

# CUSC Modification Proposal Form (for **nationalgrid** Charging Methodology Proposals) CMP247

## Connection and Use of System Code (CUSC)

### Title of the CUSC Modification Proposal

*TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322.*

### Submission Date

*22nd July 2015.*

### Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

*CMP241 was implemented to prevent a single meter installation being liable for both Non Half Hourly (NHH) charges and Half Hourly (HH) TNUoS charges within the same charging year, due to the implementation of BSC Modification P272.*

*The default option under CMP241 is that all meters within Measurement Classes E-G will be treated as NHH for TNUoS charging purposes.*

*However Suppliers are given the option for those meters within Measurement Classes E-G to continue to be treated as HH for the following charging year if the Supplier notifies National Grid of their intention before the start of the Triad season as well as provides verified metering data for those meter installations in time for the end of year reconciliation.*

*The original implementation date for P272 was April 2016. The number of meters which were Class E-G and so already treated as HH for the purposes of TNUoS before the start of the charging year i.e. <April 1<sup>st</sup> 2015, totals around 3000. Due to the limited number of meters in the category mentioned above, the intended process to collate the data from Suppliers, then adjust the demand data received from Elexon will be a temporary manual process.*

*P322 extends the implementation date of P272 to April 2017. The number of meters which will be in Measurement Classes E-G before the start of the following charging year 2016-17 i.e. April 16 to March 17 is likely to be substantially greater than the 3000 meters at April 2015 (subject to Suppliers migration plans). The option within the CUSC to allow those meters which are HH settled before the start of the charging year to continue/or start to be treated as HH for TNUoS purposes, potentially puts a unmanageable administrative burden and increased risk on National Grid through the manual process currently planned to implement CMP241. This size of this burden won't be known in full until Suppliers signal their intention before the start of the Triad season that they wish HH meters to be treated as HH for TNUoS purposes. To allow this to happen will then require Suppliers to collate and send verified metering data to which will also mean that this manual burden is also placed on Suppliers. Although Suppliers are given the option for HH meters to be treated as HH, if other Suppliers are offering this option, then all*

*Suppliers may feel pressured into offering this option as well.  
The above describes the administrative burden on both and Suppliers. There is also the issue in setting cost reflective tariffs, which to do, requires the need to forecast the demand levels on which the tariffs will be based thus allowing the correct amount of revenue to be recovered. National Grid will not know the potential size of the HH and NHH demand base until after charges are set.*

### Description of the CUSC Modification Proposal

*All meters which migrate into Measurement Classes E-G will be treated as NHH up until the full charging year after the Implementation date of P272. Those meters which migrated before April 2015 will still have the option to be treated as HH if Suppliers so wish.*

### Impact on the CUSC

*Section 14 Remove optionality for charging year 2016/17 in the CUSC*

### Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? No

*Include your view as to whether this Proposal has a quantifiable impact on greenhouse gas emissions. If yes, please state what you believe that the impact will be.*

*You can find guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions on the Ofgem's website:*

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance>

### Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

**BSC**

**Grid Code**

**STC**

**Other**   
*(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.*

### Urgency Recommended: Yes / No

*This modification is not urgent but does need to be implemented before the start of April 2016 so that consumers and Suppliers know the basis on which their energy use will be charged*

## Justification for Urgency Recommendation

*If you have answered yes above, please describe why this Modification should be treated as Urgent.*

*An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause:*

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or*
- b) A significant impact on the safety and security of the electricity and/or has systems;  
or*
- c) A party to be in breach of any relevant legal requirements.*

*You can find the full urgency criteria on the Ofgem's website:*

*<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance>*

## Self-Governance Recommended: Yes / No

No

## Justification for Self-Governance Recommendation

*If you have answered yes above, please describe why this Modification should be treated as Self-Governance.*

*A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:*

- Existing or future electricity customers;*
- Competition in generation or supply;*
- The operation of the transmission system;*
- Security of Supply;*
- Governance of the CUSC*
- And it is unlikely to discriminate against different classes of CUSC Parties.*

## Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

*Please justify whether this modification should be exempt from any Significant Code Review (SCR) undertaken by Ofgem. You can find guidance on the launch and conduct of SCRs on Ofgem's website, along with details of any current SCRs at:*

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=197&refer=Licensing/IndCodes/Governance>.

For further information on whether this Proposal may interact with any ongoing SCRs, please contact the Panel Secretary.

### Impact on Computer Systems and Processes used by CUSC Parties:

*This is an optional section. Include a list of any relevant Computer Systems and Computer Processes which may be affected by this Proposal, and where possible, how they will be affected. None over and above those created by CMP241. However this proposal looks to reduce future impacts and potential costs of implementing a more robust and automatic way of handling and processing data for those meters wishing to be treated as HH, which would be necessary without this proposal. We estimate this to be in the region of ~£2m which is line with recent IS changes to implement future changes necessary for Transmit within our billing system. Any costs would have to be assessed in conjunction with the fact that any changes would only be necessary for the life of P272 (April 2017) i.e. high costs for limited timeframe*

### Details of any Related Modification to Other Industry Codes

*This is an optional section. You should list any other simultaneous modifications being proposed to other Industry Documents and Codes that you are either aware of or have raised.*

### Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives for Charging:

**Please tick the relevant boxes and provide justification for each of the Charging Methodologies affected.**

#### Use of System Charging Methodology

- (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

*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).*

**Full justification:**

- a) By removing the option for meters to be settled as HH for the charging year 2016/17 (if the Suppliers provides verified metering data) all Suppliers will be operating with the knowledge that no other Supplier could offer to the end consumer the option to be settled as HH, thus gaining a potential competitive advantage.  
Suppliers are invoiced throughout the year based on forecasts provided by themselves, then charged based on actual demand taken over charging period in which the meter will be settled i.e. 4-7pm for NHH or Triad for HH. Suppliers may be subject to large liabilities due to the behaviour of their consumers over the Triad period if they choose for those meters to be HH settled if their forecasts do not match actual demand. If meters are settled as NHH up until Implementation date this will allow Suppliers to assess consumer behaviour over the Triad periods thus allowing them to better forecast future demand thus reducing any liabilities at reconciliation, as well as educate the consumer on the effects of their behaviour on tariffs, before they are actually HH settled in terms of TNUoS charges.
- b) Meters will continue to be settled as NHH until the Implementation date. This aids the setting of cost reflective tariffs as the demand charging bases (which is a forecast of applicable demand on which tariffs are levied) can be based on historical numbers. Treating newly migrated meters as NHH until after April 2017, allows metering demand data to be built up based on consumer behaviour over the Peak Triad periods for those meters in Measurement Classes E-G. (At the moment Profile Classes are aggregated up into NHH so we do not have the granularity to assess). The HH Demand base could then be altered before Tariffs are finalised for the charging year in which they apply. This would aid the SO in setting tariffs which collect allowed revenues, reducing future tariff volatility. At the moment data is based on NHH profiling. There is also uncertainty over how many meters will choose to be settled as HH as it is optional and secondly how the end consumer will react over the Triad period.

**Connection Charging Methodology**

- (a) that compliance with the connection 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 connection 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 in accordance with the STC)

incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);

- (c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;
- (d) in addition, the objective, in so far as consistent with sub-paragraphs (a) above, of facilitating competition in the carrying out of works for connection to the national electricity transmission system.
- (e) 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.

*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).*

**Full justification:**

## Additional details

<b>Details of Proposer:</b> (Organisation Name)	National Grid Electricity Transmission (NGET)
<b>Capacity in which the CUSC Modification Proposal is being proposed:</b> (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
<b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:	Damian Clough National Grid Electricity Transmission (NGET) 01926 656416 Damian.Clough@nationalgrid.com
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Paul Wakeley National Grid Electricity Transmission (NGET) 01926 655582 Paul.Wakeley@nationalgrid.com

**Attachments (Yes/No):**  
**If Yes, Title and No. of pages of each Attachment:**

## Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com)

Phone: 01926 653606

For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/>

## Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com) and copied to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com), or by post to:

Jade Clarke  
CUSC Modifications Panel Secretary, TNS  
National Grid Electricity Transmission plc  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.