

Stage 2: Code Administrator Consultation		At what stage is this document in the process?
<h1>CMP318:</h1> <p>Mod Title: Maintaining Non Half-Hourly (NHH) charging arrangements for Measurement Classes F and G</p>		<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">01</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Proposal Form</div> </div> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="background-color: #008000; color: white; border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">02</div> <div style="background-color: #008000; color: white; border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Code Administrator Consultation</div> </div> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">03</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Draft CUSC Modification Report</div> </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">04</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Final CUSC Modification Report</div> </div> </div>
<p>Purpose of Modification: To extend the period over which Meter Point Administration Numbers (MPANs) in Measurement Classes F and G are treated as NHH for Transmission Network Use of System (TNUoS) charging purposes</p>		
	<p>The purpose of this document is to consult on CMP318 with CUSC Parties and other interested Industry members. Parties are requested to respond by 5pm on 5 August 2019 to cusc.team@nationalgrideso.com using the Code Administrator Consultation Response Pro-Forma which can be found via the following link:</p> <p>https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/maintaining-non-half-hourly-nhh-charging</p> <p>Published on: 15 July 2019 Length of Consultation: 15 Working days Responses by: 5 August 2019</p>	
	<p>High Impact</p>	
	<p>Medium Impact</p>	
	<p>Low Impact Supplier Users</p>	

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Timetable		 cusc.team@nationalgrideso.com
The Code Administrator recommends the following timetable:		 telephone
		Proposer: Harriet Harmon
		 harriet.harmon@nationalgrideso.com
		 07971180392
		National Grid ESO Representative: Harriet Harmon
		 harriet.harmon@nationalgrideso.com
		 07971180392
Code Administration Consultation Report issued to the Industry	15 July 2019	
Code Administrator Consultation Closes	5 August 2019	
Draft Final Modification Report presented to Panel	21 August 2019	
Modification Panel decision	30 August 2019	
Final Modification Report issued the Authority	16 September 2019	
Decision Date	October 2019	

Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity System Operator
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Harriet Harmon National Grid ESO 07971 180392 harriet.harmon@nationagrideso.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Jon Wisdom National Grid ESO 07929 375010 Jon.wisdom@nationagrideso.com
Attachments (Yes/No): No – please note legal text is contained herein	

Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

(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.

1 About this document

CMP318 was proposed by National Grid ESO and was submitted to the CUSC Modification Panel for its consideration on 31 May 2019. The CUSC Panel approved CMP318 to proceed to Code Administrator Consultation. The Panel requested that the consultation was published following Ofgem's decision on whether the Modification was in scope of the SCR. Panel submitted a letter to Ofgem advising that the view was this Modification does not fall in scope. At the CUSC Panel meeting in June Panel approved CMP318 being issued for Code Administrator Consultation . A copy of the letter can be found within Annex 1 of this report.

CMP318 seeks to extend the period over which Meter Point Administration Numbers (MPANs) in Measurement Classes F and G are treated as NHH for Transmission Network Use of System (TNUoS) charging purposes.

This Code Administrator Consultation has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid ESO website <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/maintaining-non-half-hourly-nhh-charging> along with the CUSC Modification proposal form.

2 Summary

Defect

Where a NHH, Measurement Class A site undergoes a Change of Measurement Class (CoMC) to become Half-Hourly (HH) settled, it is currently assigned to one of three HH Measurement Classes (E, F or G). Currently, sites in Measurement Class F and G continue to be charged as NHH for the remainder of the Charging Year in which they have undergone a CoMC and for all subsequent Charging Years up until that ending 31 March 2020. Under the current CUSC wording, from 1 April 2020, sites in Measurement Classes F and G will be treated as HH for TNUoS charging purposes. This will lead to Suppliers being double-charged in the Charging Year in which a relevant NHH site transfers to HH, as NHH charges (which will apply pre-CoMC) are based on year-round peak consumption, and HH charges are based on triad demand. The HH charges do not consider that the relevant MPANs have already made some TNUoS contributions through NHH charges. The Proposer believes that this double-charging is not in consumers' interests and further will act as a disincentive to an elective transition to HH settlement in advance of wider HH settlement reform through the current Significant Code Review (SCR).

What

The CUSC currently states:

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*

14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March 2020. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

The 31st March 2020 date in 14.17.29.9 should be changed to 31st March 2023, to align with the recently-published effective dates of wider charging reforms through the Access and Forward-Looking Charges Significant Code Review, and the Targeted Charging Review¹. It is expected by the Proposer that the issue of potential double-charging will be resolved through the SCR activity. The current arrangements were put in place prior to the launch of either charging SCR, and per the Final Modification Report² of CMP266, it was anticipated at the time that mandatory (or market-wide) HH settlement would have been achieved by 31 March 2020. The market-wide settlement SCR is due to deliver its findings in the latter half of 2019 and therefore this date will not be achieved. The current arrangements should therefore be extended until other pertinent SCRs (namely Access & Forward-Looking Charges and Targeted Charging Review (TCR)) have also concluded and been delivered.

Why

The current Measurement Classes for metered HH sites, their current treatment, their future treatment without this CMP and their proposed treatment are indicated below (NB: prior to being in the below Measurement Classes, sites moving from NHH to HH would have been in Measurement Class A and charged TNUoS as NHH for the periods of being NHH settled).

<i>Measurement Class</i>	<i>Description</i>	<i>Current Charging Year</i>	<i>1 April 20 onwards – no change</i>	<i>1 April 20 onwards - proposed</i>
C	>100kW demand	HH	HH	HH
E	<100kW demand, C/T metering, HH, Non-Domestic	(NHH pre-CoMC) HH post-CoMC	(NHH pre-CoMC) HH post-CoMC	(NHH pre-CoMC) HH post-CoMC
F	<100kW demand, HH, Domestic	NHH until 20/21 CY	(NHH pre-CoMC) HH post-CoMC	NHH until 23/24 CY
G	<100kW demand, HH, Whole Current metering, Non-Domestic	NHH until 20/21 CY	(NHH pre-CoMC) HH post-CoMC	NHH until 23/24 CY

¹ https://www.ofgem.gov.uk/system/files/docs/2019/05/may_charging_open_letter_final_21-may.pdf

² <https://www.nationalgrideso.com/document/9526/download>

Without a change, Suppliers will be charged (on a per-MPAN basis) both the NHH and HH tariffs for the same site within one Charging Year. This is double-charging and will likely lead either to windfall losses to Suppliers or to increased consumer costs, neither of which are appropriate. The two current SCRs in the charging arena, and the HH Settlement Reform SCR, will likely resolve between them the issue of this potential double-charging and therefore the existing CUSC arrangements should be extended until such time as – at a minimum – the charging SCRs are concluded and any decisions implemented.

It should be noted that this CMP would mirror the arrangements in Distribution Use of System (DUoS) charging, which currently treat Measurement Classes F and G as NHH for charging purposes.

How

The 31st March 2020 date in 14.17.29.9 should be changed to 31st March 2023, to align with the recently-published effective dates of wider charging reforms through the Access and Forward-Looking Charges Significant Code Review, and the Targeted Charging Review. It is expected by the Proposer that the issue of potential double-charging will be resolved through the SCR activity.

3 Governance

Justification for Normal Procedures

This CMP affects charging arrangements for Suppliers and end consumers and therefore should not be subject to Self-Governance rules and as a point of principle, The Proposer believes that The Authority should determine all Section 14 matters. In particular, it is important that The Authority makes a determination on this CMP as it interacts with – but does not directly affect – the two charging SCRs indicated in the letter published by Ofgem on 21 May 2019. Further, the arrangements described herein affect those Suppliers who elect to settle (or are required to settle through BSC P322A) <100kW sites as HH to a greater extent than Suppliers who do/are not. For this reason, there is a potential competition issue to be considered within this CMP and therefore Self-Governance is inappropriate.

This modification does not, however require a Workgroup to be established. The current arrangements were put in place prior to the launch of either charging SCR, and per the FMR³ of CMP266, it was anticipated at the time that mandatory (or market-wide) HH settlement would have been achieved by 31 March 2020. The market-wide settlement SCR is due to deliver its findings in the latter half of 2019 and therefore this date will not be achieved. The current arrangements should therefore be extended until other pertinent SCRs (namely Access & Forward-Looking Charges and TCR) have also concluded and been delivered. Owing to the binary nature of this CMP it is not envisaged that multiple alternatives would be raised within a Workgroup environment and that it would therefore be more efficient to move straight to Code Administrator Consultation.

³ <https://www.nationalgrideso.com/document/9526/download>

4 Why Change?

Without a change, Suppliers will be charged (on a per-MPAN basis) both the NHH and HH tariffs for the same site within one Charging Year for certain demand. This is double-charging and will likely lead either to windfall losses to Suppliers or to increased consumer costs, neither of which are appropriate. The two current Significant Code Reviews in the charging arena, and the HH Settlement Reform SCR, will likely resolve between them the issue of this potential double-charging and therefore the existing CUSC arrangements should be extended until such time as – at a minimum – the charging SCRs are concluded and any decisions implemented.

5 Code Specific Matters

Technical Skillsets

Familiarity with HH Settlement reform, CoMCs/P322A/P272, P339 and demand TNUoS arrangements.

Reference Documents

CMP266 FMR & Authority Decision letter, 21st May 2019 letter on timings for charging SCRs

6 Solution

CUSC Currently states:

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*
- 14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March 2020. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

The date of 31st March 2020 should be changed to 31st March 2023, such that the legal text reads (emphasis added, not proposed):

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to*

Measurement Classes E, F & G for the charging year which begins after 31 March 2017.

14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUs charging for the full Charging Year up until the Charging Year which begins after 31st March 2023. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

7 Impacts & Other Considerations

This is purely a CUSC matter and does not affect other codes although relies on the solution introduced through BSC P339.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This CMP does not affect any SCR or change project but seeks to extend current arrangements so as to prevent consumer detriment through a series of changes being made in 2020, and then again in 2021-23.

Consumer Impacts

This CMP will benefit consumers whose Suppliers choose or are otherwise required to settle their meters on a HH basis. Without this CMP, relevant consumers will either:

- Move to HH settlement and be charged both an NHH and HH tariff in any given charging year; or
- See – if they have already moved to HH settlement – their charges move to HH from NHH from 1 April 2020, and then see their charges potentially change again in 2021-23 (including possibly structurally) when the charging SCRs are delivered (assuming the Ofgem minded-to position on solutions is maintained).

Neither of these outcomes – for consumers who have become HH already or are set to – is desirable. The Authority initially estimated (in 2016) that the cost of this double charging would be £17/year for an individual domestic consumer (per the CMP266 decision letter) which can be avoided through this CMP.

8 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

Relevant Objective	Identified impact
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<p>(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;</p>	<p>Positive – this CMP prevents a distortion which would otherwise arise between Suppliers who actively promote HH settlement and those who do not. This distortion would arise from a Supplier who chooses to migrate relevant consumers to HH settlement being charged TNUoS twice against those individual sites.</p>
<p>(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);</p>	<p>None</p>
<p>(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;</p>	<p>None</p>
<p>(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</p>	<p>None</p>
<p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p>	<p>Positive – this CMP would prevent layering change upon change to charging arrangements by preserving the status quo until such time as other charging reforms are expected to be implemented.</p>
<p>*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).</p>	

9 Implementation

This CMP should be implemented with effect from 1 April 2020.

10 Code Administrator Consultation: How to respond

If you wish to respond to this Code Administrator Consultation, please use the response pro-forma which can be found under the 'Industry Consultation' tab via the following link:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/maintaining-non-half-hourly-nhh-charging>

Responses are invited to the following questions;

1. Do you believe that CMP318 better facilitates the Applicable CUSC (Charging) Objectives? Please include your reasoning.
2. Do you support the proposed implementation approach?
3. Do you have any other comments?

Views are invited on the proposals outlined in this consultation, which should be received by 5pm on 5 August 2019. Please email your formal response to cusc.team@nationalgrideso.com.

If you wish to submit a confidential response, please note the following; Information provided in response to this consultation will be published on National Grid's ESO website unless the response is clearly marked 'Private & Confidential', we will contact you to establish the extent of this confidentiality. A response marked 'Private & Confidential' will be disclosed to the Authority in full by, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked 'Private & Confidential'.

11 Legal Text

- 14.17.29.8 *A change from NHH to HH within a Charging Year would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the charging year which begins after 31 March 2017.*
- 14.17.29.9 *Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year up until the Charging Year which begins after 31st March ~~2023~~²⁰²⁰. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).*

Nadir Hafeez
Ofgem
By Email

Rachel Hinsley
CUSC Modifications Code
Administrator Panel rep
rachel.hinsley1@nationalgrideso.com
Direct Tel: 07811762440

11th June 2019

www.nationalgrideso.com

Reference: **CMP318 SCR Impact Statement**

Dear Nadir

At the CUSC Panel on 31st May 2019 it was requested that the Panel provide Ofgem with a view as to why they felt **CMP318 - Maintaining Non-Half-Hourly (NHH) charging arrangements for Measurement Classes F and G** did not impact on the two current Ofgem lead Significant Code Reviews (SCRs).

The view of the CUSC Panel is as follows:

As set out in the proposal form, CMP318 is a simple change that seeks to extend the current charging arrangements for Measurement Classes F and G to 2023. The CUSC currently states that these sites should move from the non-half hourly charging methodology to the half hourly methodology from April 2020. The Proposer of CMP318 has outlined in their proposal the reasons that the proposal should be approved, however, as there is a link to Ofgem's current SCRs the CUSC Panel thought it prudent to write to Ofgem outlining their rationale for why this proposal should proceed.

The Proposer of CMP318 recognised at the CUSC Panel meeting that there may be a link to the ongoing SCRs but stated that they have mitigated this in their proposal by limiting the extension of the arrangements to 2023.

It is the view of the Panel that this CMP318 proposal would, if approved, maintain the status quo position for up to three further charging years (2020/21, 2021/22 and 2022/23) only and as such would not promote change that would conflict with the ongoing SCRs. It is also the Panel's view that if Ofgem did direct modifications, related to the conclusions of its SCRs, to be implemented before 2023 this CMP318 proposal would not detrimentally affect that intent and could be considered to increase efficiency in the industry arrangements as there would not be multiple changes over a short period for market participants.

The CMP318 modification proposal form is available here:

<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/maintaining-non-half-hourly-nhh-charging>

If you require any further information, please do not hesitate to contact me.

Yours Sincerely,

Rachel Hinsley
CUSC Panel Code Administrator Rep