

Code Administrator Meeting Summary

Meeting Name: CMP332 Workgroups 5 and 6

Date: 5 and 6 March 2020

Contact Details

Chair: Paul Mullen

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Key areas of discussion

- The timeline for CMP332 has been amended so that the Workgroup Report is now planned to go to the April CUSC Panel (rather than March). This allows time for development of legal text for Workgroup Alternative modifications, and it also better aligns with the DCP358 timeline. The DCP358 consultation will be open 16 - 27 March 2020 and so by delaying the CMP332 timeline, the workgroup can check that any new alternatives which may arise from the DCP consultation are compatible with the CMP332 solution.
- ESO confirmed the key aspects of their final proposed solution:
 - 1 band for all transmission connected sites
 - All transmission sites pay same Transmission Demand Residual £/site/day
 - Include Unmetered Supply (UMS) sites in the banding process
 - Most would fit in the LV no MIC group
 - Floor the locational at 0 £/kW for Half Hourly and p/kWh for Non Half Hourly
 - Until the Access SCR – due to the mismatch in implementation dates (1 April 2021 versus 1 April 2023 for the SCR)
 - 2021 implementation date
 - As per the Direction
- The Workgroup reviewed the responses received during their consultation 6 – 27 February 2020. A summary of all of the responses can be found in the [Workgroup Papers for Workgroups 5 and 6](#). Most respondents made the below points:
 - The implementation date is too soon; and
 - The K factor should be used for any revenue under/over recovery due to the differences between the initial allocation of charging bands vs the outturn of such bands, and that within-year tariff changes should be avoided.

- There was also support for more than 1 Transmission Band and adopting a volumetric approach for UMS.
- Centrica presented their Alternative Proposal to include the Avoided GSP Infrastructure Cost (AGIC) in locational tariffs; and to allocate and charge the residual to Unmetered Supplies separately, based on net consumption. This alternative did not achieve enough votes in the workgroup vote on alternatives and it was not saved by the Chair, and so won't be taken further as part of this modification.
- Npower shared their Alternative Proposal to apply another fixed charge on the banded basis to ensure the revenue collected from each zone is the same as it would have been if the floor had been applied. This charge would still be applied based on the tariff structure. This would be a fixed £/day/site charge in order to avoid creating a perverse incentive to consume over TRIAD.
- ESO shared a model which looked at the effect on charges of having more than one transmission band. This led EDF to raise Alternatives for 2 and 4 transmission bands.
- In summary, the Workgroup agreed that Workgroup Alternatives for the following 5 areas would be taken forward.
 - Treatment of the negative locational charge
 - No flooring;
 - Applying another fixed charge on the banded basis to ensure the revenue collected from each zone is the same as it would have been if the floor had been applied
 - Approach to UMS
 - Adopting a Volumetric approach
 - Number of transmission bands
 - 2; or
 - 4.
- Once the wording and legal text are agreed then combinations of these 5 areas will be raised as Workgroup Alternatives. The initial view was that there could be 17 possible combinations.
- ESO also shared that they will be raising a separate definitions modification to accompany CMP332, which they would like to be progressed by the CMP332 Workgroup.

Next Steps

- By 12 March - Workgroup to draft the Workgroup Alternatives for the following 5 areas: -
 - No flooring;
 - Applying another fixed charge on the banded basis to ensure the revenue collected from each zone is the same as it would have been if the floor had been applied;
 - Adopt a Volumetric approach to UMS;
 - 2 Transmission Bands;
 - 4 Transmission Bands.
- By 13 March - Workgroup to send comments on ESO's draft legal text for the Original and the definitions they will include in their separate modification.
- The next workgroup will be on 20 March 2020 to review the workgroup alternative forms and legal text for the 5 areas identified and agree the final list of workgroup alternatives that need to be produced.
- Workgroup on 2 April 2020 (after TCMF) to finalise the report and carry out the workgroup vote.

For further information, please contact Paul Mullen.