

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 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 or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Karl Maryon
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For reference the CUSC (charging) objectives for CMP343 are:

- 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;*
- 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);*
- 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;*
- 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*
- 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

Standard Workgroup Consultation questions CMP343		
1	Do you believe that the CMP343 Original Proposal better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p>We agree that the original better facilitates the Applicable CUSC Objectives:</p> <p>A – Positive – the original 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</p>
2	Do you believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p>We do not believe that any of the CMP 343 proposed alternative solutions better facilitate the Applicable CUSC Objectives than the Original.</p> <p>If flooring wasn't applied, there would be a perverse incentive to consume at peak periods which is clearly inappropriate.</p> <p>We also believe the flooring methodology should be as simple to implement as possible and cause minimal customer tariff impact. For this reason, we believe the original proposal on flooring is more appropriate.</p>
3	Do you support the proposed	While we support this approach in general, we still have concerns around implementing the TCR in

	implementation approach?	April 2022. We are currently in the middle of a global pandemic and we believe our business customers will find the disruption caused by implementing the TCR difficult to absorb within the proposed timescales.
4	Do you have any other comments?	No.
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Not at this time.
Specific CMP343 Workgroup Consultation questions		
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.	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 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.	The analysis in Annex 8 shows that there could be a large transition between bands that could lead to unintended consequences. For example, if there were 4 bands, the annual saving to a customer by moving from Band 4 to Band 3 would be around £1.75m. Whilst we have no clear preference for 1, 2 or 4 transmission bands, we do have a concern that multiple bands may encourage reconfiguration of sites by a customer to benefit from a cheaper charging structure. On this basis 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 th 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 to be 2 Transmission bands, then the 85 th percentile would be the appropriate divide as 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 comment.
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.	<p>We support Option A as 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. This in our view would be an inappropriate consequence of the charging reform.</p> <p>We also believe Option C adds unnecessary complexity (for a short period of time) without any additional benefit to Option A.</p>
Question 11 is for those who responded to the CMP332 consultation		
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.

Standard Workgroup Consultation questions CMP340		
12	Do you believe that the CMP340 Original Proposal better facilitates the Applicable (non-charging) CUSC Objectives?	We agree that the 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?	Whilst we support this approach in general, we still have concerns around implementing the TCR in April 2022. We are currently in the middle of a global pandemic and we believe our business customers will find the disruption caused by implementing the TCR difficult to absorb within the proposed timescales .
14	Do you have any other comments?	No.
15	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Not at this time.
Specific CMP340 Workgroup Consultation question		
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?	No.