

CUSC Modification Proposal Form		At what stage is this document in the process?
<h1 style="color: #00a651;">CMP318:</h1> <p>Mod Title: Maintaining Non Half-Hourly (NHH) charging arrangements for Measurement Classes F and G</p>		<div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px; background-color: #00a651; color: white;">01 Proposal Form</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px;">02 Workgroup Consultation</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px;">03 Workgroup Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px;">04 Code Administrator Consultation</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; margin-bottom: 5px;">05 Draft CUSC Modification Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px;">06 Final CUSC Modification Report</div> </div>
<p>Purpose of Modification: To extend the period over which Meter Point Administration Numbers (MPANs) in Measurement Classes F and G are treated as NHH for Transmission Network Use of System (TNUoS) charging purposes</p>		
	<p>The Proposer recommends that this modification should proceed to Consultation. This modification was raised 22 May 2019 and will be presented by the Proposer to the Panel on 31 May 2019. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
	<p>High Impact</p>	
	<p>Medium Impact</p>	
	<p>Low Impact Supplier Users</p>	

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Timetable		 Rachel.Hinsley
<i>To be updated following CUSC Panel discussions.</i>		 telephone
The Code Administrator recommends the following timetable: <i>(amend as appropriate)</i>		Proposer: Harriet Harmon
Initial consideration by Workgroup	dd month year	 harriet.harmon@nationalgrid.com
Workgroup Consultation issued to the Industry	dd month year	 07971180392
Modification concluded by Workgroup	dd month year	National Grid ESO Representative: Harriet Harmon
Workgroup Report presented to Panel	dd month year	 harriet.harmon@nationalgrid.com
Code Administration Consultation Report issued to the Industry	dd month year	 07971180392
Draft Final Modification Report presented to Panel	dd month year	
Modification Panel decision	dd month year	
Final Modification Report issued the Authority	dd month year	
Decision implemented in CUSC	dd month year	

Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity System Operator
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:	Harriet Harmon National Grid ESO 07971 180392 harriet.harmon@nationagrideso.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Jon Wisdom National Grid ESO 07929 375010 Jon.wisdom@nationagrideso.com
Attachments (Yes/No): No – please note legal text is contained herein	

Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

(Please specify)

This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.

1 Summary

Defect

Where a NHH, Measurement Class A site undergoes a Change of Measurement Class (CoMC) to become Half-Hourly (HH) settled, it is currently assigned to one of three HH Measurement Classes (E, F or G). Currently, sites in Measurement Class F and G continue to be charged as NHH for the remainder of the Charging Year in which they have undergone a CoMC and for all subsequent Charging Years up until that ending 31 March 2020. Under the current CUSC wording, from 1 April 2020, sites in Measurement Classes F and G will be treated as HH for TNUoS charging purposes. This will lead to Suppliers being double-charged in the Charging Year in which a relevant NHH site transfers to HH, as NHH charges (which will apply pre-CoMC) are based on year-round peak consumption, and HH charges are based on triad demand. The HH charges do not consider that the relevant MPANs have already made some TNUoS contributions through NHH charges. The Proposer believes that this double-charging is not in consumers' interests and further will act as a disincentive to an elective transition to HH settlement in advance of wider HH settlement reform through the current Significant Code Review (SCR).

What

The CUSC currently states:

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*
- 14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March 2020. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

The 31st March 2020 date in 14.17.29.9 should be changed to 31st March 2023, to align with the recently-published effective dates of wider charging reforms through the Access and Forward-Looking Charges Significant Code Review, and the Targeted Charging Review¹. It is expected by the Proposer that the issue of potential double-charging will be resolved through the SCR activity. The current arrangements were put in place prior to the launch of either charging SCR, and per the Final Modification Report² of CMP266, it was anticipated at the time that mandatory (or market-wide) HH

¹ https://www.ofgem.gov.uk/system/files/docs/2019/05/may_charging_open_letter_final_21-may.pdf

² <https://www.nationalgrideso.com/document/9526/download>

settlement would have been achieved by 31 March 2020. The market-wide settlement SCR is due to deliver its findings in the latter half of 2019 and therefore this date will not be achieved. The current arrangements should therefore be extended until other pertinent SCRs (namely Access & Forward-Looking Charges and Targeted Charging Review (TCR)) have also concluded and been delivered.

Why

The current Measurement Classes for metered HH sites, their current treatment, their future treatment without this CMP and their proposed treatment are indicated below (NB: prior to being in the below Measurement Classes, sites moving from NHH to HH would have been in Measurement Class A and charged TNUoS as NHH for the periods of being NHH settled).

<i>Measurement Class</i>	<i>Description</i>	<i>Current Charging Year</i>	<i>1 April 20 onwards – no change</i>	<i>1 April 20 onwards - proposed</i>
C	>100kW demand	HH	HH	HH
E	<100kW demand, C/T metering, HH, Non-Domestic	(NHH pre-CoMC) HH post-CoMC	(NHH pre-CoMC) HH post-CoMC	(NHH pre-CoMC) HH post-CoMC
F	<100kW demand, HH, Domestic	NHH until 20/21 CY	(NHH pre-CoMC) HH post-CoMC	NHH until 23/24 CY
G	<100kW demand, HH, Whole Current metering, Non-Domestic	NHH until 20/21 CY	(NHH pre-CoMC) HH post-CoMC	NHH until 23/24 CY

Without a change, Suppliers will be charged (on a per-MPAN basis) both the NHH and HH tariffs for the same site within one Charging Year. This is double-charging and will likely lead either to windfall losses to Suppliers or to increased consumer costs, neither of which are appropriate. The two current SCRs in the charging arena, and the HH Settlement Reform SCR, will likely resolve between them the issue of this potential double-charging and therefore the existing CUSC arrangements should be extended until such time as – at a minimum – the charging SCRs are concluded and any decisions implemented.

It should be noted that this CMP would mirror the arrangements in Distribution Use of System (DUoS) charging, which currently treat Measurement Classes F and G as NHH for charging purposes.

How

The 31st March 2020 date in 14.17.29.9 should be changed to 31st March 2023, to align with the recently-published effective dates of wider charging reforms through the Access and Forward-Looking Charges Significant Code Review, and the Targeted Charging Review. It is expected by the Proposer that the issue of potential double-charging will be resolved through the SCR activity.

2 Governance

Justification for Normal Procedures

This CMP affects charging arrangements for Suppliers and end consumers and therefore should not be subject to Self-Governance rules and as a point of principle, The Proposer believes that The Authority should determine all Section 14 matters. In particular, it is important that The Authority makes a determination on this CMP as it interacts with – but does not directly affect – the two charging SCRs indicated in the letter published by Ofgem on 21 May 2019. Further, the arrangements described herein affect those Suppliers who elect to settle (or are required to settle through BSC P322A) <100kW sites as HH to a greater extent than Suppliers who do/are not. For this reason, there is a potential competition issue to be considered within this CMP and therefore Self-Governance is inappropriate.

This modification does not, however require a Workgroup to be established. The current arrangements were put in place prior to the launch of either charging SCR, and per the FMR³ of CMP266, it was anticipated at the time that mandatory (or market-wide) HH settlement would have been achieved by 31 March 2020. The market-wide settlement SCR is due to deliver its findings in the latter half of 2019 and therefore this date will not be achieved. The current arrangements should therefore be extended until other pertinent SCRs (namely Access & Forward-Looking Charges and TCR) have also concluded and been delivered. Owing to the binary nature of this CMP it is not envisaged that multiple alternatives would be raised within a Workgroup environment and that it would therefore be more efficient to move straight to Code Administrator Consultation.

Requested Next Steps

This modification should proceed to Consultation.

3 Why Change?

Without a change, Suppliers will be charged (on a per-MPAN basis) both the NHH and HH tariffs for the same site within one Charging Year for certain demand. This is double-charging and will likely lead either to windfall losses to Suppliers or to increased consumer costs, neither of which are appropriate. The two current Significant Code Reviews in the charging arena, and the HH Settlement Reform SCR, will likely resolve between them the issue of this potential double-charging and therefore the existing CUSC arrangements should be extended until such time as – at a minimum – the charging SCRs are concluded and any decisions implemented.

³ <https://www.nationalgrideso.com/document/9526/download>

4 Code Specific Matters

Technical Skillsets

Familiarity with HH Settlement reform, CoMCs/P322A/P272, P339 and demand TNUoS arrangements.

Reference Documents

CMP266 FMR & Authority Decision letter, 21st May 2019 letter on timings for charging SCRs

5 Solution

CUSC Currently states:

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*
- 14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March 2020. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

The date of 31st March 2020 should be changed to 31st March 2023, such that the legal text reads (emphasis added, not proposed):

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*
- 14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March **2023**. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

6 Impacts & Other Considerations

This is purely a CUSC matter and does not affect other codes although relies on the solution introduced through BSC P339.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This CMP does not affect any SCR or change project but seeks to extend current arrangements so as to prevent consumer detriment through a series of changes being made in 2020, and then again in 2021-23.

Consumer Impacts

This CMP will benefit consumers whose Suppliers choose or are otherwise required to settle their meters on a HH basis. Without this CMP, relevant consumers will either:

- Move to HH settlement and be charged both an NHH and HH tariff in any given charging year; or
- See – if they have already moved to HH settlement – their charges move to HH from NHH from 1 April 2020, and then see their charges potentially change again in 2021-23 (including possibly structurally) when the charging SCRs are delivered (assuming the Ofgem minded-to position on solutions is maintained).

Neither of these outcomes – for consumers who have become HH already or are set to – is desirable. The Authority initially estimated (in 2016) that the cost of this double charging would be £17/year for an individual domestic consumer (per the CMP266 decision letter) which can be avoided through this CMP.

7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

Relevant Objective	Identified impact
(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;	Positive – this CMP prevents a distortion which would otherwise arise between Suppliers who actively promote HH settlement and those who do not. This distortion would arise from a Supplier who chooses to migrate relevant consumers to HH settlement being charged TNUoS twice against those individual sites.
(b) That compliance with the use of system charging methodology results in	None

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;	None
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – this CMP would prevent layering change upon change to charging arrangements by preserving the status quo until such time as other charging reforms are expected to be implemented.
*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).	

8 Implementation

This CMP should be implemented with effect from 1 April 2020.

9 Legal Text

14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*

14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March ~~2023~~2020. Demand associated with*

Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to

- Agree that Normal governance procedures should apply; and
- Issue this modification directly to Consultation