

CUSC Workgroup Consultation Response Proforma**CMP332: Transmission Demand Residual bandings and allocation (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 by **5pm** on **27 February 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 at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Daniel Hickman
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For reference the applicable CUSC objectives are:

- 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 the CMP332 Original Proposal better facilitates the Applicable CUSC Objectives?	<p>No</p> <p>The original CMP332 proposal has a negative impact against objective b. as it would remove the locational signal from TNUoS charges in the majority of GB (locational charge forecast to be removed from 8 of the 14 zones)</p> <p>The original CMP332 proposal also has a negative impact against objective e. as the introduction of a fixed charge billed by NGSO will require the implementation of a completely new billing system</p>
2	Do you support the proposed implementation approach?	<p>Although it is noted that the authority has directed that this is implemented for April 2021, we do not believe this timescale to be appropriate, feasible or in the best interests of consumers. An appropriate transitional period should be included so that customers are allocated to a band at least 1 year ahead of the Banded Fixed charge being introduced. The majority of customers fix their price for a year or longer, giving visibility of the band a site will fall into ahead of the charges being applied. This will allow suppliers to incorporate the appropriate costs into fixed term fixed priced contracts and allow those customers who have not taken action to avoid residual charges to realise the benefits that Ofgem describe in their TCR decision</p>
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Click or tap here to enter text.
Specific CMP332 Workgroup Consultation questions		
5	Based on the mapping table in Annex 6, does the proposed CMP332 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be	<p>There does not appear to be any further areas to be addressed to implement Ofgem's TCR Direction</p>

	addressed.	
6	CMP332 solution proposes to have one Transmission Band for the demand residual charge. Do you agree, if not what do you suggest instead, and why?	We agree that a single TCR Residual Charge Band for all Transmission connected sites is appropriate.
7	The TCR SCR Direction specifies that 24 months of data is required to allocate the customers to charging bands. The Original solution (for CMP332) proposes to use a standard 12 months period for all. What period of historical data do you think is required for setting the bands, and why?	It seems inappropriate to use different data to set the bands than the data used to allocate sites to those bands. If the data is being collated to allocate customers then why would you not use that data to set the bands as well.
8	If there is any revenue under/over recovery due to the differences between the initial allocation of charging bands vs the outturn of such bands, how should this amount be recovered/rebated?	Any revenue under/over recovery due to outturn charging base differing from the forecast charging base used to set tariffs should be treated in the same way as it currently is and recovered through the k-factor
9	Should we use Measurement Classes rather than “No MIC” or “MIC” to determine initial grouping for the charging bands at low voltage, and why?	The Ofgem CUSC direction to NGSO states at paragraph 20 that non-domestic LV-connected customers with an agreed capacity as the basis for their current charge should be one group. The LV sites that have capacity as the basis of their current charge are all in measurement class C and E, all sites in measurement class C and E have capacity as the basis of their current DUoS charge. To avoid any ambiguity where a site has yet to agree a MIC with the DNO but still has capacity as the basis of their current DUoS charge all LV sites in MC C or E should be in the LV with MIC group
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged	UMS should be charged separately from the bandings on a volumetric basis in line with how the DNOs intend to charge the residual. Due to the very high (>25GWh/annum) consumption of some UMS,

	separately on a volumetric basis?	including them in the LV no MIC grouping is likely to distort the proportion of the residual allocated to the LV no MIC band 4 group. Also a definition of a 'site' for charging purposes that incorporates UMS supplies which could be made up of thousands of items of street furniture spread over many miles does not seem to be a plausible option
11	Do you have any thoughts on any of the suggested options and/or do you believe there any other options for the Workgroup to consider?	The option of flooring the overall transmission charge per customer taking into account both locational and residual charges appears unnecessarily complicated and would likely significantly increase the cost of implementation in terms of the NGSO billing system required. It would also be impractical in terms of suppliers pricing a new customer for whom they may not have the data for their Triad consumption in previous years.