

CUSC Modification Proposal Form (for Charging Methodology Proposals) CMP260

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal
<i>TNUoS Demand charges for 2016/17 during the implementation of P272 following approval of P322 and CMP247</i>
Submission Date
20 January 2016
Description of the Issue or Defect that the CUSC Modification Proposal seeks to address
<p>CMP241 was implemented to prevent a single meter installation being liable for both Non Half Hourly (NHH) charges and Half Hourly (HH) TNUoS charges within the same charging year, due to the implementation of BSC Modification P272.</p> <p>The default option under CMP241 is that all meters within Measurement Classes E-G will be treated as NHH for TNUoS charging purposes.</p> <p>However Suppliers are given the option for those meters within Measurement Classes E-G prior to the start of the 2015/16 charging year to continue to be treated as HH for the charging year if the Supplier notifies National Grid of their intention before the start of the Triad season as well as provides verified metering data for those meter installations in time for the end of year reconciliation.</p> <p>The optionality to submit further metering systems that migrated throughout the charging year 2015/16 (predominantly taking advantage of P300 on 5th November 2015) and entered the charging year for 2016/17 as HH was removed as part of CMP247. At the time the proposal was submitted it was thought the number of sites that would migrate prior to April 2016 would be too large to manage through such a manual process, however it has now become apparent that the number of sites migrated by April 16 will be significantly lower than had previously expected.</p> <p>To continue to charge the NHH methodology for HH sites could significantly reduce the incentive to manage demand around the system peaks potentially leading to inefficient use of the system.</p>

Description of the CUSC Modification Proposal

Suppliers should have the option for those metering Systems that are registered on Measurement Class E-G on or before 1/4/2016 to be treated as HH for the purposes of calculating the actual annual liability up until the full charging year after the Implementation date of P272. Suppliers will need to provide a list of MPANs which they wish to be treated as HH for TNUoS charging. Suppliers will need to 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

Impact on the CUSC

Section 14 Changes

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

No changes have been identified as required

Urgency Recommended: Yes / No

Yes

Justification for Urgency Recommendation

Suppliers Are required to forecast HH and NHH demand and provide these forecasts to National Grid throughout the year in order to calculate their TNUoS liability prior to reconciliation once final volumes are known. The difference between actual and forecast liability is subject to interest and also affects the level of credit cover required to be put in place by the supplier. Inaccuracies in demand forecasts as a result of uncertainties over what TNUoS methodology (NHH or HH) will apply to these customers will impact on Suppliers charges, cash flows and securities. The potential cost of which may be passed on to consumers through increased risk premia in contract prices.

Customers wishing to load manage to minimise their TNUoS bill will also be unable to develop a robust business plan and strategy until the methodology under which they will be charged is known.

Therefore knowing which methodology will apply before the start of the charging year will have benefits for end consumers and suppliers alike.

Implementation prior to April 2016 would remove any uncertainty. Treating this proposal as

non-urgent is likely to delay implementation to beyond April 2016, therefore we believe this proposal should be treated as urgent.

Self-Governance Recommended: Yes / No

No

Justification for Self-Governance Recommendation

N/A

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

N/A

Impact on Computer Systems and Processes used by CUSC Parties:

Non identified, we believe this would be an extension of the current manual process created under CMP241

Details of any Related Modification to Other Industry Codes

*Related to P272 and P300
Also CMP241 and CMP247*

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

- (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 (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:

- a) Allowing Suppliers the option to have meter points with HH metering treated as HH for 2016/17 TNUoS charging will contribute to effective competition by increasing the options for these customers.
- b) If the current charging regime with different methodologies for HH and NHH is deemed to be cost reflective, to treat some HH customers as NHH (particularly those customers with the capability and desire to load manage through the Triad season) could be considered as not being cost reflective and could lead to inefficient use of the system.
- c) Demand side management to increase system margin and defer network reinforcement is an increasing feature of network operators businesses, allowing more customers to be settled sooner under the HH methodology for TNUoS will allow those customers fully realise the benefit of load management activity at peak times

Additional details

Details of Proposer: (Organisation Name)	RWE npower
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:	Daniel Hickman RWE npower 01213365256 Daniel.hickman@npower.com
Details of Representative’s Alternate: Name: Organisation: Telephone Number: Email Address:	Nicky White RWE npower 07469033879 Nicky.white@npower.com
Attachments (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 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.