



Making a positive difference  
for energy consumers

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Dear Mr Toms,

**CUSC Modifications Panel request for urgency for CMP254: 'Addressing discrepancies in disconnection/de-energisation remedies'**

On 22 October 2015, EDF Energy (the Proposer) raised Connection and Use of System Code (CUSC) Modification Proposal CMP254. CMP254 seeks to amend the CUSC by inserting a provision that would allow Suppliers to request National Grid Electricity Transmission plc to undertake or, in conjunction with other transmission licensees, facilitate the disconnection/de-energisation of transmission-connected customers. The Proposer requested that CMP254 be progressed on an urgent timetable. The CUSC Modifications Panel (the Panel) considered CMP254 at its meeting on 30 October 2015.

Following its meeting, the Panel wrote to us requesting that CMP254 should be treated as an urgent modification proposal and submitted a proposed timetable for urgent treatment.

This letter sets out our decision **rejecting** the request for urgency.

**Background to the proposal**

The Electricity Act 1989 provides that a Supplier (subject to certain conditions) can disconnect a customer if it fails to pay its debt. If this customer is connected at a higher voltage, special skills may be required to disconnect or de-energise them. As a result, where the customer is connected to higher voltage parts of the distribution network, the Supplier is able to use the industry rules to request that the Distribution Network Operator (DNO) de-energises the customer on the Supplier's behalf, through provisions in the Distribution Connection and Use of System Agreement ("DCUSA").

For transmission connected customers, the Proposer believes that the skills to disconnect or de-energise customers in the event a customer fails to pay its debt will lie with employees of the transmission companies and not the Supplier. The Proposer therefore suggests that there should be specific provisions within the CUSC to mirror those in the DCUSA. This would allow Suppliers to request NGET to undertake or facilitate the de-energisation of transmission-connected customers on its behalf.

In the proposal, the terms 'de-energisation' and 'disconnection' have both been used. However, we understand from the Proposer that the proposed amendment to the CUSC relates to de-energisation rather than disconnection.

## The proposal

CMP254 seeks to update the CUSC with a provision to allow Suppliers to request the transmission companies to undertake or facilitate de-energising a customer on their behalf, thereby reflecting similar provisions within the DCUSA for de-energising distribution-connected customers.

The Proposer suggests that, if the lack of a provision is not addressed, Suppliers will be unwilling to supply non-embedded customers or will do so on an advanced-payment, and perhaps premium terms. An increased cost to suppliers could therefore lead to an increased cost to customers due to pass through of risk premium or credit requirements.

EDF Energy requested urgent treatment for the proposal as the lack of a provision within the CUSC, to de-energise non-embedded customers, can lead to significant commercial impacts on suppliers.

## Panel Discussion

The Panel discussed the modification, CMP254, at its meeting on the 30<sup>th</sup> October 2015. The unanimous view of the Panel was that CMP254 should be treated as Urgent. The Panel did, however, note that using an urgent process holds an inherent risk of unintended consequences which may arise due to there being insufficient time for all aspects of a Modification Proposal to be considered.

## Our Views

In reaching our decision, we have considered the details contained within the proposal, the Proposer's justification for urgency and the views of the Panel. Subsequent to the Panel meeting, we have also had representation from large industrial users regarding the timetable for the proposed modification. We have also assessed the request against the urgency criteria set out in Ofgem's published guidance<sup>1</sup>, in particular whether it is:

**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)**

From a Supplier's point of view, we recognise that there is a need for this issue to be resolved promptly due to the potential commercial impact on them. However, we also agree with the Panel that progressing CMP254 on an urgent timetable could increase the risk of unintended consequences without proper consideration of the modification. In addition, we have concerns about the ability of large users connected to the transmission network to participate fully in the process if CMP254 is progressed on an urgent timetable. As these users are directly impacted by this modification, in our view it is important that these users are given an opportunity to engage appropriately with the modification process.

Since the modification was proposed, large users, who were not represented on the Panel, have expressed their concern over the speed of the timetable and the fact that it may prevent them being involved.

On balance therefore, our view is that the increased risk of unintended consequences associated with an urgent timetable, and the potential lack of engagement of certain key stakeholder groups with the Workgroup phase if this timetable is adopted, outweighs the benefits of proceeding with it. We therefore *reject* the request for urgency.

We do recognise that there could be a commercial impact on multiple CUSC parties and there is a need, from a Supplier's point of view, to reach a decision on this modification

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<sup>1</sup> Our guidance document can be found here: <https://www.ofgem.gov.uk/ofgem-publications/61726/ofgem-guidance-code-modification-urgency-criteria.pdf>

quickly. As such, we consider that an accelerated standard timetable, providing sufficient time for all stakeholders, including large users, to be engaged in the process will provide an appropriate balance between these two competing issues. As part of an accelerated standard timetable, we consider that, at a minimum, 15 working days is an appropriate period in which to consult with stakeholders during the Workgroup phase.

For the avoidance of doubt, in rejecting this request for urgency, we have made no assessment of the merits of the modification proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of this modification proposal.

Yours sincerely,

**Catherine Williams**  
**Head of Commercial Regulation and System Operator**  
**Duly authorised on behalf of the Authority**