

| Stage 4 Final CUSC Modification Report | | At what stage is this document in the process? | | | | | | | | |
|---|--|--|----|---------------|----|---------------------------------|----|--------------------------------|----|--------------------------------|
| <h1 data-bbox="118 338 560 427">CMP318:</h1> <p data-bbox="118 465 1043 745">Mod Title: Maintaining Non Half-Hourly (NHH) charging arrangements for Measurement Classes F and G</p> | <table border="1" data-bbox="1102 315 1406 651"> <tr> <td data-bbox="1102 315 1182 394">01</td> <td data-bbox="1182 315 1406 394">Proposal Form</td> </tr> <tr> <td data-bbox="1102 394 1182 472">02</td> <td data-bbox="1182 394 1406 472">Code Administrator Consultation</td> </tr> <tr> <td data-bbox="1102 472 1182 551">03</td> <td data-bbox="1182 472 1406 551">Draft CUSC Modification Report</td> </tr> <tr> <td data-bbox="1102 551 1182 651">04</td> <td data-bbox="1182 551 1406 651">Final CUSC Modification Report</td> </tr> </table> | | 01 | Proposal Form | 02 | Code Administrator Consultation | 03 | Draft CUSC Modification Report | 04 | Final CUSC Modification Report |
| 01 | Proposal Form | | | | | | | | | |
| 02 | Code Administrator Consultation | | | | | | | | | |
| 03 | Draft CUSC Modification Report | | | | | | | | | |
| 04 | Final CUSC Modification Report | | | | | | | | | |
| <p data-bbox="118 1025 1449 1160">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 data-bbox="236 1193 1449 1301">This Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic version of this document and all other CMP318 related documentation can be found on the National Grid ESO website via the following link:</p> <p data-bbox="236 1317 1281 1395">https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/maintaining-non-half-hourly-nhh-charging</p> <p data-bbox="236 1411 1449 1518">At the CUSC Panel meeting on 30 August 2019, the Panel members agreed unanimously that the Original was better than the baseline and recommended that it should be implemented.</p> <p data-bbox="236 1534 1449 1608">The purpose of this document is to assist the Authority in making its determination on whether to implement CMP318.</p> | | | | | | | | | |
|  | <p data-bbox="236 1641 635 1682">Low Impact Supplier Users</p> | | | | | | | | | |

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| Timetable | | |
| The Code Administrator recommends the following timetable: | | |
| 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 to Authority | 10 October 2019 | |
| Indicative Decision Date | 14 November 2019 | |
| Decision implemented in CUSC | 1 April 2020 | |



Any questions?

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1 About this document

This document is the Final CUSC Modification Report for CMP318, which 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. The 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 2019, the 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.

Code Administrator Consultation Responses

Four responses were received to the Code Administrator Consultation. A summary of the responses can be found in Section 10 of this document. Overall respondents agreed that the proposal better facilitates the Applicable CUSC Objectives. The full consultation responses can be found in Annex 2 of this report.

CUSC Panel View

At the CUSC Panel meeting on 30 August 2019, the Panel voted on CMP318 against the Applicable CUSC objectives. The Panel members agreed unanimously that the Original was better than the baseline and recommended that the Original should be implemented.

This CUSC Final Modification Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid ESO website via the following link:

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

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).

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>

| <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 |

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.

The Panel decided that this modification would have a material impact and therefore will be submitted to the Authority for decision. They decided that a Workgroup was not required and therefore the modification proceeded to Code Administrator Consultation.

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

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

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 TNUoS 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 |
| (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; | 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. |
| (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); | None |
| (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; | None |

| | |
|--|--|
| <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: Responses

The Code Administrator Consultation was issued on 15 July 2019 for 15 Working Days, with a close date of 5 August 2019. Four responses were received to the Code Administrator Consultation and are detailed in the table below.

| Respondent | Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning. | Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible. | Do you have any other comments? |
|----------------|--|---|---------------------------------|
| OVO Energy Ltd | Yes, we agree this better facilitates the applicable CUSC objectives. Elective HHS is a key enabler of both the energy transition and innovative propositions to support consumer engagement with decarbonisation. It also brings significant operational and data quality benefits. Inadvertent switching of domestic customers from NHH TNUoS to HH triad charges represents a blocker | Yes, we expect the Access and Forward Looking SCR to have completed and be implemented by 2023 and therefore | No comments |

| | | | |
|--------|------------------------------------|---|---|
| | to this activity with no benefits. | extending the solution until then seems sensible. | |
| ELEXON | Overall better than baseline | No comments | <p>Under the Non Half Hourly (NHH) methodology even though they were settled Half Hourly (HH). This was to avoid double charging of the demand element of TNUoS when customers moved from being NHH settled to HH settled. This methodology was introduced by CMP241 and extended by CMP247.</p> <p>From 1st April 2017 Measurement Classes E-G would be charged under the HH methodology.</p> <p>This was seen as a barrier for HH Elective Customers moving from being settled NHH to HH as it would create the same defect as CMP241 which was being double charged.</p> <p>CMP266 was therefore subsequently raised to remove this barrier. The original proposal was to extend the current arrangements i.e. continue to charge Measurement Classes E-G under the NHH methodology.</p> <p>However ELEXON confirmed that due to the introduction of new Component Classes it was possible to separate out demand data for Measurement Class E from F-G. This led to the formation of WACM1 (which was approved) where Measurement Class E was charged under the HH methodology and F-G under the</p> |

| | | |
|--|--|--|
| | | <p>NHH methodology. As noted in the Code Admin Consultation and consultation responses there was the desire from some Industry Parties to charge Measurement Class G under the HH methodology. However the limitations in demand data prevented this from being a viable WACM. CMP318 seeks to extend the current arrangements from April 2020 to April 2023. I.e. those sites which would have been charged under the HH methodology from April 2020 will now not be.</p> <p>We agree entirely that the arrangements do need to be extended for HH Elective customers who move into Measurement Class F to avoid double charging.</p> <p>It is important to note that it is now possible to separate out demand data for Measurement Classes E, F and G from each other due to P348/349. Measurement Class F and G could be charged under separate methodologies if there is the need or desire to do so from Industry Parties.</p> <p>Suppliers will be best placed to know whether customers in Measurement Class G were expecting to be charged under the HH methodology from the 1st April 2020, as this is the current baseline.</p> <p>Due to the timing of the raising of this modification which leaves limited time for</p> |
|--|--|--|

| | | | |
|------|---|-----|---|
| | | | <p>assessment, it is pragmatic to extend the current arrangements due to the real concern over double charging for Measurement Class F (domestic HH), which is a blocker which needs to continue to be removed.</p> <p>If there is the desire from Industry parties for Measurement Class G to be charged under the HH methodology this may come out in the consultation responses and this could then be achieved through a separate modification.</p> |
| E.ON | <p>Yes.</p> <p>We agree that extending the existing TNUoS charging arrangements until 2023 will continue to better facilitate all the charging objectives defined with the modification document.</p> | Yes | <p>We recognize that an extension to the existing charging arrangements is the only plausible option currently available due to the work being undertaken under by Ofgem under Significant Code Reviews (SCRs)</p> <ol style="list-style-type: none"> 1. Access & forward-looking charging review. |

| | | | |
|--|--|--|---|
| | | | <p>2. Market wide HH settlement reform</p> <p>We feel that developing an enduring solution to remove the duplicate charges incurred under Change of Measurement Class (CoMC) is not currently a viable option currently, therefore we fully support an extension of the existing rules until March 2023.</p> <p>We feel that as part of this consultation it should be noted that:</p> <ol style="list-style-type: none">1. The proposed extension to 2023 does create a dependency on at least the access & forward-looking charging review development remaining close to the current timelines that Ofgem have proposed. We currently perceive that both mentioned SCRs will need decisions along with possible development in the BSC for a solution to the defect in question to be found in the future, As we feel part of the defect could be down to limitations within the existing settlement arrangements.2. As this does not fix the original defect there is potential exposure for customers who may undergo CoMC after the 2023 date. These consumers are likely to those who have smart meters installed after 2023 which could be a significant proportion of the market. |
|--|--|--|---|

| | | | |
|----------|---|-----|----|
| Centrica | Yes, Objectives (a) and (e) are better facilitated for the reasons set out in the consultation. | Yes | No |
|----------|---|-----|----|

11 CUSC Panel Views

At the CUSC Panel meeting on 30 August 2019, the Panel voted on CMP318 against the Applicable CUSC Charging Objectives.

The Panel members by majority agreed that the Original was better than the baseline and recommended that it should be implemented.

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 license 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. License under Standard Condition C10, paragraph 1; and

(e) Promoting efficiency in the implementation and administration of the system charging methodology.

Vote 1: Does the original facilitate the objectives better than the Baseline?

Panel Member: Paul Jones

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Neutral | Yes |
| Voting Statement | | | | | | |
| Avoids double charging some suppliers for TNUoS thereby promoting competition. | | | | | | |

Panel Member: Andy Pace

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Neutral | Yes |
| Voting Statement | | | | | | |
| Having considered the Modification Report, I believe this proposal better facilitates Applicable Objectives (a) for the reasons set out in the Proposal (and that it is neutral with respect to the other Objectives). | | | | | | |

Panel Member: Garth Graham

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| Voting Statement | | | | | | |
| Having considered the Modification Report and in particular the responses to the Code Administrator Consultation, I believe this proposal does better facilitate Applicable Objectives (a) and (e) for the reasons set out in the Proposal (and that it is neutral with respect to the other Objectives). | | | | | | |

Panel Member: Harriet Harmon (Alternate to Jon Wisdom)

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| Voting Statement | | | | | | |
| This CMP is a sensible solution to an issue caused by over-prescriptive language in CUSC. It makes sense to link reassessment of the NHH/HH divide to gaining more clarity on the future of triads and HH settlement reform. On the basis that this prevents a distortion which would arise between Suppliers who actively promote HH settlement and those who don't facing difference charges, this CMP does better facilitate ACO a. It's also better against ACO e as it means industry isn't faced with change upon change in CUSC terms, as it keeps current arrangements until changes can be made holistically. | | | | | | |

Panel Member: Cem Suleyman

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| Voting Statement | | | | | | |
| <p>Having considered the Modification Report and in particular the responses to the Code Administrator Consultation, I believe this proposal does better facilitate Applicable Objectives (a) and (e) for the reasons set out in the Proposal (and that it is neutral with respect to the other Objectives).</p> | | | | | | |

Panel Member: Robert Longden

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| Voting Statement | | | | | | |
| <p>Extending the existing charging arrangements for the relevant categories specified in the proposal will continue to better facilitate the relevant charging objectives.</p> | | | | | | |

Panel Member: Paul Mott

| | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Better facilitates ACO (d)? | Better facilitates ACO (e)? | Overall (Y/N) |
|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| Voting Statement | | | | | | |
| <p>The current arrangements were put in place prior to the launch of either charging SCR, and in passing the past CUSC Mod CMP266, it was anticipated that mandatory 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, so this won't happen. The current arrangements in the spirit of CMP266 need to be extended until other relevant SCRs (RAFLC and TCR) have concluded and been implemented. CMP318 will benefit</p> | | | | | | |

consumers whose Suppliers choose (or are required) to settle their meters on a HH basis. Without CMP318, 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). The cost of this double charging, absent the effect of CMP318, would be £17/year per home for domestic consumers. In terms of the charging CAOs, this mod better facilitates (a) because it prevents a distortion accidentally arising 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. CMP318 also better facilitates charging CAO (e) because it would prevent layering confusing and inappropriate multiple changes to charging arrangements as other SCRs are implemented.

Vote 2 – Which option is the best?

| Panel Member | BEST Option? |
|--|---------------------|
| Paul Jones | Original |
| Andy Pace | Original |
| Garth Graham | Original |
| Harriet Harmon (Alternate to Jon Wisdom) | Original |
| Cem Suleyman | Original |
| Robert Longden | Original |
| Paul Mott | Original |

The CUSC Panel therefore unanimously recommended that the Original could be implemented.

12 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).*

13 Impacts

Costs

| Industry costs (Standard CMP) | |
|-------------------------------|---|
| Resource costs | £3,630 – 1 Consultation <ul style="list-style-type: none"> • 0 Workgroup meetings • 0 Workgroup members • 1.5 man days effort per consultation response • 4 consultation respondents |
| Total Industry Costs | £3,630 |

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

CUSC Code Administrator Consultation Response Proforma

CMP318 – 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 by **5 August 2019** to cusc.team@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

| | |
|--|---|
| Respondent: | <i>George Moran (George.moran@centrica.com)</i> |
| Company Name: | <i>Centrica</i> |
| Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning. | <p>For reference, the Applicable CUSC objectives are:</p> <p style="text-align: center;">Non-Standard (Charging) Objectives</p> <ul style="list-style-type: none"> (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 |

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| | <p>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>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p>Yes, Objectives (a) and (e) are better facilitated for the reasons set out in the consultation.</p> |
| <p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p> | <p>Yes</p> |
| <p>Do you have any other comments?</p> | <p>No</p> |

CUSC Code Administrator Consultation Response Proforma

CMP318 – Maintaining Non Half-Hourly (NHH) charging arrangements for Measurement Classes F and G

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| Respondent: | <i>Lee Stone</i> Lee.stone@eonenergy.com |
| Company Name: | <i>E.ON</i> |
| Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning. | Yes. We agree that extending the existing TNUoS charging arrangements until 2023 will continue to better facilitate all the charging objectives defined with the modification document. |
| Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible. | Yes. |
| Do you have any other comments? | We recognize that an extension to the existing charging arrangements is the only plausible option currently available due to the work being undertaken under by Ofgem under Significant Code Reviews (SCRs) <ol style="list-style-type: none"> 1. Access & forward-looking charging review. 2. Market wide HH settlement reform We feel that developing an enduring solution to remove the duplicate charges incurred under Change of Measurement Class (CoMC) is not currently a viable option currently, therefore we fully support an extension of the existing rules until March 2023. |

We feel that as part of this consultation it should be noted that:

1. The proposed extension to 2023 does create a dependency on at least the access & forward-looking charging review development remaining close to the current timelines that Ofgem have proposed. We currently perceive that both mentioned SCRs will need decisions along with possible development in the BSC for a solution to the defect in question to be found in the future, As we feel part of the defect could be down to limitations within the existing settlement arrangements.
2. As this does not fix the original defect there is potential exposure for customers who may undergo CoMC after the 2023 date. These consumers are likely to those who have smart meters installed after 2023 which could be a significant proportion of the market.

CUSC Code Administrator Consultation Response Proforma

CMP318 – 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 by **5 August 2019** to cusc.team@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

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| Respondent: | Elizabeth Allkins Elizabeth.allkins@ovoenergy.com policy@ovoenergy.com |
| Company Name: | OVO Energy Ltd |
| Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning. | <p>For reference, the Applicable CUSC objectives are:</p> <p style="text-align: center;">Non-Standard (Charging) Objectives</p> <ul style="list-style-type: none"> (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; |

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| | <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>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p><i>Yes, we agree this better facilitates the applicable CUSC objectives. Elective HHS is a key enabler of both the energy transition and innovative propositions to support consumer engagement with decarbonisation. It also brings significant operational and data quality benefits. Inadvertent switching of domestic customers from NHH tnuos to HH triad charges represents a blocker to this activity with no benefits.</i></p> |
| <p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p> | <p><i>Yes, we expect the Access and Forward Looking SCR to have completed and be implemented by 2023 and therefore extending the solution until then seems sensible.</i></p> |
| <p>Do you have any other comments?</p> | |

CUSC Code Administrator Consultation Response Proforma

CMP318 – 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 by **5 August 2019** to cusc.team@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

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| Respondent: | <i>Damian Clough (Damian.Clough@elexon.co.uk)</i> |
| Company Name: | <i>ELEXON</i> |
| Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning. | <p>For reference, the Applicable CUSC objectives are:</p> <p>Overall better than baseline</p> <p style="text-align: center;">Non-Standard (Charging) Objectives</p> <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>(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>(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> |

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| | <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>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> |
| <p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p> | <p><i>No comments</i></p> |
| <p>Do you have any other comments?</p> | <p><i>Prior to 1st April 2017, Measurement Classes E-G were charged under the Non Half Hourly (NHH) methodology even though they were settled Half Hourly (HH). This was to avoid double charging of the demand element of TNUoS when customers moved from being NHH settled to HH settled. This methodology was introduced by CMP241 and extended by CMP247.</i></p> <p><i>From 1st April 2017 Measurement Classes E-G would be charged under the HH methodology.</i></p> <p><i>This was seen as a barrier for HH Elective Customers moving from being settled NHH to HH as it would create the same defect as CMP241 which was being double charged.</i></p> <p><i>CMP266 was therefore subsequently raised to remove this barrier. The original proposal was to extend the current arrangements i.e. continue to charge Measurement Classes E-G under the NHH methodology.</i></p> <p><i>However ELEXON confirmed that due to the introduction of new Component Classes it was possible to separate out demand data for Measurement Class E from F-G. This led to the formation of WACM1 (which was approved) where Measurement Class E was charged under the HH methodology and F-G under the NHH methodology. As noted in the Code Admin Consultation and consultation responses there was the desire from some Industry Parties to charge Measurement Class G under the HH methodology. However the limitations in demand data prevented this from being a viable WACM.</i></p> <p><i>CMP318 seeks to extend the current arrangements from April 2020 to April 2023. I.e. those sites which would have been charged under the HH methodology from April 2020 will now not</i></p> |

be.

We agree entirely that the arrangements do need to be extended for HH Elective customers who move into Measurement Class F to avoid double charging.

It is important to note that it is now possible to separate out demand data for Measurement Classes E, F and G from each other due to P348/349. Measurement Class F and G could be charged under separate methodologies if there is the need or desire to do so from Industry Parties.

Suppliers will be best placed to know whether customers in Measurement Class G were expecting to be charged under the HH methodology from the 1st April 2020, as this is the current baseline.

Due to the timing of the raising of this modification which leaves limited time for assessment, it is pragmatic to extend the current arrangements due to the real concern over double charging for Measurement Class F (domestic HH), which is a blocker which needs to continue to be removed.

If there is the desire from Industry parties for Measurement Class G to be charged under the HH methodology this may come out in the consultation responses and this could then be achieved through a separate modification.