

CUSC Modification Proposal Form (for Charging Methodology proposals)	CMP209
Title of the CUSC Modification Proposal: <i>(mandatory by proposer)</i> Allow suppliers' submitted forecast demand to be export	
Submission Date <i>(mandatory by Proposer)</i> 19/04/12	
Description of the CUSC Modification Proposal: <i>(mandatory by proposer)</i> Currently suppliers who net import in a BM Unit receive the transmission benefit from their generation sites on a monthly basis – as they are netted off their transmission bill. Suppliers who net export do not receive these benefits until the annual reconciliation which can be up to 7 months after TRIAD periods for HH sites and 15 months for NHH. We propose to correct this disparity	
Description of Issue or Defect that the CUSC Modification Proposal seeks to Address: <i>(mandatory by proposer)</i> Currently, the monthly TNUoS charging is based on the HH and NHH demand forecasts that suppliers provide. As a suppliers forecast is capped at 0, the monthly charges can't reflect the annual liability if a supplier has more export than import in a BM Unit. As the proportion of embedded generation increases this is becoming more and more of an issue. Suppliers are incentivised to make their forecasts as accurate as possible, as National Grid benefit from having an accurate picture of forecast demand. The current system prevents the supplier from provide an accurate forecast if their volume is less than 0	
Impact on the CUSC: <i>(this should be given where possible)</i> Section 14 contains several references to the forecast having to be positive, e.g. 14.17.16, 14.24 These references would need removing / rewriting for clarity This won't affect the way that the charging is calculated, as the calculations are already set up to allow for negatives at the reconciliation runs.	
Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No <i>(mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)</i> No	
Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information: <i>(this should be given where possible)</i> BSC <input type="checkbox"/> Grid Code <input type="checkbox"/> STC <input type="checkbox"/> Other <input type="checkbox"/> <i>(please specify)</i>	

Urgency Recommended: Yes / No (optional by Proposer)

No

Justification for Urgency Recommendation (mandatory by Proposer if recommending progression as an Urgent Modification Proposal)

Self-Governance Recommended: Yes / No (mandatory by Proposer)

No

Justification for Self-Governance Recommendation (mandatory by Proposer if recommending progression as Self-governance Modification Proposal)

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? (mandatory by Proposer in order to assist the Panel in deciding whether a Modification Proposal should undergo a SCR Suitability Assessment)

Yes.

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

Details of any Related Modifications to Other Industry Codes (including related CUSC Modification Proposals): (where known)

Justification for CUSC Modification Proposal with reference to Applicable CUSC Objectives: (mandatory by proposer)

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.

Full justification:

A)

The current methodology results in suppliers that net export in a BM Unit receiving an initial transmission bill of zero, when they should receive a credit. They will have this money credited back in the reconciliation; however, until this time the supplier is at a commercial disadvantage, the impact of which discriminates against small suppliers. Furthermore, standard generation contracts are set up to pass TNUoS benefit through to the customer once the TRIAD data is published, exacerbating the issue.

Suppliers who have a sufficiently large import portfolio (e.g. the incumbent 'big 6' players) are able to do this without any problems as they have already received the benefit through netting against their initial bill. Therefore, this disproportionately impacts smaller, niche, suppliers, especially suppliers who choose to specialise wholly or partially in generation customers as they have no, or smaller, import portfolio to net it off against. This discourages new start-ups in that area, because it places them at a commercial disadvantage, and thereby damages competition in a sector that the government is very keen to encourage.

B)

It would also improve the accuracy of forecast data that National Grid have to work with, as suppliers forecasts won't artificially be capped at 0 and will be free to reflect their demand more accurately.

Allowing this to go below 0 will not involve significant extra risks to national grid as it has essentially the same impact as the established system of allowing suppliers to net export against import

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.

Full justification:

Details of Proposer:
(Organisation's Name)

Opus Energy Limited

<p>Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party, "National Consumer Council" or Materially Affected Party)</p>	CUSC Party
<p>Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:</p>	<p>Philip Hayward Opus Energy Limited 0845 4379406 Philip.hayward@opusenergy.com</p>
<p>Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:</p>	<p>David Soper Opus Energy Limited 0845 4379403 David.soper@opusenergy.com</p>
<p>Attachments (Yes/No): No</p> <p>If Yes, Title and No. of pages of each Attachment:</p>	

Guidance notes on completing the CUSC Modification Proposal Form in respect of the Charging Methodologies

These guidelines are to assist Proposers when completing a CUSC Modification Proposal Form to raise a change to the Charging Methodologies.

The form seeks to ascertain details about the Modification Proposal so that the CUSC Modifications Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.

The Panel Secretary will check that the form has been completed in accordance with the requirements of the CUSC, prior to submitting it to the Panel. Please ensure you have completed the fields marked 'mandatory' as your form could otherwise be rejected in accordance with CUSC Section 8. If you need any guidance please contact the Code Administrator at cusc.team@uk.ngrid.com or the Panel Secretary on 01926 655223.

If the Panel Secretary accepts the Modification Proposal form as complete, he will write back to the Proposer informing him of the reference number for the Modification Proposal and the date on which 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, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Emma Clark
Panel Secretary
Transmission Commercial
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA
Or via e-mail to: Emma.Clark@uk.ngrid.com

(Participants submitting the form by email will need to send a statement to the effect that the Proposer acknowledges that on acceptance of the proposal for consideration by the Modifications Panel, a Proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.16.9 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

This document states what should be completed in each section of the Form and by whom, and whether it is mandatory or optional. It also provides guidance on the type of information that should be considered when completing the form. If you require further assistance please contact the Panel Secretary.

CMP###

- This is the unique reference number allocated to each individual CUSC Modification Proposal and is completed by the Panel Secretary.

Title of the Modification Proposal

- This is a mandatory section, which must be completed by the Proposer. The title of the Modification needs to be relevant to the detail and unique.

Handy Hints

- 👉 *Ensure the title is not too long*
- 👉 *Ensure it clearly identifies the Modification and the issue being raised*

👉 *Ensure the title cannot be confused with previous Modifications*

Submission Date

- This is a mandatory section which must be completed by the Proposer. It is the date on which the Proposer raised the Modification Proposal.

Description of the CUSC Modification Proposal

- This is a mandatory section to be completed by the Proposer and should include a detailed description of the CUSC Modification Proposal to ensure the nature and purpose of the Modification is clear to other CUSC Parties and the Industry.

Description of issue or defect that the CUSC Modification Proposal seeks to address

- This is a mandatory field to be completed by the Proposer and should provide a description of the issue or defect in sufficient detail to ensure that it is clear to CUSC Parties and the Industry.
- When completing the sections for the ***Description of the CUSC Modification Proposal*** and the ***Description of the issue or defect***, the Proposer should consider the following:
 - Background information and the circumstances surrounding the Modification;
 - Direct and indirect consequences of implementing or not implementing the Proposal;
 - Identification of external drivers, e.g. legislation, Ofgem documents and work (i.e. best practice guidelines) and DECC documents;
 - Technical aspects of the proposed change;
 - Scenarios or examples to highlight the issue or defect;
 - Linkages to previous Modifications or Ofgem decisions that have been approved or rejected, stating the reasons for the linkage and why this Modification is required in relation to the previous Modification;
 - Identify any issues which may have an impact on Security of Supply.

Handy Hints

- 👉 *Ensure you use clear and plain language*
- 👉 *Ensure the description of the proposal and the issue/defect can be understood by parties outside the field of expertise*
- 👉 *Avoid the use of jargon and acronyms without a clear explanation*
- 👉 *Where necessary, use glossaries in an attachment*
- 👉 *Ensure What, Why, Benefits and Impact have been addressed*
- 👉 *Look at previous documents such as the Modification Proposal Forms on the website for ideas and expectation of required length.*

Impact on the CUSC

- This is an optional section of the Modification Proposal Form, which should be completed where possible. The Proposer should provide an indication of the sections and clauses of the CUSC that would require modification. If this is not possible, the Proposer should aim to indicate the general areas that may be affected.
- In addition, the Proposer should aim to provide an overview of the nature of the Modification(s) and its effects.
- The Proposer should consider:
 - Impact on CUSC section 14: Charging Methodologies
 - New definitions required for CUSC section 11
 - Amend existing definitions within section 11
 - Impact on Related Agreements – Bilateral, Construction and Mandatory Agreements
 - Impact on Exhibits

Handy Hints

- 👉 *If you are unsure about the relevant CUSC section or clause, please contact the Code Administrator for assistance*
- 👉 *Look at previous documents such as Modification Proposal Forms on the website*

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No (assessed in accordance with Authority Guidance, available on Ofgem's website at the following link:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance>)

- This mandatory section requires the Proposer to include their view as to whether they believe that their Modification Proposal has a quantifiable impact on greenhouse gas emissions, where the impact is likely to be material and, if so, what they believe that impact to be. This assessment should be conducted in accordance with the latest guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions issued by the Authority (which is available at the link provided above).

Impact on Core Industry Documentation

- This is an optional section of the form, which should be completed where possible by the Proposer. It should include a list of any Codes or Industry Documents that the Modification Proposal may affect. Where possible the Proposer should provide brief details of how each document will be affected
- The Proposer should consider impacts upon:
 - Balancing and Settlement Code (BSC)
 - Grid Code
 - System Operator/Transmission Owner Code (STC)
 - Any other codes or relevant documents
- If known, identify the affected Sections and Clauses of the document. If this is not possible, the Proposer should aim to indicate the general areas.

Urgency Recommended

- This is an optional section where the Proposer can indicate if they are recommending that the progression of their Modification Proposal should be Urgent.

Justification for Urgency Recommendation

- This is mandatory if recommending progression as an Urgent Modification Proposal. The Proposer should describe here why the Modification should be treated as Urgent. This description will then be considered by the CUSC Panel as part of its recommendation to the Authority regarding urgency, and then by the Authority in determining whether urgency shall be granted. When completing this section the Proposer may wish to consider the following:
- The Authority has previously expressed the view that a Modification Proposal should only be treated as an Urgent Modification Proposal if it could not appropriately be treated as non-urgent. In addition, the Authority has expressed the view that Urgent Modification Proposals are likely to exhibit at least one of the following characteristics:
 - a) There is a very real likelihood of significant commercial impact upon the Transmission Company, industry parties, or customers if a Modification Proposal is not urgent;
 - b) Safety and security of the network is likely to be impacted if a Modification Proposal is not urgent; and/or
 - c) The Modification Proposal is linked to an imminent date-related event.

Please note that the above notes represent guidance only and are not definitive criteria. There may therefore be occasions where a Modification Proposal is deemed to be urgent by the Authority where it does not exhibit these characteristics (or, conversely, be deemed non-urgent where one or more of the characteristics is exhibited). If urgency is not being recommended, this item on the CMP Form should be left blank. Ofgem's full urgency criteria can be found at the following link:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance>

Self-Governance Recommended

- This is optional by the Proposer which should be completed where possible if the Proposer is recommending that the Modification Proposal should be progressed as a Self-governance Modification Proposal.

Justification for Self-Governance Recommendation

- This is a mandatory section if the Proposer is recommending progression as a Self-governance Modification Proposal. A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:
 - Existing or future electricity customers;
 - Competition in generation or supply;
 - The operation of the transmission system;
 - Security of Supply;
 - Governance of the CUSC

And it is unlikely to discriminate against different classes of CUSC Parties

Self-governance Modification Proposals do not require an Authority decision due to their non-material nature. Instead, the CUSC Panel will make a decision on whether to approve or reject the Modification Proposal. In order to make a decision, the CUSC Panel must first submit a Self-governance Statement to the Authority, along with industry consultation responses at least 7 days before a Panel decision. The Authority may veto Self-governance at any point up until the Panel decision. The Authority may also declare a Modification Proposal as Self-governance without the need for a Self-governance Statement.

If the Proposer believes that the Modification Proposal is Self-governance, they should outline their justification having regard to the criteria as defined above. The Panel will take account of the Proposer's justification when deciding whether to submit a Self-governance Statement.

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

- The Significant Code Review (SCR) process was implemented on 30 December 2010.
- The period between the SCR commencing and SCR closing is known as the 'SCR Phase'. During an SCR Phase, all new Modification Proposals would still be progressed but could be subsumed by the Authority into an ongoing SCR at any time.
- During an ongoing SCR Phase the originator should use this section to justify why their Modification Proposal should be considered exempt from the ongoing SCR (s). Details of ongoing SCRs can be found on the Ofgem website.

Impact on Computer Systems and Processes used by CUSC Parties

- This is an optional section of the form that should be completed where possible by the Proposer. It should include an initial list of any relevant Computer Systems and Computer Processes that may be affected by the Modification Proposal. Where possible

the Proposer should provide brief details of how each System and/or Process may be affected.

Handy Hints

- 👉 *If possible, provide attachments with process flow diagrams explaining the current and new processes.*

Details of any Related Modification to Other Industry Codes

- This is an optional section of the Modification Proposal Form, which should be completed where possible when there are any simultaneous Modifications being proposed to other Industry Documents and Codes. It should include a list of any Modifications with the reference number and title.
- Please use this section to highlight related CUSC Modification Proposals, where a change is being proposed across both the CUSC and the Charging Methodologies.

Justification for CUSC Modification Proposal with reference to the Applicable CUSC Objectives

- This is a mandatory field where the Proposer must describe how the CUSC Modification Proposal would better facilitate the achievement of the Applicable CUSC Objectives compared with the existing baseline.
- The Proposer should apply the issue or defect and the proposed solution to one or more of the Applicable CUSC Objectives for each of the Charging Methodologies affected by the CUSC Modification Proposal.
- The Applicable CUSC Objectives for the Charging Methodologies are defined in the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 15aa and further defined in Standard Condition C5, paragraph 5 for the Use of System Charging Methodology and Standard Condition C6, paragraph 11 for the Connection Charging Methodology.

Handy Hints

- 👉 *Clearly state how the Modification will benefit CUSC parties/Industry in relation to the Objectives*
- 👉 *Look at previous documents such as Ofgem decisions, Modification form etc on the website for ideas*