

Workgroup Consultation Response Proforma**CMP425: Billing Demand Transmission Residual By Site**

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 **15 November 2023**. 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 Milly Lewis Milly.Lewis@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Paul Knight	
Company name:	AESC	
Email address:	Paul.Knight@aesc-group.com	
Phone number:	07812 205353	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input checked="" type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

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:

- 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;*
- 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);*
- 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 Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitate the Applicable Objectives?	Mark the Objectives which you believe each solution better facilitates:
		Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		<p>AESC's views on the applicable objectives have not altered from our original proposal.</p> <p>Our key concern has been that the current charging arrangements disincentivise customers on shared TO connected sites from choosing their own supplier rather than sharing one. This reduced competition and Supply and can make customers accept contract terms that do not best meet their needs, as the compromise with their neighbours. This change therefore better fulfils objective (a) by adding to competition in Supply.</p> <p>The current arrangements also charge parties of the same size different amounts if they choose their own Suppliers. Also the current charging arrangement susceptible to gaming as it is possible to reduce the TNUoS charges payable on a site by splitting the site into several BMU (for example a demand site with 195,000MWh demand sitting in band T4 paying £4.3M can reduce its charges by splitting into three 65,000MWh BMU (three T2 charges totalling £1.8M). Therefore the change will better meet objective (b).</p> <p>We recognise the nature of the system has altered and with large system constraints the system may benefit from having more large users connecting to the TO networks. Without this change the charging arrangements could discourage such connections, which may to the benefit of UK plc. The change therefore fulfils objective (c).</p> <p>Finally, the change better meets objective (e) as it will make the charging of the TNUoS charges far clearer and more cost reflective form both NGESO and the</p>

		<p>customers. It is always important that new market entrants can understand how they will be charged when considering new connections.</p> <p>AESC would note there would still remain an issue around the different treatment of a TO connected customer and one of an identical size that is DNO connected. While that is not addressed by this modification, AESC does believe that Ofgem should address this as it will distort competition in other markets, such as motor manufacturing, chemical, etc.</p>	
2	Do you support the proposed implementation approach, notably the date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Implement ASAP <input type="checkbox"/> Implement 2025 <input checked="" type="checkbox"/> No preference
		<p>AESC asked for a 2025 implementation as we were told that NGESO may have issues with their billing systems. However, clarifying the text as soon as possible is critical. If other customers could benefit from the change earlier, and NGESO can deliver it earlier, then we would support earlier implementation.</p>	
3	Do you have any other comments, including any learnings from similar issues?	<p>No. However, we would like to thank Ofgem and NGESO for their support in raising and progressing this mod.</p>	
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<p>Click or tap here to enter text.</p>	
5	Do you consider your organisation to be impacted by this modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<p>Without the change our organisation would have incurred significant additional costs (£,Ms) on an annual basis.</p>	