

CUSC Code Administrator Consultation Response Proforma**CMP334: Transmission Demand Residual – consequential definition changes (TCR)**

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 to cusc.team@nationalgrideso.com by **5pm on 6 July 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation please contact Paul Mullen at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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For reference the applicable CUSC non-charging objectives are:

Relevant Objective
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
(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;
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.
*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).

Please express your views in the right-hand side of the table below, including your rationale.

Code Administrator Consultation questions		
1	Do you believe that CMP334 Original proposal or WACM1 better facilitates the Applicable CUSC Non-Charging Objectives?	<p>We believe that WACM1 better facilitates the Applicable CUSC Non-Charging Objectives (AO) compared with both the baseline arrangements and the original proposal.</p> <p>WACM 1 provides CUSC definitions in line with the Authority TCR SCR direction, specifically paragraphs 14, 15 and 16 i). These paragraphs outline the scope and intent of the direction in defining 'final demand', 'site' and the exclusion from Transmission Demand Residual charges. In doing so WACM 1 is positive with respect to AO (A) <i>The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence.</i></p> <p>We also agree with the majority workgroup view that the wider definition in WACM 1 better reflects the intent of paragraph 15 of the TCR direction than the original: <i>'15) the definition of 'final demand' is as follows, "Final Demand means electricity which is consumed other than for the purposes of generation or export onto the electricity network". Therefore, generation only and storage only sites will not pay residual charges.'</i></p> <p>The WACM 1 definition excludes Single Sites that import Active Power solely to provide voltage support, as well as Generation and storage sites, from TDR charges. We believe this definition will better facilitate the AO (D), helping to ensure that network costs are recovered fairly and efficiently from network users.</p> <p>We also believe that WACM1 has a positive impact on AO (B) - <i>Facilitating effective competition in the generation and supply of electricity.</i> The wider and clearer definition reduces the potential for harmful distortions and ensures a consistent and level playing field which promotes fairness and competition over and above the Original proposal.</p> <p>i) https://www.ofgem.gov.uk/system/files/docs/2019/11/cusc_direction_1.pdf</p>

2	Do you support the proposed implementation approach?	<p>No.</p> <p>Although we agree that the Workgroup have identified the required scope of change, for both the Original proposal and WACM1, we believe that effective delivery of either solution is put at risk by the proposed implementation date of April 2022. As highlighted in Q3 we believe the programme should be reset with implementation not earlier than April 2023.</p>
3	Do you have any other comments?	<p>Although WACM 1 delivers the intent of Ofgem's TCR Decision, we believe that the proposed implementation date of April 2022 puts at risk the successful implementation of the TCR programme.</p> <p>Part of this risk includes the continued unprecedented and exceptional challenges as a result of COVID-19 which has created significant disruption to businesses and households with many livelihoods at risk. It has also been necessary for Suppliers to adapt to the challenges created by COVID-19, which has necessitated the focus of key resources, including certain IT development, upon essential core business activities.</p> <p>In order to de-risk its successful implementation and the impact on consumers of material tariff disturbance, we believe it would be beneficial to align implementation of the TCR programme with delivery of access and forward-looking charges, which is scheduled for April 2023.</p> <p>If a delay is granted to the TCR programme of changes, then it's important that the current notice period for Network Charges is maintained, in order to avoid the need for Suppliers to price additional risk premia into their contracts.</p>