practicable, a post-year reconciliation will be undertaken in the form of a one-off payment.

14.17.27 A manifest error shall be defined as any of the following:

a) an error in the transfer of relevant data between the Transmission Licensees or Distribution Network Operators;
b) an error in the population of the Transport Model with relevant data;
c) an error in the function of the Transport Model; or
d) an error in the inputs or function of the Tariff Model.

14.17.28 A manifest error shall be considered material in the event that such an error or, the net effect of multiple errors, has an impact of the lesser of either:

a) an error in a User's TNUoS tariff of at least +/-£0.50/kW; or
b) an error in a User's TNUoS tariff which results in an error in the annual TNUoS charge of a User in excess of +/-£250,000.

14.17.29 A manifest error shall only be reconciled if it has been identified within the charging year for which the error has an effect. Errors identified outside of this period will not be eligible for reconciliation retrospectively.

Implementation of P272

14.17.30 Notwithstanding 14.17.9, for each charging year which begins after 31 March 2015 prior to implementation of BSC Modification P272 all demand associated with NHH Classes 5 to 8 will be treated as NHH demand for the purposes of TNUoS charging. Where the meter has been transferred prior to the start of each charging year prior to the implementation of BSC Modification P272 the associated Supplier may opt to treat the demand volume as HH (Chargeable Demand Capacity).

14.17.31 Profile Classes 5-8 which move to being HH settled after 31 March 2015 and prior to the implementation date of P272 (e.g. 1st April 2016) will be treated as NHH for the purposes of TNUoS charging. National Grid will calculate the adjustments to Chargeable Energy Capacity and Chargeable Demand Capacity from Settlement data provided directly from Elexon. For the avoidance of doubt if the implementation date of P272 does not occur on a 1 April then these classes will be treated as NHH (Chargeable Energy

Capacity) during the charging year in which the P272 implementation date occurs.

14.17.32 The forecasts that Suppliers submit to the Company under CUSC 3.10, 3.11 and 3.12 for the purpose of TNUoS monthly billing referred to in 14.16 and 14.17 for both Chargeable Demand Capacity and Chargeable Energy Capacity should reflect this position, i.e. volumes associated with classes 5-8 in the period prior to P272 implementation should be included in the forecast of Chargeable Energy Capacity and not Chargeable Demand Capacity.

14.17.33 For those Metering Systems that are on Measurement Class E which are elective HH settled before 1st April 2015 of each charging year beginning prior to the implementation of P272 (e.g. prior to 1st April 2015), and the associated Supplier has opted prior to October of each charging year (e.g. before October 2015) to be treated as HH, the Company will treat these as HH settled for the purposes of calculating the actual annual liability for that charging year (e.g. 2015/16). For these cases only, the Supplier should notify the Company of the Meter Point Administration Number(s) (MPAN). For these notified meters the Supplier shall provide the Company with verified metered demand data between for the hours 4-7pm of each day of the charging year and for each Triad half hour as notified by the Company prior to May (e.g. May 2016) of the following charging year to allow TNUoS charges to be reconciled. Where the Supplier fails to provide the data or the data is incomplete TNUoS charges for that MPAN will be reconciled as part of the Supplier's NHH BMU

14.17.34 The company will maintain a list of all MPANs that Suppliers have elected to be treated as HH. This list will be updated monthly and will be provided to registered Suppliers upon request.

Further Information

~~14.17.28~~14.17.35 14.24 Reconciliation of Demand Related Transmission Network Use of System Chargesof this statement illustrates how the monthly charges are reconciled against the actual values for demand and consumption for half-hourly and non-half-hourly metered demand respectively.

~~14.17.28~~14.17.36 **The Statement of Use of System Charges** contains the £/kW zonal demand tariffs, and the p/kWh energy consumption tariffs for the current Financial Year.

~~14.17.28~~14.17.37 14.26 Transmission Network Use of System Charging Flowcharts of this statement contains flowcharts demonstrating the calculation of these charges for those parties liable.