

## **Annex 11 – Legal Text: CMP336 WACM2**

*Note: Drafting related to not yet approved CUSC modifications (CMP317, CMP327) are shown in blue text in this legal text.*

*Note: Changes shown in Green text are where text is moving but is not changing*

### **New Section 14 Text for Allocating & Disputes**

#### **Allocating Final Demand Sites to Charging Bands**

**14.15.142** **Users** who own or operate a **Distribution System** shall maintain a methodology in **DCUSA** entitled “**ALLOCATION OF CUSTOMERS TO CHARGING BANDS BY DNO/IDNO PARTIES**” (introduced by **DCUSA** modification DCP360) to allocate **Final Demand Sites** and **Unmetered Supplies** to **Charging Bands** for their respective **Distribution System**.

**14.15.143** In the **Charging Bands** are determined in accordance with 14.15.137, **Final Demand Sites** and **Unmetered Supplies** will be allocated to **Charging Bands** as follows:

1. For **Embedded Final Demand Sites** and **Unmetered Supplies**, **Users** who own or operate a **Distribution System** shall allocate **Embedded Final Demand Sites** and **Unmetered Supplies** to **Charging Bands** for their respective network as per the methodology described in 14.15.147
2. For **Final Demand Sites** connected to the **NETS**, the following hierarchy will apply to determine the correct **Charging Band** as created in 14.15.137:
  - i. Where available, the mean average of the latest 24 months data for the specific **Final Demand Site** shall be used.

Where this is not available in terms of (ii) and (iii);

- ii. as much data as is available for the specific **Final Demand Site**, or;
- iii. the **User**, who is counterparty to the **Bilateral Connection Agreement** with **The Company**, will provide **The Company** with an estimate of for that **Final Demand Site** to be used for the purpose of allocating said site to a **Charging Band**.

**14.15.143a** For all **Final Demand Sites** allocated under the provisions at 14.15.143.2(iii), **The Company** will monitor the actual metered data from the **Final Demand Site** to confirm that the estimate provided by the **User** is an accurate reflection of the **Final Demand Site's** behaviour.

**14.15.143b** If, following monitoring, **The Company** has reason to believe that the initial allocation to a **Charging Band** for the **Final Demand Site** was inaccurate, using the material change in circumstances conditions as per paragraph 14.15.149 **The Company** will raise an intervention to the **User** as per 14.15.148 and notify the relevant Supplier.

**14.15.143c** Any changes to the **Transmission Network Use of System Charges** for a given **Final Demand Site** following the outcome of the intervention described in 14.15.143b shall be

collected or refunded as appropriate to the affected party in monthly instalments over the following charging year through the final reconciliation as detailed in 14.25.

14.15.144 For the purpose of determining the **Transmission Demand Residual Tariff** liability for a given **Final Demand Site**, the **Final Demand Site** will be allocated to a **Charging Band**.

- Allocation to a **Charging Band** for **NETS** connected **Final Demand Sites** will be in accordance with 14.15.143.2. The **Final Demand Site** will be allocated into a **Charging Band** where the **Final Demand Site's** value, is less than or equal to the maximum threshold for that **Charging Band**.
- Allocation to a **Charging Band** for **Embedded Final Demand Sites** will be in accordance with the methodology described in 14.15.142 and 14.15.143.1.

14.15.145 For the purpose of determining the **Transmission Demand Residual Tariff** liability for a given **Unmetered Supply**, the **Unmetered Supply** will be allocated to the appropriate **Residual Charging Group** in accordance with 14.15.137.

14.15.146 **Final Demand Sites** and **Unmetered Supplies** will be assigned to a **Charging Band** for the duration of the **Onshore Transmission Owner** price control, unless:

1. The **Final Demand Site** or **Unmetered Supply** is reassigned by an intervention as described in 14.15.147 - 14.15.151, or
2. the **Authority** directs that the **Final Demand Site** or **Unmetered Supply** should be reassigned to a different **Charging Band**.

Once allocated and subject to the intervention process, **Final Demand Sites** and **Unmetered Supplies** will be re-allocated to **Charging Bands** prior to the start of each **Onshore Transmission Owner** price control in accordance with 14.15.138.

### **Charging Banding Interventions**

14.15.147 **Users** who own or operate a **Distribution System** shall maintain a methodology in **DCUSA** entitled "EXCEPTIONAL CIRCUMSTANCES RESULTING IN RE-ALLOCATION TO A DIFFERENT BAND WITHIN A PRICE CONTROL PERIOD" (introduced by **DCUSA** modification DCP360) to manage interventions and disputes from **Embedded Final Demand Sites** and **Unmetered Supplies** connected to their respective **Distribution System**.

14.15.148 Where a **Final Demand Site** or **Unmetered Supply** (or their nominated **Supplier** or agent) or a **User** or **The Company** wishes to challenge the allocation of the **Final Demand Site** to a **Charging Band**, it shall:

1. For **Embedded Final Demand Sites** and **Unmetered Supplies**, **Users** who own or operate a **Distribution System** shall follow the methodology described in 14.15.147 for their respective network
2. For **Final Demand Sites** directly connected to the **NETS**, follow the process as defined in **CUSC** Section 7.3 to demonstrate a material change in circumstances.

14.15.149 For the purposes of 14.15.148.2 a material change in circumstances for **NETS** connected **Final Demand Sites** must be demonstrated by:

1. the voltage of connection of the **Final Demand Site** changing with an accompanying signed **Construction Agreement**; or
2. should **Consumption** data be used as the basis of **Directly Connected Final Demand Site Charging Bands**, providing 12 months of actual metered gross **Consumption** data which shows gross **Consumption** is lower than 50% or greater than 50% of the **Consumption** data applied to the relevant subheading of 14.15.143. For reductions in **Consumption**, this shall be accompanied with a signed letter from the company Director (or equivalent) confirming the rationale for the exceptional and significant changes to consumption (including historical **Consumption**); or
3. A notice to **Disconnect** is provided in accordance with CUSC Section 5.7.

14.15.150 Any changes to **Transmission Network Use of System Demand Charges** as a result of a intervention (as described in 14.15.153) shall be collected or refunded (as appropriate) to the affected party through the reconciliation process described in 14.25.

14.15.151 The requirements of 14.15.147 - 14.15.150 shall not preclude the **Final Demand Site's** or **Unmetered Supply's** right to refer the matter directly to the **Authority** for determination.

## Changes to existing Section 14 text

No changes before 14.17.19

### Monthly Charges

14.17.19 Throughout the year Users will submit a Demand Forecast. A Demand Forecast will include:

- half-hourly metered gross demand to be supplied during the Triad for each BM Unit
- ☐ half-hourly metered embedded export to be exported during the Triad for each BM Unit
- ☐ 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

14.17.20 Throughout the year, Users' monthly demand charges will be based on:

a. ~~their~~ **User's Demand Forecast** which will consist of:

- ~~half-hourly metered embedded export 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~~

~~a. The Quantity~~

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

~~half-hourly metered embedded export 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~~

~~b. Final Demand Site Count Forecast for the latest day (that The Company has data available for) multiplied by the relevant £/Site/Day Transmission Demand Residual Tariff for the relevant Charging Band.~~

~~c. the Unmetered Supply Volume Forecast for the latest day (that The Company has data available for) multiplied by the UMS Tariff.~~

Users' annual TNUoS demand charges are based on these forecasts ~~and are with~~ the Demand Forecast split evenly over the 12 months of the year. Users have the opportunity to vary their ~~Ddemand fForecasts~~ on a quarterly basis over the course of the year, with the ~~Ddemand fForecasts~~ 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 Ddemand Ccharges** by calculating the annual charge based on the ~~new above~~ forecasts, subtracting the amount paid to date, and splitting the remainder evenly over the remaining months. For the avoidance of doubt, only positive ~~Ddemand fForecasts~~ (i.e. representing a net import from the system), positive FDSC Forecast and positive Unmetered Supply Volume Forecast will be used in the calculation of charges.

**Demand Forecasts** for a **User** will be considered positive where:

- The sum of the gross demand forecast and embedded export forecast is positive; and
- The non-half hourly metered energy forecast is positive.

~~14.17.2014.17.21~~ **Users** should submit reasonable demand forecasts of gross demand, embedded export and energy 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 gross demand and embedded export 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) gross demand and embedded export in the Financial Year to date is compared to the equivalent average gross demand and embedded export for the corresponding days in the preceding year. The percentage difference is then applied to the User's HH gross demand and embedded export at Triad in the preceding Financial Year to derive a forecast of the User's HH gross demand and embedded export 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) gross demand and embedded export over the last complete month for which The Company has settlement data is calculated. Total system average HH gross demand and embedded export for weekday settlement period 35 for the corresponding month in the previous year is compared to total system HH gross demand and embedded export at Triad in that year and a percentage difference is calculated. This percentage is then applied to the User's average HH gross demand and embedded export for weekday settlement period 35 over the last month to derive a forecast of the User's HH gross demand and embedded export 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.

~~14.17.21~~14.17.22 14.28 Determination of The Company's Forecast for Demand Charge Purposes illustrates how the demand forecast will be calculated by The Company.

### **Reconciliation of Demand Charges and TNUoS Charges in the event of exceeding the limits to Generator charges in the Limiting Regulation**

~~14.17.22~~14.17.23 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.

~~14.17.23~~14.17.24 In the event of annual average transmission charges incurred by Generator Users in the Charging Year not being in compliance with the upper or lower limits in the Limiting Regulation an Ex-Post Reconciliation adjustment will be applied to Generator and Demand User's to bring charges back into compliance.

### **Initial Reconciliation of demand charges**

~~14.17.24~~14.17.25 The initial reconciliation process compares Users' demand forecasts, **The Company's FDSC Forecast and Unmetered Supply Volume Forecast** and to the 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 ~~three~~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 and Initial Reconciliation Part 3 deals with the reconciliation of **Transmission Demand Residual** charges.

### **Initial Reconciliation Part 1– Half-hourly metered demand**

~~14.17.25~~14.17.26 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.

~~14.17.26~~14.17.27 Initial outturn charges for half-hourly metered gross demand will be determined using the latest available data of actual average Triad gross demand (kW) multiplied by the zonal gross 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 gross demand.

~~14.17.27~~14.17.28 Initial outturn charges for half-hourly metered embedded export will be determined using the latest available data of actual average Triad embedded export (kW) multiplied by the zonal embedded export 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 embedded exports.

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

~~14.17.28~~14.17.29 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.

### **Initial Reconciliation Part 3 – FDSC and Unmetered Supply Volume**

14.17.29a Actual payments for -Transmission Demand Residual charges will be determined using the latest FDSC and Unmetered Supply Volume (provided by the Settlement Administration Agent) multiplied by the relevant Transmission Demand Residual Tariff. These actual values are then reconciled against the charges paid by the User.

### **Final Reconciliation of demand charges**

~~14.17.29~~14.17.30 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 finalised FDSC and Unmetered Supply Volume, settlement data of half-hourly gross demand, embedded exports and non-half-hourly energy consumption).

~~14.17.30~~14.17.31 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**

~~14.17.31~~14.17.32 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 14.17.34 will be in

accordance with Sections 14.17.25 to 14.17.31. 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.

~~14.17.32~~14.17.33 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.

~~14.17.33~~14.17.34 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.

~~14.17.34~~14.17.35 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.

### **Ex-post Reconciliation of Generator and Demand Charges in the event of exceeding the limits to Generator charges in the Limiting Regulation**

14.17.36 The Company shall, following the completion of each Charging Year, produce a statement setting out the annual average transmission charges paid in aggregate by Generators in €/MWh as per paragraph 14.14.5.

14.17.37 In the event that the annual average transmission charges attributable to Generators exceeds the upper limit established in the Limiting Regulation then an Ex-post Reconciliation will be calculated for Generation and Demand Users as per the below and will be invoiced at the time of generation reconciliation and initial demand reconciliation.

i) The Ex-post Reconciliation amount for Demand Users will be calculated as :

$$Dadj = GCharge (Actual) - (GO_A * (CapEC * ER_A))$$

Where:

Dadj = Revenue to be recovered from Demand

GO<sub>A</sub> = Actual generator output in the previous Charging Year

CapEC = The upper limit of the Limiting Regulation

ER<sub>A</sub> = Actual exchange rate in the previous Charging Year

GCharge (Actual) = Actual charges to Generators in the previous Charging Year

ii) The rate applied to HH gross Demand, in order to adjust for any TNUoS recovery from generation outside of the range of the Limiting Regulation

$$DRadj = \left( \frac{Dadj}{GTD} \right)$$

Where

DRadj = Rate applied to AHHD in £/kW

GTD = Total actual system metered Gross Triad Demand (kW)

- iii) The rate applied to NHH energy consumption, in order to adjust for compliance with the Limiting Regulation in the Charging Year is calculated by:

$$ERadj = \left( \frac{Dadj - (AHHD \times DRadj)}{ANHHC} \right) \times 100$$

Where

AHHD = The actual gross half-hourly metered Triad Demand (kW) for HH Demand

ERadj = Rate applied to energy consumption for the Demand Recovery in p/kWh

ANHHC = Total actual annual non-half-hourly metered energy consumption (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) for each day of the preceding charging year ,

- iv) The Ex-Post Reconciliation amount for Generation Users will be calculated as:

$$Gadj = Dadj * -1$$

Where:

Dadj = Revenue to be recovered from demand Users

Gadj = Revenue to be paid to generation Users

- v) The rate applied to Generator Chargeable Capacity in the preceding Charging Year, in order to adjust for any recovery of TNUoS from generation outside of the range of the Limiting Regulation, is:

$$GRadj = \frac{Gadj}{ChargeableCapacity}$$

Where:

GRadj = Adjustment rate to be applied to generators  
Chargeable Capacity = As per paragraph 14.18.6

14.17.38 In the event that the annual average transmission charges attributable to Generators is below the lower limit established in the Limiting Regulation then an Ex-post Reconciliation will be calculated for Generator and Demand Users as per the below and will be invoiced at the time of generation reconciliation and initial demand reconciliation.

i) Ex-post reconciliation for Demand Users:

$$Dadj = GCharge (Actual) - 0$$

Where:

Dadj = Revenue to be credited to Demand

GCharge (Actual) = Actual charges to Generators in the previous Charging Year

ii) The rate applied to HH gross Demand, in order to adjust for any recovery of TNUoS from generation outside of the range of the Limiting Regulation

$$DRadj = \left( \frac{Dadj}{GTD} \right)$$

Where

DRadj = Rate applied to AHHD in £/kW

GTD = Total actual system metered gross triad demand (kW)

iii) The rate applied to NHH energy consumption, in order to adjust for compliance with the Limiting Regulation in the Charging Year is calculated by:

$$ERadj = \left( \frac{Dadj - (AHHD \times DRadj)}{ANHHC} \right) \times 100$$

Where

AHHD = The actual gross half-hourly metered Triad Demand (kW) for HH Demand

ERadj = Rate applied to energy consumption for the Demand Recovery in p/kWh

ANHHC = Total actual annual non-half-hourly metered energy consumption (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) for each day of the preceding Charging Year

#### Ex-post reconciliation for Generation Users:

The recovery from Generator Users will be

$$Gadj = Dadj * -1$$

Where:

Dadj = Revenue to be dispersed to Demand

Gadj = Revenue to be recovered from Generation

- iv) The rate applied to Generator Chargeable Capacity in the preceding charging year, in order to adjust for any recovery of TNUoS from generation outside of the range of the Limiting Regulation, is:

$$GRadj = \frac{Gadj}{ChargeableCapacity}$$

Where:

GRadj = Adjustment rate to be applied to generators

Chargeable Capacity = As per paragraph 14.18.6

#### **Further Information**

14.17.39 14.25 Reconciliation of Demand Related Transmission Network Use of System Charges of this statement illustrates how the monthly charges are reconciled against the actual values for gross demand, embedded consumption and consumption for half-hourly gross demand, embedded export and non-half-hourly metered demand respectively.

14.17.40 **The Statement of Use of System Charges** contains the £/kW zonal gross demand tariffs, the £/kW zonal embedded export tariffs, and the p/kWh energy consumption tariffs for the current Financial Year.

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

---Nothing until 14.25---

## 14.25 Reconciliation of Gross Demand Related Transmission Network Use of System Charges

This appendix illustrates the methodology used by The Company in the reconciliation of Transmission Network Use of System charges for gross demand. The example highlights the different stages of the calculations from the monthly invoiced amounts, right through to Final Reconciliation.

### Monthly Charges

Suppliers provide half-hourly (HH) gross demand and embedded export forecasts and non-half-hourly (NHH) demand forecasts by BM Unit every quarter: The Company provides FDSC Forecasts and Unmetered Supply Volume Forecasts on behalf of Suppliers. An example of such forecasts and the corresponding monthly invoiced amounts, based on tariffs of £10.00/kW for gross demand, £5.00/kW for embedded export and 1.20p/kWh for energy consumption, is as follows:

### HH and NHH Forecasts

	Forecast HH Triad Gross Demand HHD <sub>F</sub> (kW)	HH Gross Demand Monthly Invoiced Amount (£)	Forecast HH Triad Embedded Export HHEE <sub>F</sub> (kW)	HH Embedded Generation Monthly Invoiced Amount (£)	Forecast NHH Energy Consumpti on NHHC <sub>F</sub> (kW h)	NHH Monthly Invoiced Amount (£)	Net Monthly Invoiced Amount (£)
Apr	12,000	10,000	-600	(250)	15,000,000	15,000	24,750
May	12,000	10,000	-600	(250)	15,000,000	15,000	24,750
Jun	12,000	10,000	-600	(250)	15,000,000	15,000	24,750
Jul	12,000	10,000	-600	(250)	18,000,000	19,000	28,750
Aug	12,000	10,000	-600	(250)	18,000,000	19,000	28,750
Sep	12,000	10,000	-600	(250)	18,000,000	19,000	28,750
Oct	12,000	10,000	-600	(250)	18,000,000	19,000	28,750
Nov	12,000	10,000	-600	(250)	18,000,000	19,000	28,750
Dec	12,000	10,000	-600	(250)	18,000,000	19,000	28,750
Jan	7,200	(6,000)	-600	(250)	18,000,000	19,000	12,750
Feb	7,200	(6,000)	-600	(250)	18,000,000	19,000	12,750
Mar	7,200	(6,000)	-600	(250)	18,000,000	19,000	12,750

Total		72,000		(3,000)		216,000	297,000
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As shown, for the first nine months the Supplier provided a 12,000kW HH triad gross demand forecast, and hence paid HH gross demand monthly charges of £10,000 ((12,000kW x £10.00/kW)/12) for that BM Unit. In January the Supplier provided a revised forecast of 7,200kW, implying a forecast annual charge reduced to £72,000 (7,200kW x £10.00/kW). The Supplier had already paid £90,000, so the excess of £18,000 was credited back to the supplier in three £6,000 instalments over the last three months of the year.

The Supplier provided an embedded export triad forecast of -600kW and hence was paid an embedded export credit of £250 ((600kW x £5.00/kW)/12) for that BM Unit (For the avoidance of doubt, if the embedded export tariff is negative this will result in a debit).

The Supplier also initially provided a 15,000,000kWh NHH energy consumption forecast, and hence paid NHH monthly charges of £15,000 ((15,000,000kWh x 1.2p/kWh)/12) for that BM Unit. In July the Supplier provided a revised forecast of 18,000,000kWh, implying a forecast annual charge increased to £216,000 (18,000,000kWh x 1.2p/kWh). The Supplier had already paid £45,000, so the remaining £171,000 was split into payments of £19,000 for the last nine months of the year.

The right hand column shows the net monthly charges for the BM Unit.

#### FDSC Forecast and Unmetered Supply Volume Forecast

The User shall not be required to submit forecasts of FDSC or Unmetered Supply Volume. The Company shall use the latest daily actual FDSC and Unmetered Supply Volume prior to the forecast as the basis of the forecast.

#### **Initial Reconciliation (Part 1a)**

The Supplier's outturn HH triad gross demand, based on initial settlement data (and therefore subject to change in subsequent settlement runs), was 9,000kW. The HH triad gross demand reconciliation charge is therefore calculated as follows:

$$\begin{aligned}
 \text{HHD Reconciliation Charge} &= (\text{HHD}_A - \text{HHD}_F) \times \text{£/kW Tariff} \\
 &= (9,000\text{kW} - 7,200\text{kW}) \times \text{£}10.00/\text{kW} \\
 &= 1,800\text{kW} \times \text{£}10.00/\text{kW} \\
 &= \text{£}18,000
 \end{aligned}$$

To calculate monthly interest charges, the outturn HHD charge is split equally over the 12-month period. The monthly reconciliation amount is the monthly outturn HHD charge less the HH gross demand monthly invoiced amount. Interest payments are calculated based on these monthly reconciliation amounts using Barclays Base Rate.

### Initial Reconciliation (Part 1b)

The Supplier's outturn HH triad embedded export, based on initial settlement data (and therefore subject to change in subsequent settlement runs), was 700kW. The HH triad embedded export reconciliation charge is therefore calculated as follows:

$$\begin{aligned}\text{HHEE Reconciliation Charge} &= (\text{HHEE}_A - \text{HHEE}_F) \times \text{£/kW Tariff} \\ &= (-500\text{kW} - -600\text{kW}) \times \text{£5.00/kW} \\ &= 100\text{kW} \times \text{£5.00/kW} \\ &= \textbf{£500}\end{aligned}$$

To calculate monthly interest charges, the outturn HHEE charge is split equally over the 12-month period. The monthly reconciliation amount is the monthly outturn HHEE charge less the HH embedded generation monthly invoiced amount. Interest payments are calculated based on these monthly reconciliation amounts using Barclays Base Rate.

### Initial Reconciliation (Part 2)

The Supplier's outturn NHH energy consumption, based on initial settlement data, was 17,000,000kWh. The NHH energy consumption reconciliation charge is therefore calculated as follows:

$$\begin{aligned}\text{NHHC Reconciliation Charge} &= \frac{(\text{NHHC}_A - \text{NHHC}_F) \times \text{p/kWh Tariff}}{100} \\ &= \frac{(17,000,000\text{kWh} - 18,000,000\text{kWh}) \times 1.20\text{p/kWh}}{100} \\ &= \frac{-1,000,000\text{kWh} \times 1.20\text{p/kWh}}{100} \\ &= \textbf{-£12,000}\end{aligned}$$

The monthly reconciliation amount is equal to the outturn energy consumption charge for that month less the NHH monthly invoiced amount. Interest payments are calculated based on the monthly reconciliation amounts using Barclays Base Rate.

The net initial TNUoS demand reconciliation charge is therefore £6,500 (£18,000 = £500 - £12,000).

### Initial Reconciliation (Part 3)

The Company's FDSC Forecast and Unmetered Supply Volume Forecast for the Supplier (as described in 14.17.20(b)) was as follows:

<u>Charging Band*</u>	<u>Transmission Demand Residual Quantity (A)</u>	<u>Tariff (B)</u>	<u>Days in month (C)</u>	<u>Forecast Charge</u>
<u>FDSC Band 1</u>	<u>25 Sites</u>	<u>£1/Site/Day</u>	<u>30</u>	$\begin{aligned} &= A \times B \times C \\ &= 25 \times 1 \times 30 \\ &= \text{£}750 \end{aligned}$
<u>FDSC Band 2</u>	<u>15 Sites</u>	<u>£2/Site/Day</u>	<u>30</u>	$\begin{aligned} &= A \times B \times C \\ &= 15 \times 2 \times 30 \\ &= \text{£}900 \end{aligned}$
<u>UMS</u>	<u>10kWh/day</u>	<u>£2.75/kWh</u>	<u>30</u>	$\begin{aligned} &= A \times B \\ &= 10 \times 2.75 \times 30 \\ &= \text{£}825 \end{aligned}$

\*Note – only 3 Charging Bands shown in this example for simplicity.

Transmission Demand Residual charges will be the sum of the charges for each Charging Band, therefore:

Transmission Demand Residual = £750 + £900 + £825 = £2,475

### **Final Reconciliation**

Finally, let us now suppose that after all final Settlement data has been received (up to 14 months after the relevant dates) as shown in the below table:

<u>Settlement Data item</u>	<u>Initial Value</u>	<u>Final Value</u>
<u>HH triad gross demand</u>	<u>9,000kW</u>	<u>9,500kW</u>
<u>HH triad embedded export</u>	<u>500kW</u>	<u>-550kW</u>
<u>NHH energy consumption</u>	<u>17,000,000kWh</u>	<u>16,700,000kWh</u>
<u>Band 1</u>	<u>25 Sites</u>	<u>40 Sites</u>

<u>Band 2</u>	<u>15 Sites</u>	<u>10 Sites</u>
<u>UMS</u>	<u>10kWh/day</u>	<u>8kWh/day</u>

~~the outturn HH triad gross demand, HH triad embedded export and NHH energy consumption values were 9,500kW, -550kW and 16,500,000kWh, respectively.~~

This would mean the Final Reconciliation calculations would be.

$$\begin{array}{ll} \text{Final HH Gross Demand} & = (-9,500\text{kW} - 9,000\text{kW}) \times \text{£}10.00/\text{kW} \\ \text{Reconciliation Charge} & \underline{\hspace{1cm}} = -\text{£}5,000 \end{array}$$

$$\begin{array}{ll} \text{Final HH Embedded Export} & = (-550\text{kW} - -500\text{kW}) \times \text{£}5.00/\text{kW} \\ \text{Reconciliation Charge} & = -\text{£}250 \end{array}$$

$$\begin{array}{ll} \text{Final NHH Reconciliation Charge} & = \frac{(16,700,000\text{kWh} - 17,000,000\text{kWh}) \times 1.20\text{p/kWh}}{100} \\ & \underline{\hspace{1cm}} = -\text{£}3,600 \end{array}$$

$$\text{FDSC Charging Band 1} \quad = (40 \text{ Sites} - 25 \text{ Sites}) \times \text{£}1/\text{Site/Day} \times 30 \text{ days} = \text{£}450$$

$$\text{FDSC Charging Band 2} \quad = (10 \text{ Sites} - 15 \text{ Sites}) \times \text{£}2/\text{Site/Day} \times 30 \text{ Days} = -\text{£}300$$

$$\text{UMS Charging Band} \quad = (8\text{kWh/day} - 10\text{kWh/day}) \times 2.75/\text{kWh} \times 30 \text{ Days} = -\text{£}165$$

Consequently, the net final TNUoS demand reconciliation charge will be £1,15035 (£5,000 + - £250 + -£3,600 + £450 - £300 - £165).

Interest payments are calculated based on the monthly reconciliation amounts using Barclays Base Rate.

Outturn data for BM Units with a net export over the Triad will be received at this stage and final reconciliation will be carried out, as required. Interest will be calculated as described above.

### Terminology:

**HHD<sub>A</sub>** = The Supplier's outturn half-hourly metered Triad Gross Demand (kW) for the demand zone concerned.

**HHD<sub>F</sub>** = The Supplier's forecast half-hourly metered Triad Gross Demand (kW) for the demand zone concerned.

**HHEE<sub>A</sub>** = The Supplier's outturn half-hourly metered Triad Embedded Export (kW) for the demand zone concerned.

**HHEE<sub>F</sub>** = The Supplier's forecast half-hourly metered Triad Embedded Export (kW) for the demand zone concerned.

**NHHC<sub>A</sub>** = The Supplier's outturn non-half-hourly metered daily Energy Consumption (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) from April 1<sup>st</sup> to March 31<sup>st</sup>, for the demand zone concerned.

**NHHC<sub>F</sub>** = The Supplier's forecast non-half-hourly metered daily Energy Consumption (kWh) for the period 16:00 hrs to 19:00 hrs inclusive (i.e. settlement periods 33 to 38) from April 1<sup>st</sup> to March 31<sup>st</sup>, for the demand zone concerned.

**£/kW Tariff** = The £/kW Gross Demand or Embedded Export Tariff as shown in Schedule 1 of **The Statement of Use of System Charges** for the demand zone concerned.

**p/kWh Tariff** = The Energy Consumption Tariff shown in Schedule 1 of **The Statement of Use of System Charges** for the demand zone concerned.