

**Code Administrator Consultation Response Proforma****CMP401: Maintaining Non Half Hourly (NHH) charging arrangements for Measurement Classes F and G**

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 **05 December 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

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)

Respondent details	Please enter your details
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**I wish my response to be:**

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

*Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.*

**For reference the Applicable CUSC (charging) 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 \*; and*

- e. *Promoting efficiency in the implementation and administration of the system charging methodology.*

*\*\*The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

**Please express your views in the right-hand side of the table below, including your rationale.**

Standard Code Administrator Consultation questions		
1	Do you believe that the CMP401 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <p>Original <input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</p> <p>Click or tap here to enter text.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>Click or tap here to enter text.</p>
3	Do you have any other comments?	<p>The text prior to clause 14.17.29.8 refers to MC= E, F &amp; G. Yet clause 14.17.29.9 only refers to MC= F&amp;G. This leaves it ambiguous about the treatment of MC=E.</p> <p>Clause 14.17.29.8 does not seem to be relevant any more as the financial year it refers to ended on 31<sup>st</sup> March 2018. It should therefore be removed.</p> <p>The MHHS programme is currently planning for 30mill MPANs to migrate over a year, which, based on Ofgem's April 2021 plan, would commence in autumn 2024 and complete in autumn 2025. The migration will therefore span at least two NG charging years.</p> <p>Measurement Classes will not exist under MHHS. This change refers to treating metering systems transferring to MC=F&amp;G, yet MC=F&amp;G will not exist under MHHS. So, in the financial years prior to the 31<sup>st</sup> March year of M15 the consumption will be treated as HH immediately after each MPAN migrates from the existing arrangements to the MHHS. In the two years of migration, this will cause the same distortion that this change was originally seeking to negate.</p>

This change is seeking to mitigate the consequence of the TUoS charges having two fundamentally different charging arrangement for NHH & HH. Having two different charging arrangement means that different customers could incur very different charges depending on which charge structure they are charged under. This is further aggravated by the HH charges being very seasonal where the NHH are somewhat more even through the year.

Having different charging arrangements during the two charging years spanning the MHHS migration period may lead to commercial behaviour to migrate certain customer types on a different timescale to benefit from the different charging frameworks. This may have the impact of delaying, or adding, additional risk to the MHHS migration timeframe, which in turn could result in delays to the SCR completion of achieving its objectives.

The MHHS SCR is seeking the energy consumption and associated charges (settlement and network charges) to be cost reflective of when the energy is being used. The current NHH TUoS do not make a very meaningful allocation of time of use. Where the HH charges include a seasonal impact the NHH charges do not. This means that some customer types incur very different charges depending on their time of use.

In conclusion:

- The Change may be required to mitigate the NHH & HH different charging methods through 2023/24 financial year as it is not possible to develop and agree a new charging framework in the next few months.
- But a new common charging framework should be agreed for April 2024 which harmonises the charges for NHH & HH customers and will charge NHH & HH customers before and after the MHHS migration on the same basis.
- This harmonised charging framework will negate the need for any further manual adjustments introduced by CMP318 in April 2020
- The change should only apply to 31<sup>st</sup> March 2024. A new harmonised charging framework should be developed to take effect from 1<sup>st</sup> April 2024.