

## CMP266

# 'Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement'



CUSC Panel – 25 November 2016  
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## Background

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- CMP266 was raised by National Grid and was submitted to the CUSC Modifications Panel for their consideration in June 2016.
- CMP266 seeks to prevent double charging of TNUoS for a meter electing to be HH settled, all demand within Measurement Class F & G will be charged under the TNUoS NHH methodology from April 2017 up until HH settlement is mandatory for all consumers with smart technology.

## Workgroup Consultation

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- **Eight** responses were received to the Consultation and were considered by the Workgroup.
- The Workgroup reviewed all responses to the Workgroup consultation and noted that the majority of responses supported Options 1 and 3.
- The Workgroup also noted that in relation to the Workgroup Specific questions asked within the consultation, that some of respondents believed that HH methodology was more relevant to those customers that had the ability to load shift. The respondents had mixed views in relation to whether they believed the HH methodology would discourage switching.

# WACMs – Original plus eight WACM agreed by the Workgroup

WACMs	Description	Which MC	Which CY affective to	What system changes
<b>Original</b>	Measurement Classes E, F & G will be charged under the NHH methodology (using actual HH data) up until to 31/3/2020. Any meters migrating under the current methodology may be double charged in that charging year in which they migrate	E, F, G	31/03/2020	None
<b>WACM1</b>	Measurement Classes F & G will continue to be charged under the NHH methodology up until to 31/3/2020. Measurement Class E will be unaffected by this modification (i.e. treated as HH). Any meters in Measurement Classes F & G migrating after 31/03/20 may be double charged in the charging year in which they migrate	F & G	31/03/2020	Reliant on P339 being in place by 01/04/2017
<b>WACM2</b>	Meters migrating into Measurement Classes E, F & G will be charged under the NHH methodology for the full charging year in which they migrate. Then for the following full charging year they will be charged under the HH methodology. Meters in Measurement Classes E, F & G before 1st April 17 will be treated as HH.	E, F & G		Reliant on another Modification not yet known being in place for 1/4/2017
<b>WACM3</b>	Measurement Classes F and G will be charged under the NHH methodology for the full charging year in which they migrate. Then for the following full charging year they will be charged under the HH methodology. Measurement Classes E will be charged under existing methodology with no new changes i.e. will be charged as HH. Meters in Measurement Classes F & G before 1st April 17 will be treated as HH.	F & G		Reliant on P339 being in place by 01/04/2017, as well as another Modification not yet known being in place for 1/4/2017
<b>WACM4</b>	All meters in Measurement Class F only will be charged under the NHH methodology up until 31/03/2020. Meters moving to Measurement Class G will be charged under the NHH methodology for the full charging year in which they migrate then under the HH methodology for the following full charging year. Meters in Measurement Class G before 1st April 2017 will be treated as HH. Meters in Measurement Class E will be unaffected by this modification (i.e. treated as HH)	F & G	31/03/2020	Reliant on P339 being in place by 01/04/2017, as well as another Modification not yet known being in place for 1/4/2017
<b>WACM5</b>	Measurement Classes E, F & G will be charged under the NHH methodology for the charging year 2017/18. This is to allow for any delay in the implementation of P339 and is effectively a continuation of P272 process (without 14.17.29.3). Meters in Measurement Class E will then be charged under the HH methodology from 1/4/2018. Measurement Classes F & G will continue to be charged under the NHH methodology up until 31/03/2020. This is effectively the same as WACM1 but allowing for a delay in P339 which is needed to split up the demand for Measurement Classes E, F & G from each other	E, F & G	31/03/2020	Reliant on P339 being in place by 01/04/2018
<b>WACM6</b>	'Measurement Classes E, F & G will be charged under the NHH methodology to allow for any delay in the implementation of P339 for the charging year 2017/18. Continuation of P272 process (without 14.17.29.3). After this, meters migrating to Measurement Classes E, F & G will be charged under the NHH methodology for the full charging year in which they migrate. Then for the following full charging year they will be charged under the HH methodology'. Meters in Measurement Classes E, F & G before 1st April 2018 will be charged HH for the 18/19 charging year onwards	E, F & G		Reliant on P339 being in place by 01/04/2018, as well as another Modification not yet known being in place for 1/4/2018
<b>WACM7</b>	Measurement Classes E, F & G will be charged under the NHH methodology to allow for any delay in the implementation of P339 for the charging year 2017/18. Continuation of P272 process (without 14.17.29.3). After this, all meters in measurement class E will be charged under the HH methodology. Meters migrating to Measurement Classes F & G will be charged under the NHH methodology for the full charging year in which they migrate. Then for the following full charging year they will be charged under the HH methodology. Meters in Measurement Classes F & G before 1st April 2018 will be charged HH for the 18/19 charging year onwards	E, F & G		Reliant on P339 being in place by 01/04/2018
<b>WACM8</b>	Measurement Classes E, F & G will be charged under the NHH methodology to allow for any delay in the implementation of P339 for the charging year 2017/18. Continuation of P272 process (not including 14.17.29.3). After this, all meters in Measurement Class E will be charged under the HH methodology. Meters in Measurement Class F only will be charged under the NHH methodology up until 31/03/2020. Meters migrating to Measurement Class G will be charged under the NHH methodology for the full charging year in which they migrate. Then for the following full charging year they will be charged under the HH methodology.' Meters in Measurement Class G before 1st April 2018 will be charged HH for the 18/19 charging year onwards	E, F & G	31/03/2020	Reliant on P339 being in place by 01/04/2018, as well as another Modification not yet known being in place for 1/4/2018

## Workgroup Vote

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- **Six** Workgroup members voted and overall, WACM1, WACM2, WACM3 and WACM6 had **one** vote each as better facilitating the applicable CUSC objectives. WACM5 received **two** votes as better facilitating the applicable CUSC objectives.

## Evidence of Term of Reference

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Issue to be addressed by the Workgroup	Evidence
a) Carry out an impact assessment on consumers.	This has been reviewed by the Workgroup but recognised that it is difficult to provide a full assessment. See Sections 2, 3 and 4.
b) Be mindful of the 2 options highlighted in the paper published by Ofgem on 27 May 2016 in particular paragraph 4.29 as part of the development of the modification	Section 2, 3 and 4.
c) The capability and speed of how quickly National Grid and ELEXON can update their systems and BSC agents if impacted	Table 5 clearly demonstrates the requirement for BSC changes.
d) Identify the impact on Supplier Billing systems	Sections 3 and 4
e) Smart meter roll out and SMETs 1 adoption.	Sections 2, 3 & 4
f) Consider the timing impacts on when TNUoS forecasting	Sections 2, 3 & 4

## Proposed CUSC Modification

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- This Proposal seeks to amend;
  - Changes to Section 14 – Charging Methodology.

## Code Administrator Conclusions

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- **Ten** responses were received to the Code Administrator Consultation.
- Of the ten respondents, **two** preferred the Original Proposal and **two** preferred WACM1. Support for WACM3, WACM4, WACM5, WACM6 in general is also noted.
- **Two** respondents did not support the modification.
- **Two** respondents specifically highlighted the for need a distinct industry assessment to address all charging related issues due to the many current modifications and their reliance on one another.



## Questions before Panel Vote?



# Panel Recommendation Vote – Charging Objectives

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- (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 (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

## Proposed Timetable

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<b>30 November 2016</b>	Final report sent to Authority for decision
<b>21 December 2016</b>	Indicative Authority Decision due
<b>23 December 2016</b>	Implementation Date