






Alternative Request Proposal Form	At what stage is this document in the process?
<h1>CMP344:</h1> <h2>Transmission Demand Residual – consequential definition changes (TCR)</h2>	<div> <div>01</div> <div>Proposed Alternative</div> </div> <div> <div>02</div> <div>Proposed Workgroup Alternative</div> </div>
<p><b>Purpose of Alternative:</b> To further define <b>Final Demand Site</b> to ensure specific market participants (Intermediate Demands) that exist solely to provide Ancillary Services to the Transmission or Distribution Network do not pay Residual TNUoS charges. This will remove the contradiction to Ofgem’s aim within the TCR to, ‘<i>reduce harmful distortions which impact competition and the efficiency of the electricity market</i>’, the current definition creates for certain Ancillary Services / Intermediate Demands. <b><i>This section is mandatory for the Proposer of the Alternative to complete. Please insert a short statement of intent.</i></b></p>	
<p><b>Date submitted to Code Administrator:</b> 15/04/20</p> <p><b>You are:</b> <del>A Workgroup member or member(s)</del> <b>Submitting proposal to a Workgroup Consultation</b> <i>(delete as appropriate)</i></p> <p><b>Workgroup vote outcome:</b> <i>Formal alternative/not alternative</i></p> <p><i>(Should your potential alternative become a formal alternative it will be allocated a reference)</i></p>	

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## 1 Alternative proposed solution for workgroup review

*Mandatory for the Alternative Proposer to complete Please outline your proposed alternative to the modification defect outlined within the Original Proposal*

The definition of **Final Demand Site** and associated Definitions should be modified as shown in **Red** below:

**Final Demand Site** “Shall mean;

1. For **Users** with a **Bilateral Connection Agreement**, a **Single Site** which has associated **Final Demand**, except **Single Sites** which are for;
  - a. **Users** who own or operate a **Distribution System**, or
  - b. **Interconnector Users**, or
  - c. the purposes of operating an **Eligible Facility** with a valid **Certification**,  
**or**

d. the purposes of operating an **Eligible Ancillary Service Facility** with a valid **Ancillary Service Facility Certification**

2. For **Users** with a **Bilateral Embedded Generation Agreement**, as defined as 'Final Demand Site' in the **DCUSA** except **Single Sites** which are for the purposes of operating an **Eligible Facility** with a valid **Certification**

3. For all other parties, as defined as 'Final Demand Site' in the **DCUSA**"

Term	Definition
<b>Ancillary Service Facility Certification</b>	Shall mean a statement to be submitted by the <b>Registrant</b> of the relevant <b>Metering System</b> , which is signed by one of the <b>Eligible Ancillary Service Facility's</b> registered Directors that confirms the specific Facility will only perform activities necessary for provision of <b>Ancillary Services</b> and is submitted to <b>The Company</b> . The validity of a <b>Certification</b> is determined by <b>The Company</b> .
<b>Eligible Ancillary Service Facility</b>	Means a facility at which <b>Ancillary Services</b> occurs and that has a <b>Metering System</b> , which only measures import of electricity used for the provision of <b>Ancillary Services</b> (and not import for another activity), which is subject to <b>Ancillary Service Facility Certification</b> .

## 2 Difference between this proposal and Original

***Mandatory for the Alternative Proposer to complete.** Please provide as much information as possible as to why this proposed solution is different to the Original solution proposed*

Our proposal is very similar to the original proposal with an additional exclusion under the definition of **Final Demand Site**, to ensure that the proposed CUSC modification does not create a '*harmful distortions which impact competition and the efficiency of the electricity market*' for intermediate demands that exist purely for the provision of Ancillary Services.

### 3 Justification for alternative proposal against CUSC Objectives

*Mandatory for the Alternative Proposer to complete.*

#### Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Same as original CMP334 proposal
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Positive – will remove the anti-competitive distortion in the Ancillary Service Market that the original CMP334 proposal created.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Same as original CMP334 proposal
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Same as original CMP334 proposal
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

Positive – will remove the anti-competitive distortion in the Ancillary Service Market that the original CMP334 proposal created on Intermediate Demands. This concern was recently highlighted by NGESO in a tender update to all participants as part of the Mersey pathfinder Long Term tender on the 24<sup>th</sup> March 2020:

“[NGESO] acknowledge that this creates a challenge for [Intermediate Demand] connections to fairly compete in the pathfinder tender. The ESO believes that it may be appropriate that [Intermediate Demand] connections do not fall under the final demand category, but treated as intermediate demand consuming energy exclusively to export/provide a service to the transmission network. We are reviewing this situation, subject to industry change processes and timescales. It will be important for the TCR principles to be used in an assessment of costs to consumers and to ensure that there is a removal of distortions between market participants.”

*. This section is mandatory for the Alternative Proposer to complete. Please explain how this change will positively or negatively impact the relevant Code objectives and concisely explain the rationale.*

## 4 Impacts and Other Considerations

The Impacts on industry codes, processes and systems are the same as the original CMP334 proposal.

***This is Mandatory to complete.** Please concisely set out in detail any potential cross-code, consumer or environmental impacts and attach or reference any other, related work.*

*Provide detail on:*

- i. Who (i.e. which industry code) is impacted;*
- ii. Which processes are impacted; and*
- iii. Systems impacted*

### Consumer Impacts

***Mandatory to complete.** Please provide the main impacts so that readers have an overview of how the change proposed will affect the Consumers.*

The proposed change to the Original proposal will remove the distortion the original proposal creates in certain competitive Ancillary Service markets and therefore will lower costs to consumers.

*Please outline the impacts of this proposed alternative in terms of the high, medium or low impact if that differs from the Original proposal*

The impacts of this proposed change from the Original proposal are:

**High** (positive) for Ancillary Service providers (who are not generation or storage operators).

**Low** for all other users.

## 5 Implementation

We do not propose any changes to the implementation timescales and do not believe the proposed revised text will impact the implementation process of this CMP.

***This section is mandatory to complete.** Please provide any views you have on implementation timescales, including the costs and benefits of a range of implementation options where appropriate and an assessment on how the costs will be recovered.*

## 6 Legal Text

*Please provide legal text where possible to support the proposed solution.*

*Please outline where the proposed legal text differs from the text included in the Original Proposal. You do not need to duplicate the full legal text within this section.*

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