

CUSC Workgroup Consultation Response Proforma**CMP332: Transmission Demand Residual bandings and allocation (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 27 February 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 at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Robert Taylor
Company name:	Nestle UK Ltd
Email address:	Robert.taylor@uk.nestle.com
Phone number:	Click or tap here to enter text.

For reference the applicable CUSC objectives 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).*

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 the CMP332 Original Proposal better facilitates the Applicable CUSC Objectives?	Yes. However, our understanding of the consultation report highlights that there are still unresolved issues that translates into uncertainty for us in calculating our TNUoS liability.
2	Do you support the proposed implementation approach?	<ul style="list-style-type: none"> No. April 2021 is far too early, especially as there are still many areas which are still yet to be decided.
3	Do you have any other comments?	<ul style="list-style-type: none"> We would have expected that National Grid ESO would already have been able to provide a reasonable forecast of our TNUoS costs – this has not been the case.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<ul style="list-style-type: none"> We are mainly concerned about the lack of notice given because of the methodology change. We were informed by EDF Energy that implementation was being considered over a number of dates, however they were unable to give us an exact date as the determination was for Ofgem to decide. We were therefore unable to manage this risk appropriately and our now faced with significant increase in costs that could not have not been have reasonably accounted for in 2021.
Specific CMP332 Workgroup Consultation questions		
5	Based on the mapping table in Annex 6, does the proposed CMP332 solution deliver Ofgem's TCR SCR Direction? Please identify any areas you believe need to be addressed.	No comment
6	CMP332 solution proposes to have one Transmission Band for the demand residual charge. Do you agree, if not what do you suggest instead, and why?	No comment

7	The TCR SCR Direction specifies that 24 months of data is required to allocate the customers to charging bands. The Original solution (for CMP332) proposes to use a standard 12 months period for all. What period of historical data do you think is required for setting the bands, and why?	<ul style="list-style-type: none"> Budget certainty is important to our business. We were preparing to factor changes to our budget from April 2022 as we felt that changes to April 2021 were likely to be low given the short notice period between determination and implementation. The lack of consistency in establishing a robust methodology feels like implementation is being rushed to meet an April 2021 deadline. We would much prefer a clear, well thought-out transparent process to enable us to know which residual band our sites will be allocated, and the methodology used to determine this.
8	If there is any revenue under/over recovery due to the differences between the initial allocation of charging bands vs the outturn of such bands, how should this amount be recovered/rebated?	<ul style="list-style-type: none"> No comment
9	Should we use Measurement Classes rather than “No MIC” or “MIC” to determine initial grouping for the charging bands at low voltage, and why?	<ul style="list-style-type: none"> No comment.
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged separately on a volumetric basis?	<ul style="list-style-type: none"> No comment
11	Do you have any thoughts on any of the suggested options and/or do you believe there any other options for the Workgroup to consider?	<ul style="list-style-type: none"> No comment