

**CUSC Workgroup Consultation Response Proforma****CMP335 - Transmission Demand Residual - Billing and consequential changes to CUSC Section 3 and 11 (TCR)' &****CMP336 'Transmission Demand Residual - Billing and consequential changes to CUSC Section 14 (TCR)**

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.

Please send your responses to [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com) by **5pm on 11 June 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation please contact Paul Mullen [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

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**For reference the applicable CUSC objectives are:****CUSC (non-charging) objectives - for CMP335:**

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*; and*
- Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*\*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).*

**CUSC (charging) objectives - for CMP336:**

- 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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 \*; and*
- e. Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*\*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).*

**Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

Standard Workgroup Consultation questions		
1	Do you believe that CMP335 Original proposal better facilitates the Applicable CUSC Objectives?	Yes.
2	Do you believe that CMP336 Original proposal better facilitates the Applicable CUSC Objectives?	Yes.
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 CMP335/6 Workgroup Consultation questions		
5	Based on the mapping table in Annex 4, does the proposed CMP335/CMP336 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed.	Yes, the mapping is reflective of Ofgem's TCR SCR Direction.
6	Do you support the proposed allocation method to allocate transmission connected sites to bands (if more than 1 band is created under	We prefer one single band for all transmission-connected sites as this solution would be in keep with the Ofgem's TCR SCR Direction. However, if the replacement mod for CMP332 concludes that more than one band is the preferred solution, then the proposed allocation process seems the most straightforward. While the proposed hierarchy is a

	the new modification which will replace CMP332)? If not, what approach would you prefer? Please provide your rationale.	<p>good approach in principle, we would suggest setting an intermediate step that would cover the available data within a certain timeframe e.g. if data is available for less than 24 months, then the average consumption should be of at least (3 or 6?) months. This is to ensure to properly capture sites that have less than 24 months of available data but are not as new as those are newly connected. Otherwise, there could be the risk of gaming for inclusion in a lower band.</p> <p>Also, we would suggest that if the allocation of a given site is decided based on the proposed Step 3, then this should be considered a reasonable basis for the site or its Supplier to dispute the allocation, if they can demonstrate that the average of the actual consumption after let's say a year or six months is lower than the assumed one.</p>
7	Do you think it would be appropriate for ESO to seek a derogation from Ofgem to be outside of the 5% to 9.5% tolerance range where there is under/over recovery arising from successful disputes?	<p>We don't see any issues with the ESO requesting the derogation to Ofgem. Eventually, it will be up to the Regulator to determine whether to grant the derogation or not.</p> <p>Although it seems outside the scope of the Working Group discussion, we would suggest that a derogation should be time-limited for the first year of the implementation of Ofgem's TCR Direction and setting of new charging band creation, and should still determine a limit of the tolerance range, albeit greater than the 5% to 9.5%, to avoid unexpected under/over recovery.</p>
8	Do you agree with the proposed disputes process for transmission sites? Do you agree that this is compatible with the DCUSA disputes process?	Yes, the process seems sensible.
9	Do you support the method in ESO's alternative proposal to bill the Transmission Demand Residual? If not, what approach would you prefer?	In principle, we support the alternative proposal that would introduce a more streamlined process and the use of actual data. However, we don't know if the suppliers' monthly forecasts are accurate or not so it's difficult to assess whether the alternative would be much more beneficial.

	Please provide your rationale.	
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