Draft Final Modification Report

CMP335 & CMP336

Transmission Demand Residual, billing and consequential changes to CUSC

Overview: To revise Sections 3 & 11 and Section 14 of the CUSC respectively to set out how/when the Residual is recovered from parties once the methodology for how the Residual charges are calculated is determined.

Modification process & timetable

1. **Proposal form**
   - 16 January 2020
2. **Workgroup Consultation**
   - 15 May 2020 - 15 June 2020
3. **Workgroup Report**
   - 20 August 2020
4. **Code Administrator Consultation**
   - 1 September 2020 - 22 September 2020
5. **Draft Code Modification Report**
   - 23 September 2020
6. **Final Code Modification Report**
   - 6 October 2020
7. **Implementation**
   - 1 April 2022

Have 5 minutes? Read our Executive summary

Have 25 minutes? Read the full Draft Final Modification Report

Have 45 minutes? Read the full Draft Final Modification Report and Annexes

Status summary: This Report has been submitted to the Authority for them to decide whether this change should happen.

Panel Recommendation: *To be updated following Panel meeting on 1 October 2020*

This modification is expected to have a: high impact	NGESO, Distribution Network Operators, Suppliers and Demand Users connected to the Transmission Network.
Governance route	This modification has been assessed by a Workgroup and Ofgem will make the decision on whether it should be implemented.

Who can I talk to about the change?

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Executive Summary

This modification will cover how/when the Transmission Demand Residual (the "Residual") is recovered from parties once the Residual charges are determined using the methodology developed in CMP343. CMP343 replaced CMP332, which ESO was directed[1] to withdraw and to raise another proposal with a year later implementation date. All aspects of the CMP335/336 Proposal remain unchanged except the implementation date to change from 1 April 2021 to 1 April 2022.

What is the issue?

Currently, network cost recovery incentivises inefficient actions and there are differences in treatment across transmission and distribution. The Authority carried out a Significant Code Review (SCR) to address this issue. The full rationale for this change can be found in Ofgem's TCR SCR Decision[2].

What is the solution and when will it come into effect?

Proposers solution:

- Allocating Final Demand Sites to Bands via the following hierarchy:
    1) (1) 24 months average consumption data, or
    2) if (1) is not available, an average of less than 24 months, or
    3) if (1) and (2) are not available, the most recent 12 months average consumption of all transmission connected Final Demand Sites. This would apply to new transmission connected sites.
- Use existing processes in CUSC section 7.2 and 7.3 for dispute resolution.
- Bill the Transmission Demand Residual based on actual site counts rather than supplier forecasts.

[1] Consent to withdraw CMP332 'Transmission Demand Residual bandings and allocation (TCR)' and Direction to raise a new modification proposal to enable new TDR charges to be effective as of 1 April 2022

[2] Targeted charging review: decision and impact assessment

Other solutions:

There are two alternative options, for CMP336 only, for Transmission Connection Sites where no metered consumption data is available at the time of banding. The table below sets out the differences between each of the three options:

Other Solutions	Allocating Final Demand Sites to Bands
CMP336 Original	Allocate new transmission connection sites based on the most recent 12 months average consumption of all transmission connected Final Demand Sites.
CMP336 WACM1	As per the Original but introduce an annual September review to confirm the new transmission connection site is in the correct band and reallocate if required.
CMP336 WACM2	Use a "User self-reported expected annual consumption figure", rather than the most recent 12 months average consumption of all transmission connected Final Demand Sites, for the purpose of banding.

Workgroup conclusions:

CMP335 - The Workgroup concluded unanimously that the Original better facilitated the CUSC Objectives than the Baseline (the current CUSC arrangements).

CMP336 - The Workgroup concluded unanimously that the Original and WACM1 better facilitated the CUSC Objectives than the Baseline. Only 1 Workgroup Member thought that WACM2 better facilitated the CUSC Objectives than the Baseline.

Implementation date: 1 April 2022.

Panel Recommendation

To be updated following Panel meeting on 1 October 2020

What is the impact if this change is made?

Who will it impact?

The main impacts will be upon NGESO, DNOs and those liable for Demand TNUoS as new processes and requirements will be associated with Demand TNUoS, which therefore will have system implications.

Interactions

CMP335 and CMP336 are two of five CUSC modifications which will change the way the Transmission Demand Residual (TDR) is calculated and charged as per Ofgem's TCR SCR Direction[3].

- CMP335 and CMP336 update the post-tariff processes within CUSC.
- CMP343 develops a methodology for the TDR to be applied only to 'Final Demand' consumers on a 'Site' basis, being a Final Demand Site.

[3] https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment

- CMP340 provides the definitions required for CMP343, to areas in CUSC outside of Section 14.
- CMP334 defines "Final Demand" and "Single Site" and, as a consequence, what a "Final Demand Site" and what a "Non-Final Demand Site" is. DCUSA Change Proposal DCP359[4] looks to mirror what CMP334 is seeking to do, in the DCUSA. The modifications have been run alongside each other to ensure consistency in the definitions.

The table below summarises which aspects of the TCR SCR Direction will be covered in each modification.

CUSC	**CMP343 & CMP340** Creates a methodology to determine (i) the charging Bands and (ii) the tariffs for each Band. Develops the definitions required for CMP343.	**CMP334** Identifies who will be liable to pay the TDR by defining 'Final Demand', Site', 'Final Demand Site' and 'Non-Final Demand Site'	**CMP335/CMP336** Updates all of the 'post tariff setting' processes (e.g. Band allocation, securitisation etc) to reflect the TDR methodology.	
DCUSA	**DCP358** Determines Banding boundaries	**DCP359** Determines which customers should pay	**DCP360** Allocates to Bands and interventions	**DCP361** Determines the calculation of charges
BSC	**P402** Establishes the processes and data flows to enable Elexon to collect aggregate data from DNOs, and subsequently provide the required data to NGESO.			

[4] https://www.dcusa.co.uk/wp-content/uploads/2020/01/DCP-359-Change-Proposal-Form-v1.0.pdf

Introduction

This document is the CMP335 and CMP336 **Draft Final Modification Report**. This document outlines:

- **What is the issue?**
- **What is the solution?**
  - Proposer's solution
  - Workgroup considerations
  - Workgroup Consultation summary
  - Other potential solutions
  - Legal text
- **What is the impact of this change?**
  - Workgroup vote
  - Code Administrator consultation summary
  - Panel recommendation vote
- **When will the change taken place?**
- **Acronym table and reference material**

What is the issue?

Currently, network cost recovery incentivises inefficient actions and there are differences in treatment across transmission and distribution. The Authority carried out a Significant Code Review (SCR) to address this issue. The full rationale for this change can be found in Ofgem's TCR SCR Decision[5].

What is the solution?

Proposer's Original solution

These modifications aim to revise Sections 3 and 11 (CMP335) and Section 14 (CMP336) of the CUSC so that the following is compatible with the solution developed under CMP334 and CMP343. It must be determined how/when the Residual is allocated to parties which will then be recovered by the Residual charges determined by CMP343:

1. **Allocating the bands:**

In its direction, Ofgem's banding structure included one band for all transmission connected sites. ESO's original solution for CMP343 includes this requirement. However, Workgroup Alternatives have been brought forward under CMP343 that would create more than one transmission band. Therefore, it is prudent that a methodology should be created for NGESO to perform allocation of Transmission Final Demand sites to bands. For clarity, banding of distribution connected sites will be done by the DNOs as part of the methodology introduced in DCP360.

NGESO propose to allocate Final Demand Sites to bands based on the best available data from the following hierarchy:

1. 24 months average consumption data, or

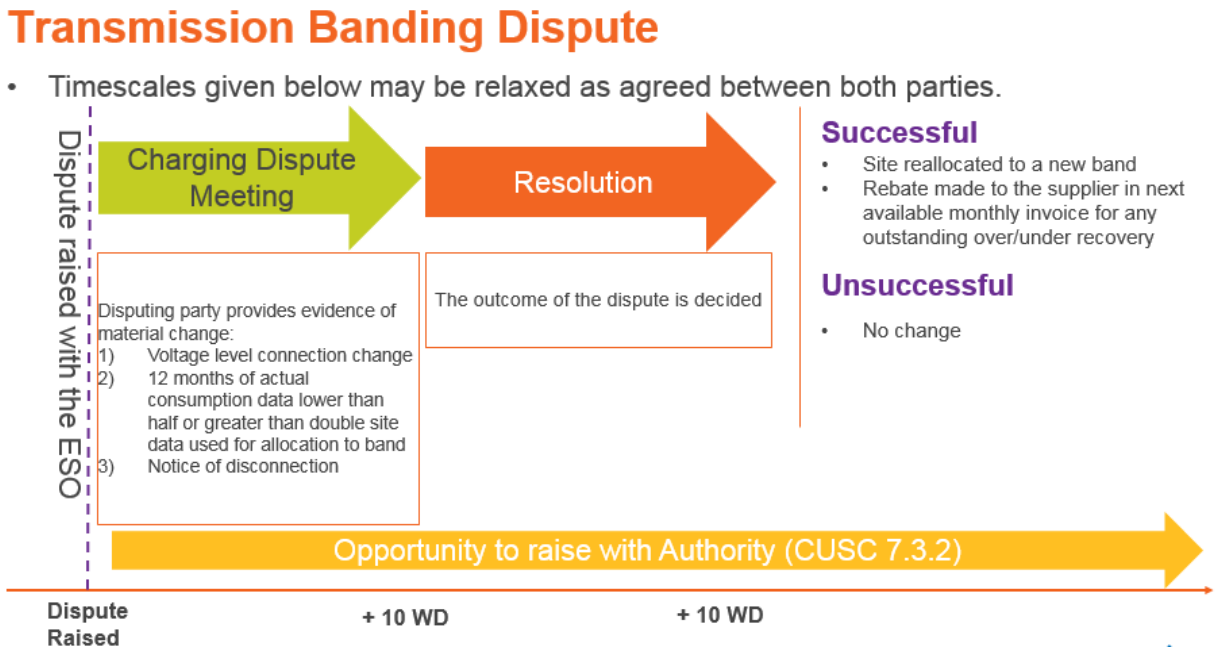
[5] Targeted charging review: decision and impact assessment

2. if (1) is not available, an average of less than 24 months, or
3. if (1) and (2) are not available, the most recent 12 months average consumption of all transmission connected Final Demand Sites. The Proposer's view is that this step would only ever apply to newly connected transmission sites.

Once allocated to a band, a Final Demand Site will not change bands until the start of the next Transmission Owner price control, unless they are subject to a successful dispute.

2. **Dispute resolution:**

If more than one transmission band is introduced by CMP343, NGESO proposes that it uses the current disputes processes outlined in sections 7.2 and 7.3 of the CUSC, which is set out in the below diagram:



NGESO will be responsible for managing the disputes process for transmission connected Sites and the relevant DNO will be responsible for managing the disputes process for distribution connected Sites. The DNO methodology on how they manage disputes has been developed as part of DCP360[6].

One key consideration, which is aligned across both transmission and distribution is that Parties would be only be able to dispute their banding where:

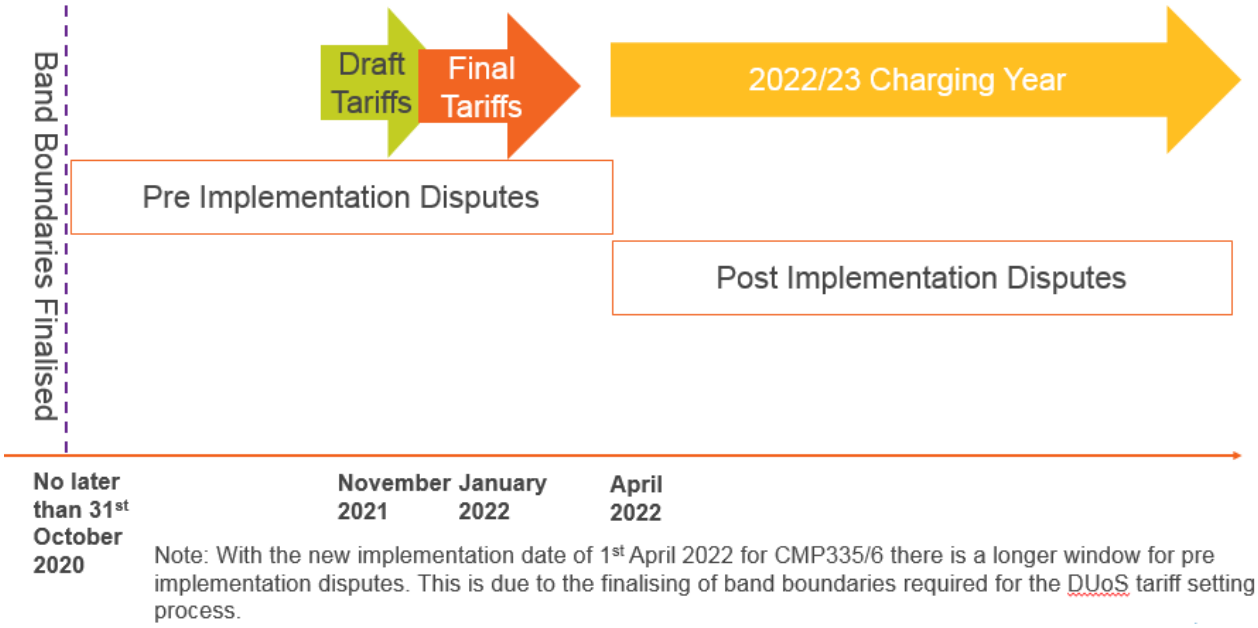
1) There has been a voltage level connection change;
2) After 12 months, consumption data is either ±50% than the figure used in the banding allocation;
3) There has been a notice of disconnection.

If the outcome of CMP343 is that there is one transmission band, all disputes will be from distribution connected parties and so will be raised with the DNO (or Ofgem[7]). The CUSC will need to reference the DCUSA disputes process.

The below diagram sets out the timeline for transmission disputes, if required.

[6] https://www.dcusa.co.uk/group/dcp-358-360-joint-working-group/

[7] Disputes may be raised directly with Ofgem. Ofgem would then be required to settle the dispute within 2 months of receipt (with potential to extend this by 2 months if further information is required).



3. **Billing processes:**

NGESO is proposing to update the Demand TNUoS billing processes for the new methodology to charge the Residual.

The Alternative proposal that NGESO raised with the Workgroup Consultation has now been adopted as the Original solution - this is to bill the TDR based on actual site counts rather than supplier forecasts.

Currently, suppliers are required to provide forecasts of expected demand to NGESO, which NGESO validate. In their original solution at the Workgroup Consultation stage, NGESO proposed to update Supplier forecasting requirements to include counts of Final Demand Sites. This would have maintained the requirement for Suppliers to submit a forecast every month. However, it has since been considered that supplier forecasts[8] related to the TDR should no longer be required, because the latest actual site count data can replace the forecasts for the purposes of invoicing.

Benefits of this approach are:

- Subsequent forecast validation of site count places a greater administrative burden on industry but provides no greater benefit than using the latest actual site count data;
- Removes potential for Suppliers to deliberately under forecast;
- Reduces data flows, processing and system requirements for all industry participants;
- Removes potential for sum of all forecasts to be significantly (more or) less than sum of actual number of sites that exist, reducing risk and potential magnitude of reconciliations; and

[8] NGESO will still require forecasts from Suppliers for non-half hourly and half hourly demand charging after TDR implementation.

- Removes the need for Forecasting Performance Variance (VAR) methodology to be applied to TDR data.

The invoicing process is:

- To calculate monthly invoices based on the latest actual site count for each supplier and each charging band;
- Invoices would be issued on 1st of the month, with 15-day payment terms - this would then be reconciled as part of the monthly billing;
- The security requirement will be calculated monthly based on quarterly security factor; and
- Initial reconciliation takes place at end of year.

Credit monitoring

The current invoicing process, timescales, credit requirements, payment terms and User Allowed Credit arrangements are deemed to be out of scope of this modification as they will be covered under CMP311. CMP311 will be changing the amount of credit that is allowed to Suppliers under the User Allowed Credit requirements, whereas CMP335/336 is adjusting the inputs into the User Allowed Credit process.

The credit monitoring section of the CUSC will need to be updated, as there will no longer be a requirement for a 45 days latest liability or a forecasting performance variance variable. This is because billing would always be based on the latest actuals for the month being billed.

Workgroup Considerations

The Workgroup convened three times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable CUSC Objectives. Following the Workgroup Consultation, which was run from 15 May 2020 to 15 June 2020, the Workgroup then met a further three times to review the Workgroup Consultation responses, further develop the solutions and hold the Workgroup Vote.

1. Allocating the bands

As per Ofgem's Direction, distribution sites will be allocated into bands based on either capacity (based on Maximum Import Capacity [MIC]) or consumption, dependent on whether capacity data is available for that site. As there is no reliable measure of import capacity for Transmission connected Final Demand, NGESO propose to allocate transmission connected Final Demand Sites to bands (if needed) using annual consumption data. It was largely agreed that annual consumption data was the best option to meet the intent of the Authority's direction. CMP343 Workgroup considered whether capacity could be used to allocate the site to an appropriate transmission band; however they discounted this option and further commentary on this can be found in the CMP343 Workgroup Report[9].

[9] https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp343

There were concerns regarding the treatment of de-energised sites; particularly those that were disconnecting. It was regarded by the Proposer that those customers would be allocated to the band depending on what their capacity was at the time the bands were set. Transmission connected sites that are going to disconnect would continue to pay charges until their disconnection date. Section 6.7 of CUSC outlines a process where those who are disconnecting must give notice.

The Workgroup identified the potential risk that NGESO will under-recover Demand TNUoS charges in the first year the bandings are implemented (2021/22). The CMP332 workgroup asked industry as part of their Workgroup Consultation[10] how they think any shortfall should be recovered. There was a clear preference that NGESO should use the existing CUSC methodology which applies a K factor to resolve under recovery. The Workgroup noted that NGESO are financially penalised if the K factor they apply is outside a 5 to 9.5% tolerance. To mitigate this, it was discussed that NGESO could coordinate with DNOs to apply for a derogation to their licences for the 2022/23 charging year to recognise that this is outside of their control. There was a clear preference that a within-year tariff change should be avoided as it increases volatility. However, respondents to the Workgroup Consultation were split on the need for a derogation and importantly NGESO did not consider they needed such a Derogation as their expectation is that the majority of transmission disputes will be resolved ahead of 1 April 2022. Not all Workgroup Members shared this confidence; however, they did note that this is ultimately a decision for NGESO to make.

The Workgroup also identified the potential risk of over-recovery of Demand TNUoS charges when new (yet to connect) customers are allocated to bands after the start of the TO price control. It was suggested that those new customers could be included in the allocation to bands based on the capacity set out in their connection agreements. However, the majority agreed that it would be too complex to include those customers in the initial allocation to bands because they are unlikely to have the data required to be able to allocate them, and because completion dates often move. A further risk was highlighted that some new customers may delay connecting to the transmission network to avoid getting a charge[11].

2. Dispute resolution

Majority of the Workgroup were keen that reimbursements arising from successful disputes should be settled as soon as possible, rather than being reconciled in the RF (~14 months), which is what NGESO originally proposed. 14 months presents additional risk for Suppliers that they can't mitigate against as they would need to reimburse their customers but would not receive timely reimbursement themselves. NGESO has now amended its proposal to use settlement runs to reimburse Suppliers, as this would ensure that Suppliers can reimburse customers quicker and it uses the settlements process which is already established in industry.

The overarching disputes process was discussed. It is expected that disputes will be raised first to NGESO / DNO and then to Ofgem if customers are still not satisfied. It is expected

[10] The CMP332 Workgroup Consultation ran from 6 to 27 February 2020.

[11] CMP288: 'Explicit charging arrangements for customer delays and backfeeds' - looks at delay charges https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/explicit-charging-arrangements-customer

that Suppliers would manage this on behalf of customers, however it is possible for end Users or Nominated Agents to raise disputes.

Workgroup considered whether or not Suppliers are best placed to deal with disputes as they own the direct relationship with the customer. There may be situations where customers who have ongoing disputes change suppliers during this time. The majority of workgroup members agreed that the original Supplier should continue to manage the dispute for the time period they were supplying the customer. If the customer also wished to dispute their band for the time period they were with their new Supplier, the customer would need to raise a second dispute for their new Supplier to manage.

The Workgroup considered the likely timing of disputes. They noted that:

- Banding will be finalised by 31 October 2020;
- Draft TNUoS tariffs will be published in November 2021;
- Final TNUoS tariffs will published in January 2022, giving a window before 1 April 2022 when CMP335/336 will be implemented to resolve transmission disputes.

Some Workgroup members suggested that some customers may not dispute until the change is seen in bills and therefore urged NGESO to provide as much notice as possible and send draft TNUoS tariffs earlier than November 2021.

3) Billing processes

The Workgroup, and Workgroup Consultation responses, support the Proposer's revised solution to bill the TDR on latest actual site counts and to remove the need for supplier forecasts.

For completeness the Workgroup was asked whether there was any desire to move to daily billing. The Workgroup showed no desire for billing to be done more frequently than the current monthly basis given the increased process required.

Following a comment raised by NGESO in the Workgroup Consultation, the Workgroup also considered the interaction between CMP317/32 specifically regarding "Ex-Post Reconciliation". If charges paid by generators exceed the €2.50 cap (set out in EU regulation 838/2010), there will be a reconciliation for this for the following charging year. If approved, this change would be implemented on 1 April 2021 and this Ex-Post Reconciliation is consistent across the CMP317/327 Original solution and all 83 WACMs. This will impact demand charges from 1 April 2021. However, with CMP335/336 proposed implementation being 1 April 2022, the Workgroup was asked whether recovery using TRIAD or 4pm-7pm consumption (as this would be consistent with the method in CMP317/327) or site count should be used (as consistent with what has been agreed for DCUSA). The Workgroup supported the site count method for this reconciliation and NGESO agreed to reflect this in the legal text via a separate modification once the Authority has made their decision on CMP317/327.

Workgroup Consultation Summary

The Workgroup held their Workgroup Consultation between 15 May 2020 and 15 June 2020 and received 7 responses, none of which were confidential. A summary of the responses and the full responses can be found in Annexes 5 and 6 respectively. The Workgroup met to discuss and consider all the responses received and noted the following trends within the industry's responses:

- **Overall** – Respondents were supportive of the proposed changes with some concern over 1 April 2022 implementation;
- **Allocating to bands –** Some concerns were expressed over the fairness of ESO's proposed approach for newly transmission connected sites. This is to use the most recent 12 months average consumption of all transmission connected sites to determine which Band they would be allocated to. NGESO brought forward two alternative proposals for CMP336 to address this.
- **Billing Processes –** There was strong support to bill the Transmission Demand Residual on latest actual site counts and to remove the need for supplier forecasts. In light of these responses to the Workgroup Consultation, NGESO confirmed they would be changing their Original Proposal (suppliers to include counts of Final Demand Sites in their monthly forecasts of expected demand to NGESO) to billing on latest actual site counts.

Workgroup Alternatives – CMP336

Following review of the Workgroup Consultation responses, the Workgroup brought forward 2 potential solutions for CMP336, which were both related to the process for new Transmission Connection Sites where no metered consumption data is available at the time of banding.

Alternative Solution 1 - To review New Transmission Connection Sites Banding Allocation (NGESO)

ESO's Original solution proposes to band new Transmission connected sites with no available consumption data based on an average annual consumption value of all Transmission connected Final Demand Sites. Noting that actual consumption data will become available for these sites as they start to consume demand, ESO feel it is appropriate to review the banding allocation outside of the start of a new price control for new transmission connected sites only. This review will only occur once in the lifetime of their connection.

Any reviews will take place annually in September. This September review will include all sites that connected between 1 April and 31 March of the Charging Year two years previously and no other sites - therefore this gives > 12 months of actual metered consumption data for consideration.

The Workgroup agreed a process to ensure parties are notified:

- In mid-August (no later than the 15 August), NGESO will notify new transmission connected sites, who meet the criteria set out above, that their Final Demand Sites will be included in September review for that year;
- NGESO will notify the new transmission connected site and their respective Supplier of the outcome of the September review 5 business days after completion of the review.
- All Final Demand Sites will have their review completed no later than 15 September each year.
- If the review shows that consumption data is either ±50 of the figure used in the banding allocation, the Final Demand Site will be charged against the new band from the following 1 November.

This review process would only be required if more than 1 transmission band is implemented under CMP343.

The Workgroup shared some feedback with NGESO's proposed approach, notably:

- On both proposed alternative solutions, there appears to be discriminatory treatment for new transmission connected sites when no such provision for existing transmission connected sites or distribution sites is in place. Any different treatment would need to be fully justified and the ESO's rationale for this would be the differing amounts of historic consumption data available between new and existing sites;
- Ofgem's Direction and initial Price Control determination indicates that bandings and allocation to bandings are set for the duration of the Price Control. Due to the lack of consumption data for new sites and the risk that incorrectly banding new sites could dramatically affect the charges of other sites in the same band, a specific re-banding exercise limited to new site would remove the impact of incorrectly banding whilst keeping the intent of Ofgem's direction;
- Questioned the need for a specific review given there are only ~ 70 transmission sites so can this be monitored by NGESO as part of ongoing process; and
- Suggested that NGESO could calculate a more accurate estimated consumption for these sites based on e.g. size or whether they are baseload or peak and then map across to equivalent customers. This would require the ESO's judgement to compare new sites to existing sites and so ay result in inconsistent outcomes

Alternative solution 2 – User self-reported expected annual consumption figure

This proposes using a "User self-reported expected annual consumption figure", rather than the most recent 12 months average consumption of all transmission connected Final Demand Sites, for the purpose of banding.

This figure will be monitored by NGESO, until re-banding takes place at the start of the subsequent price control, to ensure that this self-reported figure is an accurate reflection of the Final Demand Site's metered consumption.

Where NGESO has reason to believe that the self-reported figure is ± 50% of the actual metered annual metered consumption data then NGESO can raise an intervention to re-band this site. Following a successful intervention, the site will be re-banded effective from the TNUoS invoice of the subsequent month.

The Final Demand Site will have charges backdated as per the revised allocation back to the RF settlement run which will be paid in monthly instalments over the following charging year.

The Workgroup shared some feedback with NGESO's proposed approach notably:

- Reiterated the concerns over different treatment between transmission and distribution sites given the different information available between transmission and distribution;
- This approach could improve initial allocation of new transmission sites to bands compared to an averaging approach.
- Increases the opportunities for gaming as this incentivises parties to under report their consumption figure and ensure their self-reported figure is ±50% of the actual metered annual metered consumption data; and

- Potentially disadvantages parties who have in good faith made an error in their self-reported figure

Both of these were voted on and taken forward by the Workgroup and became WACM1 and WACM2 respectively.

Legal text

The Legal text for the CMP335 Original Proposal and CMP336 Original, WACM1 and WACM2 can be found in Annex 11.

What is the impact of this change? (CMP335 & CMP336)

Who will it impact?

The Main impacts will be upon NGESO, DNOs and those liable for Demand TNUoS as new processes and requirements will be associated with Demand TNUoS which therefore will have system implications.

What are the positive impacts?

This Modification is supporting the implementation of the Authority's TCR SCR, the consumer impacts of which are documented in the Decision.

Workgroup vote

The Workgroup met on 13 August 2020 to carry out their Workgroup vote. 6 Workgroup Members voted, and the full Workgroup vote can be found in Annex 9 (CMP335) and Annex 10 (CMP336). The tables below provide:

- a summary of how many Workgroup members believed the Original and each of the WACMs were better than the Baseline (the current CUSC arrangements); and
- a summary of the Workgroup members view on the best option to implement this change.

CUSC non-charging objectives (for CMP335)

(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).

CUSC charging objectives (for CMP336)

(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 Electricity Transmission Licence under Standard Condition C10, paragraph 1 *; and

(e) To promote efficiency in the implementation and administration of the use of system charging methodology

CMP335 Assessment of the Original vs Baseline

The Workgroup concluded unanimously that the Original better facilitated the CUSC Objectives than the Baseline.

Option	Of the 6 votes, how many said that this option was better than the Baseline
Original	6

Best Option

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Eleanor Horn (Grahame Neale)	NGESO	Original	a, d
Simon Vicary	EDF Energy	Original	a, b, d
Karl Maryon (Paul Bedford)	Haven Power	Original	a, d
Garth Graham	SSE Generation Ltd	Original	a, b
Alessandra De Zottis	Sembcorp	Original	a, b, d

Lee Stone	E.ON	Original	a, b, d

CMP336 Assessment of the Original, WACM1 and WACM2 vs Baseline

The Workgroup concluded unanimously that the Original and WACM1 better facilitated the CUSC Objectives than the Baseline. Only 1 Workgroup Member thought that WACM2 better facilitated the CUSC Objectives than the Baseline.

Proposed Solution	Of the 6 votes, how many said that this option was better than the Baseline
Original	6
WACM1	6
WACM2	1

Best Option

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Eleanor Horn (Grahame Neale)	NGESO	WACM1	a
Simon Vicary	EDF Energy	Original	a, b, c, e
Karl Maryon (Paul Bedford)	Haven Power	Original	a, b, c, e
Garth Graham	SSE Generation Ltd	Original	a, b, c
Alessandra De Zottis	Sembcorp	WACM1	b, c
Lee Stone	E.ON	Original	a, b, c, e

Code Administrator Consultation Summary

The Code Administrator Consultation for CMP335 and CMP336 was issued on 1 September 2020 and closed 5pm on 22 September 2020 and received 4 non-confidential responses.

The full responses can be found in Annex 12; however the key themes are summarised below:

On CMP335

- All 4 respondents supported the proposed change to sections 3 and 11 of CUSC

On CMP336

- All respondents supported the Original solution, although 1 respondent believed WACM1 was the best solution. Although there was some support for WACM1, 2 respondents questioned the necessity for a specific review given the relatively low numbers of transmission connected demand sites. On WACM2, 3 of the 4 respondents reiterated concerns raised at the Workgroup phase on the opportunity for gaming and for errors (made in good faith) to be penalised.

On both CMP335 and CMP336

- 2 respondents supported implementation from April 2022. However, 2 respondents proposed implementation of April 2023 arguing that the continuing impacts of COVID-19 will mean it will be difficult for their business customers to manage TCR implications by April 2022. Both these respondents also noted the potential interactions with CMP317/327 and suggested aligning the CMP335/336 and CMP317/327 Implementation Dates.

Panel recommendation vote

To be updated following Panel meeting on 1 October 2020

When will this change take place? (CMP335 & CMP336)

This modification needs to be approved with sufficient time to be effective from April 2022 to align with the modification which will address the methodology for calculating the Residual.

The Workgroup noted that the banding will be finalised by 31 October 2020, the Draft TNUoS Tariffs will be published in November 2021 and the TNUoS Final Tariffs will published in January 2022.

The proposer has requested that the Authority decision is made by the end of November 2020 in order to give enough time to make the IT changes required for this modification.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BCA	Bilateral Connection Agreement (BCA)
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DCP	Distribution Code Proposal
DCUSA	Distribution Connection and Use of System Agreement
DNO	Distribution Network Operator

FPVAR	Forecasting Performance Variance
IDNO	Independent Distribution Network Operator
LV	Low Voltage
MIC	Maximum Import Capacity
NETS	National Electricity Transmission System
NGESO	National Grid Electricity System Operator
PID	ENA Targeted Charging Review Project Initiation document
SCR	Significant Code Review
TNUoS	Transmission Network Use of System
TCR	Targeted Charging Review
TDR	Transmission Demand Residual

Reference material:

1. Ofgem direction letter
2. Ofgem Targeted Charging Review decision
3. Ofgem revised direction
4. ENA Targeted Charging Review Project Initiation document (updated 14 May 2020)

Annexes

Annex	Information
Annex 1	CMP335 Proposal Form
Annex 2	CMP336 Proposal Form
Annex 3	Terms of Reference
Annex 4	Transmission Demand Residual Cross Code Mapping
Annex 5	Workgroup Consultation Responses Summary
Annex 6	Workgroup Consultation Responses
Annex 7	CMP336 WACM1 – Review New Transmission Connection Sites Banding Allocation
Annex 8	CMP336 WACM2 – User self-reported expected annual consumption figure
Annex 9	CMP335 Workgroup Vote
Annex 10	CMP336 Workgroup Vote
Annex 11	CMP335/336 Legal Text
Annex 12	CMP335 & CMP336 Code Administrator Consultation responses