

CUSC Workgroup Consultation Response Proforma**CMP335 - Transmission Demand Residual - Billing and consequential changes to CUSC Section 3 and 11 (TCR)' &****CMP336 'Transmission Demand Residual - Billing and consequential changes to CUSC Section 14 (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 11 June 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 or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Paul Bedford
Company name:	Opus Energy Ltd
Email address:	Paul.bedford@drax.com
Phone number:	07948 477333

For reference the applicable CUSC objectives are:**CUSC (non-charging) objectives - for CMP335:**

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- 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).*

CUSC (charging) objectives - for CMP336:

- 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).*

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

Standard Workgroup Consultation questions		
1	Do you believe that CMP335 Original proposal better facilitates the Applicable CUSC Objectives?	Yes. CMP335 is expected to have a positive impact against the non-charging CUSC applicable objectives a and d. For objective a, CMP335 ensures that the CUSC remains in line with the Transmission Licence obligations following the Authority's TCR decision. For objective d, CMP335 creates a process for the efficient integration of site data in timescales consistent with Ofgem's TCR decision together with a disputes process.
2	Do you believe that CMP336 Original proposal better facilitates the Applicable CUSC Objectives?	Yes. CMP336 is expected to have a positive impact against CUSC charging objectives a, b, c and e as the proposal ensures the CUSC remains in line with implementation of the Authority's TCR decision.
2	Do you support the proposed implementation approach?	Although we support this approach in general, given the impacts of COVID-19, we do have concerns regarding implementing the TCR in April 2022. We believe that, given these unforeseen and ongoing impacts, our business customers will find it difficult to implement TCR requirements within these timescales and so would recommend a TCR implementation date of April 2023.
3	Do you have any other comments?	No.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
Specific CMP335/6 Workgroup Consultation questions		
5	Based on the mapping table in Annex 4, does the proposed CMP335/CMP336 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed.	Yes.

6	Do you support the proposed allocation method to allocate transmission connected sites to bands (if more than 1 band is created under the new modification which will replace CMP332)? If not, what approach would you prefer? Please provide your rationale.	Yes. We support the proposed allocation method to allocate transmission-connected sites to band(s) as we believe this to be the fairest option.
7	Do you think it would be appropriate for ESO to seek a derogation from Ofgem to be outside of the 5% to 9.5% tolerance range where there is under/over recovery arising from successful disputes?	<p>No. Although we recognise the slight risk increase that NG ESO may under or over recover, we believe that this is a risk for NG ESO to manage and that the granting of a derogation at this stage would send the wrong signal to NG ESO who should be endeavouring to establish accurate tariffs and to mitigate against any risk of under or over recovery.</p> <p>We would support a mid-year tariff change because this creates significant disruption to both Suppliers and their customers. Recovery via the K factor through future years creates certainty for Suppliers which means less of a risk premia in their contracts.</p>
8	Do you agree with the proposed disputes process for transmission sites? Do you agree that this is compatible with the DCUSA disputes process?	Yes. We agree with the proposed disputes process for transmission sites and that this is compatible with the DCUSA disputes process.
9	Do you support the method in ESO's alternative proposal to bill the Transmission Demand Residual? If not, what approach would you prefer? Please provide your rationale.	Yes. We support the methodology in NG ESO's alternative proposal to bill the Transmission Demand Residual. Our preferred solution is Option 2 because it removes any risk that NG ESO will under or over-recover each suppliers' share of the Transmission Demand Residual. It removes the risk that some suppliers may accrue a debt to NG ESO which remains unpaid if they cease trading.