

**CUSC Workgroup Consultation Response Proforma****CMP343: Transmission Demand Residual bandings and allocation for 1 April 2022 implementation (TCR)'****CMP340: Consequential changes for CMP332 (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](mailto:cusc.team@nationalgrideso.com) by **5pm on 31 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 Workgroup.

If you have any queries on the content of this consultation please contact Paul Mullen [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
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**For reference the CUSC (charging) objectives for CMP343 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 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 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*
- e. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*\*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).*

**For reference the CUSC (non-charging) objectives for CMP340 are:**

- 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 regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

**CMP343**

<b>Standard Workgroup Consultation questions CMP343</b>		
1	Do you believe that the CMP343 Original Proposal better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p>Yes, we agree that the Original Proposal better facilitates the Applicable CUSC Objectives:</p> <p>A – Positive – the Original Proposal promotes effective competition by ensuring that customers will no longer be able to avoid the costs of residual transmission charges.</p> <p>C - Positive – the ESO has been directed to raise this modification and implement its effects by the Authority.</p>
2	Do you believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p>No, we do not believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives than the Original.</p> <p>If flooring was not applied, there would be a perverse incentive for Demand Users to consume at peak TRIAD periods.</p> <p>We believe the flooring methodology should be made as simple to implement as possible and cause minimal customer tariff impact. We therefore believe the original proposal on flooring is more appropriate.</p>
3	Do you support the proposed	Although we support the general proposed implementation approach, we believe that the

	implementation approach?	<p>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 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>
4	Do you have any other comments?	Not at this time.
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Not at this time.
<b>Specific CMP343 Workgroup Consultation questions</b>		
6	Do you agree with the proposed methodology on page 7 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.	Yes, we agree with the proposed methodology on page 7 of the Workgroup Consultation document to calculate a volumetric p/kWh residual charge for Unmetered Supply (UMS) Demand.
7	Following the CMP332 Workgroup consultation, the CMP343/340 Workgroup has developed alternative	The breakdown found in Annex 8 shows that there could be a large cost difference between bands which could lead to unintended consequences. Although we have no clear preference for 1, 2 or 4 transmission bands, we do have concerns that multiple bands could encourage customers to

	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.	reconfigure their sites in order to benefit from cheaper Annual Tariffs. Due to this, we support the original solution of a single transmission band.
8	The Workgroup has proposed that if there were 2 transmission bands, these would be divided at the 85 <sup>th</sup> 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?	We agree that if there were 2 transmission bands, that division at the 85 <sup>th</sup> percentile would be appropriate because this is the point beyond which the sites are more than twice the size of the mean total consumption.
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.	No comments at this time.
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	<p>We support option A, which retains the existing floor of £0/kW on demand tariffs because it minimises the risk of an incentive for demand sites to consume more power at peak times. We believe that such an incentive may persist if the locational tariff is not floored at £0/kW.</p> <p>We also believe that option C adds unnecessary complexity (for a short period of time) without any additional benefit to option A.</p>

	provide the rationale for your response.	
<b>Question 11 is for those who responded to the CMP332 consultation</b>		
11	CMP343/340 builds on the CMP332 solution. Please let us know if anything has changed in your response since the CMP332 Workgroup Consultation.	Our response to CMP 332 remains unchanged.

**CMP340**

<b>Standard Workgroup Consultation questions CMP340</b>		
12	Do you believe that the CMP340 Original Proposal better facilitates the Applicable (non-charging) CUSC Objectives?	We agree that Applicable non-charging CUSC Objectives a) and d) are better facilitated as this modification adds/amends the necessary definitions into the CUSC.
13	Do you support the proposed implementation approach?	<p>Although we support the general proposed implementation approach, 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 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>
14	Do you have any other comments?	Not at this time.
15	Do you wish to raise a Workgroup	Not at this time.

	Consultation Alternative Request for the Workgroup to consider?	
<b>Specific CMP340 Workgroup Consultation question</b>		
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?	Not at this time.