CUSC Workgroup Consultation

CMP343 & CMP340: Transmission Demand Residual Bandings and allocation (TCR)

Overview: CMP343 creates a methodology to determine (i) the charging Bands and (ii) the tariffs for each Band, in order to charge the Transmission Demand Residual (TDR). CMP340 develops the definitions required for CMP343.

Modification process & timetable

1. **Proposal form**
   - 13 May 2020
2. **Workgroup Consultation**
   - 10 July 2020 - 31 July 2020
3. **Workgroup Report**
   - 20 August 2020
4. **Code Administrator Consultation**
   - 3 September 2020 - 24 September 2020
5. **Draft Code Modification Report**
   - 28 September 2020
6. **Final Code Modification Report**
   - 7 October 2020
7. **Implementation**
   - 1 April 2022

Have 5 minutes? Read our Executive summary

Have 20 minutes? Read the full Workgroup Consultation document

Have 60 minutes? Read the full Workgroup Consultation document and annexes

Status summary: Workgroup Consultation. The Workgroup are seeking your views on the work completed to date to form the final solution(s) to the issue raised.

Impact	**CMP343 is expected to have a: high impact** National Grid ESO, Distribution Network Operators, Suppliers and Demand Users connected to the Transmission Network **CMP340 is expected to have a: low impact** All CUSC Users as this will amend Sections other than Section 14 for the purposes of CMP343.
Governance route	This modification is being assessed by a Workgroup and Ofgem will make the decision on whether it should be implemented.
Who can I talk to about the change?	**Proposer:** Eleanor Horn, National Grid ESO eleanor.horn@nationalgrideso.com 07966186088  **Code Administrator Chair**: Paul Mullen paul.j.mullen@nationalgrideso.com 07794537028
How do I respond?	Send your response proforma to cusc.team@nationalgrideso.com **by 5pm on 31 July 2020.**

Executive Summary

CMP343 will deliver part of Ofgem's TCR direction[1] concerning the Transmission Demand Residual (TDR) by creating a methodology by which the residual element of demand Transmission Network Use of System (TNUoS) tariffs can be apportioned to Half Hourly (HH) and Non Half-Hourly (NHH) demand, and a separate methodology to determine the 'Bands' against which the residual element of demand TNUoS is levied. CMP340 will provide the definitions required for CMP343.

What is the issue?

Currently, network cost recovery incentivises inefficient actions and there are differences in treatment across transmission and distribution. The full rationale for this change can be found in Ofgem's TCR direction.

What is the solution and when will it come into effect?

Proposers solution (CMP343): The ESO will determine and publish the Bands that apply at each voltage level, having calculated the Bands in accordance with the requisite percentiles.

Key aspects of this solution are set out in the following table:

The locational charge is floored at £0, in demand zones, where the locational demand TNUoS tariff[2] is negative	**A single charging Band to charge the TDR to transmission connected sites**	**A volumetric, p/kWh Residual charge for Unmetered Supply Final Demand Sites**	**Implementation date of 1 April 2022 (as directed by the Authority)**

Proposers solution (CMP340): Alter and add defined terms to Section 11 as necessary for the development of CMP343.

Other potential solutions (CMP343): 8 Workgroup Alternative Requests have been put forward by the Workgroup. These add the following variants to the Original solution:

- considering whether to have 2 or 4 transmission bands rather than a single transmission band; and
- alternative options to flooring the locational charge at £0 in negative locational TNUoS charges. Note that these options only apply from 1 April 2022 to 31 March 2023.

Implementation date (CMP343 & CMP340): 1 April 2022.

What is the impact if this change is made?

(CMP343) This is a large-scale change that will require amendments and consequential changes to all Supplier and DNO processes.

[1] https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment

[2] £/kW for HH metered users based on consumption over triad or p/kWh for NHH metered users based on 4-7PM chargeable volume.

(CMP340) Low impact to all CUSC parties as this to add/amend definitions in the code.

Interactions

CMP343 and CMP340 are two of five CUSC modifications which will change the way the Transmission Demand Residual (TDR) is calculated and charged as per Ofgem's TCR SCR Direction[3].

- CMP343 develops a methodology for the TDR to be applied only to 'Final Demand' consumers on a 'Site' basis, being a Final Demand Site.
- CMP340 provides the definitions required for CMP343, to areas in CUSC outside of Section 14.
- CMP334 defines "Final Demand" and "Single Site" and, as a consequence, what a "Final Demand Site" and what a "Non-Final Demand Site" is. DCUSA Change Proposal DCP359[4] looks to mirror what CMP334 is seeking to do, in the DCUSA. The modifications have been run alongside each other to ensure consistency in the definitions.
- CMP335 and CMP336 update the post-tariff processes within CUSC.

The table below summarises which aspects of the TCR SCR Direction will be covered in each modification.

CUSC	**CMP343 & CMP340** Creates a methodology to determine (i) the charging Bands and (ii) the tariffs for each Band. Develops the definitions required for CMP343.		**CMP334** Identifies who will be liable to pay the TDR by defining 'Final Demand', Site', 'Final Demand Site' and 'Non-Final Demand Site'	**CMP335/CMP336** Updates all of the 'post tariff setting' processes (e.g. Band allocation, securitisation etc) to reflect the TDR methodology.
DCUSA	**DCP358** Determines Banding boundaries	**DCP359** Determines which customers should pay	**DCP360** Allocates to Bands and interventions	**DCP361** Determines the calculation of charges
BSC	**P402** Establishes the processes and data flows to enable Elexon to collect aggregate data from DNOs, and subsequently provide the required data to NGESO.			

Note: CMP334 is on target to be sent to the Authority in August 2020. CMP335/336 is on target to be sent to the Authority in October 2020. DCP358, DCP559 and DCP360 are currently with the Authority pending a decision. DCP361 is on target to be sent to the Authority in August 2020. P402 is in early Workgroup stages, on target to be sent to the Authority in October 2020.

[3] https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment

[4] https://www.dcusa.co.uk/wp-content/uploads/2020/01/DCP-359-Change-Proposal-Form-v1.0.pdf

Workgroup Consultation Introduction

This document is the CMP343 & CMP340 **Workgroup Consultation.** This document outlines;

- **What is the issue?**
- **What is the solution?**
  - Proposer's solution
  - Workgroup considerations
  - Potential solutions
  - Draft legal text
- **What is the impact of this change?**
- **When will the change taken place?**
- **How to respond**
- **Acronyms, key terms and reference material**

The Workgroup are seeking views on the proposed change and what has been worked on so far. The questions it is seeking answers on are embedded within the document and outlined in the **How to respond** section.

What is the issue?

What is the issue?

Currently, network cost recovery incentivises inefficient actions and there are differences in treatment across transmission and distribution. The full rationale for this change can be found in Ofgem's Targeted Charging Review Significant Code Review (TCR SCR) Decision.

What is the solution?

Differences between CMP343 and CMP332

CMP343 Original Solution is broadly the same as the CMP332 Original Solution with 2 key differences:

- Implementation Date will be 1 April 2022 rather than 1 April 2021; and
- Acting on feedback from respondents to the CMP332 Workgroup Consultation, ESO are now adopting a volumetric approach to UMS. Broadly ESO agree with the concerns from industry that including UMS sites in the LV no-MIC band could lead to gaming to avoid the Transmission Demand Residual charge.

Workgroup Consultation question: The CMP343 Original Solution is broadly the same as the CMP332 Original Solution with 2 key differences; namely i) Implementation Date will be 1 April 2022 rather than 1 April 2021 and ii) adopting a volumetric approach to UMS. Based on this, please let us know if anything has changed in your response since the CMP332 Workgroup Consultation.

Proposer's solution (CMP343)

In summary CMP343 will:

1. Create a new methodology for determining charging bands for TDR, based on the methodology in Ofgem's decision;
2. Create a new methodology to split TDR cost to these bands, based on Final Demand at Single Sites; and
3. Establish a process for a periodic review of the TDR methodology.

This modification has been directed by the Authority to deliver:

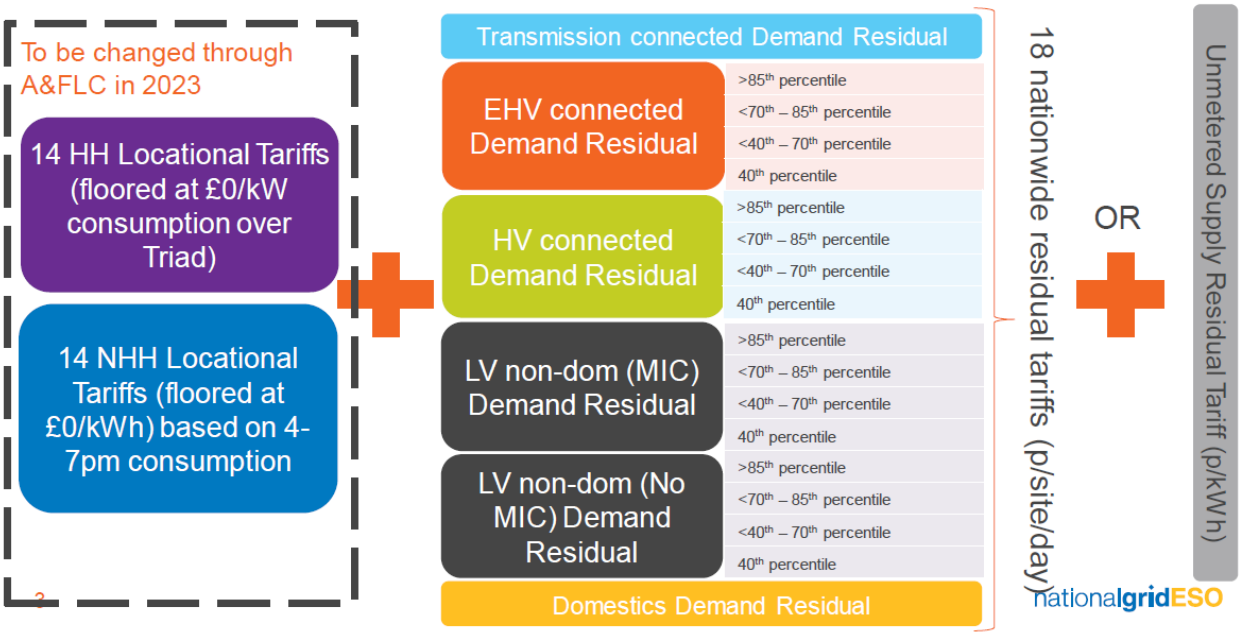
- A methodology to appropriately split residual recovery between HH and NHH demand, by voltage level, including the creation of a separate residual tariff for Unmetered Supply (UMS) volumes;
- The application of residual charges to Final Demand only, levied on a Single Site basis;
- Charging Bands, set at the 40th, 70th and 85th percentiles of either Maximum Import Capacity (MIC) or, where no MIC has been agreed between DNO and consumer, consumption values in kWh, for each of the following category of consumer:
    - LV-Connected Non-Domestic Demand Sites with a Maximum Import Capacity;
    - LV-Connected Non-Domestic Demand Sites without a Maximum Import Capacity; and
    - Separately, HV-Connected and EHV-Connected demand Sites (both with Maximum Import Capacities).
- A methodology to apportion the residual to each Band within each of these voltage-based categories, where the total value paid by demand in each Band is directly proportional to that Band's consumption as a percentage of total national (gross) consumption, such values to be recovered through specific residual Tariffs which must be the same for each demand Site within a Band;
- A residual charge, or a set of charges for Sites connected directly to the Transmission Network;
- A single residual charge for LV-Connected Domestic Sites;
- A single p/kWh residual tariff for Final Demand Unmetered Supplies; and
- A process to review the Bands and, separately, the finalisation of a residual charge Tariff structure, including a consideration of a pence per Site per day option.

National Grid ESO (NGESO), on receipt of total annual national gross consumption, split by Measurement Class, and the site aggregate MVA value of MICs agreed between consumers and DNOs, will determine and publish the Bands that apply at each voltage level, having calculated the Bands in accordance with the requisite percentiles.

NGESO will have an obligation, following approval of DCP358 by the Authority, for it or its nominated Agent to determine and publish the Bands by 31 October 2020 in advance of the commencement of the Onshore Transmission Owner price control in April 2021. For subsequent Onshore Transmission Owner price controls this Band setting exercise will be repeated.

The following table summarises how the Charging Bands will be determined:

1. Proposed Structure of Demand TNUoS tariffs from 2022



The following slide explains how the demand residual tariffs would be calculated once the charging Bands had been determined. This includes a new UMS Residual tariff:

How the total TNUoS Demand Residual (TDR) could be calculated

The potential process for determining TDR;

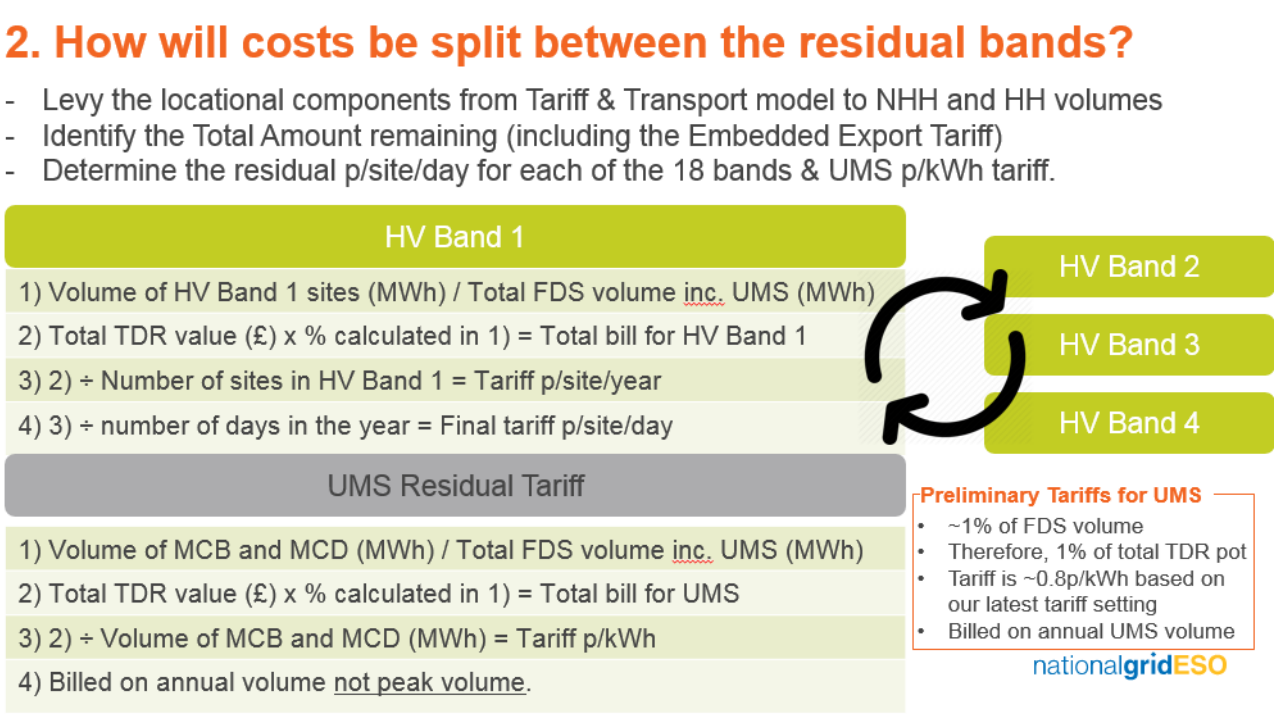
(A)	TO MAR (£)	-	Generation TNUoS Value (£)	+	Embedded Export Tariff (£)	=	Demand TNUoS Value (£)	
(B)*	Zonal HH tariffs (£/MW)	x	Zonal gross peak demand (MW)	=	Expected Zonal revenue (£)			
(C)*	Zonal HH tariffs (£/MW)	x	Zonal Triad demand (MW)	=	Recovered HH Zonal Value (£)			
(D)*	(B)	-	(C)	=	"NHH Zonal Recovery Value" (£)			
(E)*	(D)	÷	NHH Chargeable Zonal Volume (MWh)	=	NHH Locational Tariff (£/MWh)			
(F)	(A)	-	Σ(C)	-	Σ(D)	=	TDR Value (£)	
(G)	Take (F) and apply a methodology to spread value across bandings	→	7 'usage groups' 4 percentiles = ~18-21 tariff bands And 1 UMS Tariff					

* Step run in isolation for each zone

1. Domestic
2. LV no Maximum Import Capacity
3. LV with Maximum Import Capacity
4. High Voltage
5. Extra High Voltage
6. Transmission
7. Unmetered Supplies (UMS)

a. <40th percentile
b. =>40th percentile < 70th percentile
c. =>70th percentile <85th percentile
d. =>85th percentile

Convert banding values into tariffs (p/site/day for Final Demand Sites or p/kWh for UMS demand)



There will be a periodic review of the TDR methodology at the start of each new price control.

Workgroup Consultation question: Do you agree with the proposed methodology above to calculate a volumetric p/kWh residual charge for Unmetered Supply (UMS) Demand. Please provide the rationale for your response.

Proposer's solution (CMP340):

Amend the CUSC where necessary to support the Original Proposal and any Workgroup Alternative CUSC Modification Proposals as raised by the CMP343 Workgroup.

Workgroup Considerations

The Workgroup convened twice to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable CUSC Objectives.

The CMP343 Workgroup took into account the previous work done for CMP332 and noted the changes between CMP332 and CMP343. A Workgroup Consultation was run for CMP332 between 6 and 27 February 2020. See Annex 5-7 for the CMP332 Workgroup Consultation, Summary and responses.

The below summarises the main aspects of the Proposer's solution that have been discussed in the CMP332, and CMP343/340 workgroups.

The locational charge is floored at £0, in demand zones, where the locational demand	**A single charging Band to charge the TDR to transmission connected sites**	**A volumetric, p/kWh Residual charge for Unmetered Supply Final Demand Sites**	**Implementation date of 1 April 2022 (as directed by the Authority)**

TNUoS tariff[5] is negative			

Treatment of zones that have a negative locational tariff

Option A) Floor the locational tariff to £0/kW[6] (Proposer's solution)

The Proposer continues to believe following discussions within the CMP332 workgroup that, pending the outcome of the Access and Forward-Looking Charges SCR, the existing floor of £0 on demand tariffs should be retained, such that in zones where the locational element of the tariff (or the new, solely locational demand tariff) is negative as an outcome of either the DC Load Flow Investment Cost Related Pricing DCLF ICRP model ("Transport model") or the above NHH allocative methodology, it is floored at £0 and demand users are not paid to import over peak periods, as is the case today.

The Workgroup considered the combined effect of the proposed demand residual changes and the existing negative locational charges and raised the following concerns:

- Maintaining negative demand locational changes, with the TCR SCR directed changes, will mean some users will be paid TNUoS for their use of the transmission system over TRIAD. This could create a perverse incentive for Demand Users to consume over these periods;
- This incentive could cause congestion at Distribution Network level in negatively-charged zones, due to an increase in peak demand at lower voltages, as there is now an incentive to increase demand, rather than a signal to reduce demand at peak times.
- Increasing demand at times of peak system demand in zones with negative locational tariff could push up wholesale prices across Great Britain.
- Flooring the locational demand tariff at £0/kW would, based on the 2019/20 Charging Year, cause distributional effects of ~ £200m on the Residual value as 8 of the 14 demand zones (based on Charging Year 2020-21) have negative locational demand tariffs.
- Flooring the locational tariff at £0/kW would weaken the locational price signal by setting 8 zones to be the same and reducing cost-reflectivity.

Noting that the ESO Original Proposal is to floor the locational demand tariff at £0/kW where the locational TNUoS demand tariff is negative, the CMP332 Workgroup had considered potential alternatives for other treatment of the negative demand locational charge. CMP343/340 Workgroup agreed that these options remain valid alternative solutions to consider. **However, these would be temporary solutions, which would be in place until the changes from the Access and Forward-Looking Charges SCR are implemented (2023).**

The 2 options are:

[5] £/kW for HH metered users based on consumption over triad or p/kWh for NHH metered users based on 4-7PM chargeable volume.

[6] Intention is to floor the locational tariff at £0/kW only and not to floor (at £0/kW) the gross tariffs (locational + residual)

Option B) Not to floor the tariffs – EDF

Ofgem confirmed that they have not assumed flooring of the locational demand TNUoS tariffs at £0 in the modelling used to inform the TCR SCR Decision. Whilst there was no overwhelming support for this, the Workgroup are concerned that the ESO's Original solution is not in line with the TCR SCR Decision and questioned whether Ofgem would approve this or alternatives to an Original solution that would interact with the ongoing AFLC SCR by removing the locational signal from 8 of the 14 demand tariff zones. Some Workgroup members suggested that a no flooring option would appear to comply with what was directed. Therefore, the Workgroup agreed that options should be put forward for this approach. See potential solutions 3-5 for more detail.

Option C) Introduce a £/site/day locational adjustment to negative locational charges, to mitigate the distributional impact of flooring the locational tariff to zero - Npower

In the treatment of negative locational charges, this seeks to introduce a £/site/day locational adjustment that aims to mitigate the distributional impact of flooring the locational tariff to zero so that there is no perverse incentive to consume more energy over peak periods.

To calculate the £ per zone adjustment, ESO would need to run the Tariff model twice, once with a floor of zero applied to the locational tariffs and then again without applying a floor to the locational tariffs, recording the revenue expected to be collected from each zone under both scenarios. See potential solutions 6-8 for more detail.

Workgroup Consultation question: Following the CMP332 workgroup consultation, the CMP343/340 Workgroup has developed options A, B and C to address the treatment of zones that have a negative locational tariff. Which of these options do you support? Please provide the rationale for your response.

Transmission banding

Ofgem has given the Workgroup discretion to determine how to Band sites connected directly to the transmission network.

One transmission Band (Proposer's solution)

The Original proposal is to charge the Transmission Demand Residual to Directly Connected Final Demand Sites through a single Charging Band. The Proposer shared some analysis which supported the proposal to have one charging Band for Transmission connected customers (as per paragraph 18 of the Direction - this is set out in Annex 8).

After consideration of the CMP332 workgroup and the workgroup consultation responses, more than one transmission Band was considered, in order to avoid a distortion of charges between small and large sites.

Two transmission Bands - EDF

ESO developed a model to look at the effect on charges of having more than one transmission Band. There was a clear boundary line for creation of two Bands, which would mean there were no parties close to being in the lower Band. This was the 85th percentile of the Band, which fits in with the percentiles used in the TCR direction in the distribution

Bandings. However, there was concern that those in the lower Band were still large consumers and would benefit from having the lower charge.

Workgroup Consultation question: The Workgroup has proposed that if there were 2 transmission bands, these would be divided at the 85th percentile (as this coincides with the point beyond which the sites are more than twice the size of the mean total consumption). Do you agree with this method? Please provide the rationale for your response?

Four transmission Bands - EDF

Four Bands were considered to make charges more cost reflective, and to be consistent with the Banding approach for distribution connected sites.

EDF raised proposed solutions with variants of 2 and 4 transmission Bands. See table 1 for the proposed solutions raised by the Workgroup.

Transmission Band Analysis

As part of the CMP332 Workgroup, the ESO identified what they believed to be Final Demand Sites and produced some analysis to show the comparison between having one, two or four transmission bands. The CMP343 Workgroup has updated this analysis following clarity on the definition for Final Demand Site as part of the CMP334 / DCP359 Workgroup discussions and has identified 4 additional sites that would be classed as Final Demand Sites. The analysis, which is set out in Annex 8, concludes that there is significant difference between Transmission Demand Residual Charges for each Transmission Band – given the materiality, this will encourage parties to dispute which band they sit within. This analysis is based on a number of assumptions (as set out in Annex 9).

Workgroup Consultation question: Following the CMP332 Workgroup consultation, the CMP343/340 Workgroup has developed alternative options for 2 or 4 transmission bands and has produced some analysis to show the impacts. This can be found in Annex 8. What are your views on whether there should be 1, 2 or 4 transmission bands? Please provide the rationale for your response.

Workgroup Consultation question: The assumptions that underpin the analysis on transmission banding to set out illustrative charges are contained in Annex 9. Please provide any comments on these assumptions.

A volumetric, p/kWh Residual charge for Unmetered Supply Demand

Since the CMP332 Workgroup Consultation, the Proposer has updated the CMP343 Original proposal in terms of how UMS Final Demand Sites are charged. Previously the Original proposal was to charge UMS final demand sites using a £/site/day tariff – this was because Ofgem's direction was to make the residual charges unavoidable. However, it became apparent in the CMP332 Workgroup and consultation responses that because there is no specific meter to allocate for UMS, that this could enable owners to lump all of their volumes from different inventories into one inventory (e.g. A Council who had volumes for street lamps, CCTV etc) to avoid the residual charge. The CMP343 solution is a volumetric, p/kWh residual charge for UMS Final Demand Sites.

Potential solutions

The below table shows the potential solutions being considered by the workgroup.

CMP343 PotentialSolutions	Treatment of negative locational	Number of Transmission Bands	Proposer
Original	Floor at zero	1	ESO
Alternative 1	Floor at zero	2	EDF
Alternative 2	Floor at zero	4	EDF
Alternative 3	No Flooring	1	EDF
Alternative 4	No Flooring	2	EDF
Alternative 5	No Flooring	4	EDF
Alternative 6	Introduce a £/site/day locational adjustment to negative locational charges	1	Npower
Alternative 7	Introduce a £/site/day locational adjustment to negative locational charges	2	EDF
Alternative 8	Introduce a £/site/day locational adjustment to negative locational charges	4	EDF

For further details on the above solutions see the Workgroup Alternative Request forms in Annex 12.

Workgroup Consultation question: Do you believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives? Please explain your rationale.

Draft Legal text

CMP343:
Legal text will be drafted after the Workgroup Consultation has been completed.

CMP340:
The proposer has provided some initial thoughts of what the definitions might be to support the CMP343 Original and 8 Workgroup Alternatives. This is set out in Annex 11.

Workgroup Consultation question: Annex 11 sets out the initial thoughts on the potential changes to the CUSC Section 11 definitions that would need to change to support the CMP343 Original and Workgroup Alternatives. Do you have any comments on the proposed changes?

What is the impact of this change?

Who will it impact?

This is a large-scale change that will require amendments and consequential changes to all Supplier and DNO processes. In particular, NGESO will require data input (likely via Elexon) for site level information of capacity and annual consumption and site counts per relevant Band or category. This will further need to be broken down by Grid Supply Point Group and Supplier to allow relevant billing processes to take place. There is a contingency between this CMP and the DCUSA/BSC/MRA changes – this CMP will create the charging methodology, but it cannot be practically implemented until the relevant non-CUSC changes are approved and the requisite data-gathering processes are completed.

What are the positive impacts?

Ofgem has established that there are consumer benefits to this change due to certain types of customers no longer being able to avoid the costs of residual transmission charges.

Proposer's Assessment against Code Objectives

CUSC charging objectives

Impact of CMP343 on the Code objectives:	
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;	None
(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;	Positive as NGESO has been directed to raise this modification and implement its effects by the Authority.

(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 Transmission Licence under Standard Condition C10, paragraph 1; and	None
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	None
*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).	

Standard Workgroup Consultation question: Do you believe that the CMP343 Original Proposal better facilitate the Applicable CUSC Objectives? Please explain your rationale.

CUSC non-charging objectives

Impact of CMP340 on the Code objectives:	
Relevant Objective	**Identified impact**
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive
(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;	None
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive
*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).	

Standard Workgroup Consultation question: Do you believe that the CMP340 Original Proposal better facilitates the Applicable (non-charging) CUSC Objectives?

When will this change take place?

The Authority has issued a modified Direction[7] to ESO to withdraw CMP332 and raise a new Proposal to give effect to the TCR Decision with an implementation date of 1 April 2022.

An Authority decision is needed as soon as is practicable to support the development of the substantial system and process changes at ESO and within Industry needed to implement the solution. The current timescales for the modification are to deliver the Final Modification Report to Ofgem on 15 October 2020. Until a decision is received from the Authority on the preferred solution there is still uncertainty about some of the finer points of the solution where alternatives may be raised. This uncertainty impacts on implementation planning capability. To minimise inefficient system and process change planning the ESO needs to receive a decision from the Authority on CMP343 by 30 November 2020.

Standard Workgroup Consultation question: Do you support the implementation approach?

[7] https://www.ofgem.gov.uk/publications-and-updates/consent-withdraw-cmp332-and-direction-raise-new-cusc-modification-proposal-new-transmission-demand-residual-charges-targeted-charging-review-tcr-1

How to respond

CMP343 Standard Workgroup Consultation questions:

1. Do you believe that the CMP343 Original Proposal better facilitate the Applicable CUSC Objectives? Please explain your rationale.
2. Do you believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives? Please explain your rationale.
3. Do you support the proposed implementation approach?
4. Do you have any other comments?
5. Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?

CMP343 Specific Workgroup Consultation questions:

6. Do you agree with the proposed methodology on page 6 of the Workgroup Consultation document to calculate a volumetric p/kWh residual charge for Unmetered Supply (UMS) Demand? Please provide the rationale for your response.
7. Following the CMP332 Workgroup consultation, the CMP343/340 Workgroup has developed alternative options for 2 or 4 transmission bands and has produced some analysis to show the impacts. This can be found in Annex 8. What are your views on whether there should be 1, 2 or 4 transmission bands? Please provide the rationale for your response.
8. The Workgroup has proposed that if there were 2 transmission bands, these would be divided at the 85th percentile (as this coincides with the point beyond which the sites are more than twice the size of the mean total consumption). Do you agree with this method? Please provide the rationale for your response?
9. The assumptions that underpin the analysis on transmission banding to set out illustrative charges are contained in Annex 9. Please provide any comments on these assumptions.
10. Following the CMP332 workgroup consultation, the CMP343/340 Workgroup has developed options A, B and C to address the treatment of zones that have a negative locational tariff. Which of these options do you support? Please provide the rationale for your response.
11. Question 11 is for those who responded to the CMP332 consultation. CMP343/340 builds on the CMP332 solution. Please let us know if anything has changed in your response since the CMP332 Workgroup Consultation.

CMP340 Standard Workgroup Consultation questions:

12. Do you believe that the CMP340 Original Proposal better facilitates the Applicable (non-charging) CUSC Objectives?
13. Do you support the proposed implementation approach?
14. Do you have any other comments?
15. Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?

CMP340 Specific Workgroup Consultation questions:

16. Annex 11 sets out the initial thoughts on the potential changes to the CUSC Section 11 definitions that would need to change to support the CMP343 Original and other potential solutions. Do you have any comments on the proposed changes?

The Workgroup is seeking the views of CUSC Users and other interested parties in relation to the issues noted in this document and specifically in response to the questions above.

Please send your response to cusc.team@nationalgrideso.com using the response pro-forma which can be found on the National Grid ESO website via the following link: https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp343

In accordance with Governance Rules if you wish to raise a Workgroup Consultation Alternative Request please fill in the form which you can find at the above link.

If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid ESO's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, 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 and Confidential".

Acronyms, key terms and reference material

Acronym	Meaning
BSC	Balancing and Settlement Code
Baseline	The current methodology in code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DCLF ICRP model	Direct Current Load Flow Investment Cost Related Pricing Model – otherwise known as the Transport and Tariff model for calculating TNUoS tariffs.
DCP	Distribution Code Proposal
DCUSA	Distribution Connection and Use of System Agreement
DNO	Distribution Network Operator
EAC	Estimated Annual Consumption
EHV	Extra High Voltage
ESO	National Grid Electricity System Operator
EV	Electric Vehicle
FDS	Final Demand Site
HH	Half Hourly
HV	High Voltage
IDNO	Independent Distribution Network Operator

LLFC	Line Loss Factor Class
LV	Low Voltage
MCB	Measurement Class B
MCD	Measurement Class D
MIC	Maximum Import Capacity
MPAN	Meter Point Administration Number
MRA	Master Registration Agreement
NETSO	National Electricity Transmission System Operator
NHH	Non-Half Hourly
PID	ENA Targeted Charging Review Project Initiation document
SCR	Significant Code Review
TNUoS	Transmission Network Use of System
TCR	Targeted Charging Review
TDR	Transmission Demand Residual
UMS	Unmetered Supplies

Reference material:

1. Ofgem direction letter
2. Ofgem Targeted Charging Review decision
3. ENA Targeted Charging Review Project Initiation document
4. ENA Targeted Charging Review Updated Project Initiation document
5. Ofgem updated direction letter with implementation date April 2022

Annexes

Annex	Information
Annex 1	CMP343 Proposal Form
Annex 2	CMP340 Proposal Form
Annex 3	CMP343 Terms of Reference
Annex 4	CMP340 Terms of Reference
Annex 5	CMP332 Workgroup Consultation
Annex 6	CMP332 Workgroup Consultation Responses Summary
Annex 7	CMP332 Workgroup Consultation Responses
Annex 8	Updated Transmission Banding Analysis
Annex 9	Updated Transmission Banding Analysis - Assumptions
Annex 10	£ Per Site Locational Adjustment Analysis
Annex 11	CMP340 Initial thoughts on Legal text
Annex 12	CMP343 Workgroup Alternative Request Forms