

**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:**

- 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 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. This modification is expected to have a positive impact against the non-charging CUSC applicable objectives A and D. Against objective A the proposal ensures that the CUSC remains in accord with the transmission licence obligations following the Authority's TCR decision. Against objective D the proposal puts in place the mechanics and processes for the efficient assimilation of site data in timescales consistent with Ofgem's TCR decision along with a disputes process.
2	Do you believe that CMP336 Original proposal better facilitates the Applicable CUSC Objectives?	Yes. This modification is expected to have a positive impact against the charging CUSC applicable objectives A, B, C and E as this proposal ensures the CUSC remains aligned with the implementation of the Authority's TCR decision.
2	Do you support the proposed implementation approach?	Whilst we support this approach in general, we still have concerns around implementing the TCR in April 2022. We are currently in the middle of a global pandemic and we believe our business customers will find the disruption caused by implementing the TCR difficult to absorb within the proposed timescales when we eventually emerge from this crisis.
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	Yes. Based on the mapping table in Annex 4, we believe the proposed CMP335/CMP336 solution delivers Ofgem's TCR SCR Direction.

	believe need to be addressed.	
6	Do you support the proposed allocation method to allocate transmission connected sites to bands (if more than 1 band is created under the new modification which will replace CMP332)? If not, what approach would you prefer? Please provide your rationale.	Yes. We believe the proposed allocation method to allocate transmission connected sites to band(s) is the fairest and most practical option.
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>At this stage we do not consider it appropriate to seek a pre-emptive derogation from the permitted tolerance for under/over recovery. We do recognise the slight increase in risk that NG ESO may under/over recover but this is a risk for NG ESO to manage and granting a derogation now sends the wrong signal to NG ESO who should be doing their utmost to establish accurate tariffs and mitigate this under/over recovery risk.</p> <p>We would not wish to see a mid-year tariff change as this creates huge disruption to both Suppliers and their customers. Recovery via the K factor through future years creates certainty for Suppliers which means less of a risk premia in their contracts.</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. We agree with the proposed disputes process for transmission sites and that this is compatible with the DCUSA disputes process?
9	Do you support the method in ESO's alternative proposal to bill the Transmission Demand Residual? If not, what approach would you prefer?	Yes. We support the methodology in the alternative proposal to bill the Transmission Demand Residual. Option 2 is our preferred solution as it eliminates any risk that NG ESO will under or over-recover each suppliers' share of the Transmission Demand Residual. It removes the risk that some suppliers may accrue a debt to NG ESO which remains

	Please provide your rationale.	unpaid if they cease trading.
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