

## CUSC Alternative and Workgroup Vote

### CMP336 'Transmission Demand Residual - Billing and consequential changes to CUSC Section 14 (TCR)

**Please note:** To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

#### Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative Code Modifications.

#### Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) If WACMs exist, vote on whether each WACM better facilitates the Applicable CUSC Objectives better than the Original Modification Proposal.

2c) Vote on which of the options is best.

#### For reference the applicable CUSC objectives are:

##### 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 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).*

## Workgroup Vote

### Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative Code Modifications.

*The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.*

*Should the majority of the Workgroup OR the Chairman believe that the potential alternative solution would better facilitate the CUSC objectives (against Baseline or the Original) then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative Code modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.*

“Y” = Yes

“N” = No

“-“ = Neutral

Workgroup Member	Company	Alternative 1 September Review	Alternative 2 User Self Reporting
Eleanor Horn (Grahame Neale)	National Grid ESO	Yes	Yes
Simon Vicary	EDF Energy	Yes	Yes
Karl Maryon (Paul Bedford)	Haven Power	Yes	No
Garth Graham	SSE Generation Ltd	Yes	Yes
Alessandra De Zottis	Sembcorp	Yes	Yes
Lee Stone	E.ON	Yes	No
WACM?		WACM1	WACM2

## Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Eleanor Horn/Grahame Neale – National Grid ESO						
Original	Y	Y	Y	-	Y	Y
WACM 1	Y	Y	Y	-	Y	Y
WACM 2	Y	Y	Y	-	Y	Y

### Voting Statement:

All of the options presented by CMP336 will support delivery of Ofgem's TCR Direction and the associated benefits of the direction. They will also update the existing CUSC arrangements to be compatible with the new methodology (delivered by CMP343) described in Ofgem's direction. As a result, all options are positive against Applicable CUSC Objectives A, B, C and E whilst they have no impact on Applicable CUSC Objective D.

Between the options, we believe WACM1 (Sept Review) provides the most benefit (compared to the Original and WACM2) in respect of ACO A as it avoids any opportunities for gaming which may be introduced with WACM2 whilst also ensuring that any especially large/small sites are correctly assigned to the correct band (which wouldn't happen under the Original).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Simon Vicary / Binoy Dharsi – EDF Energy						
Original	Y	Y	Y	-	Y	Y
WACM 1	Y	Y	-	-	N	Y
WACM 2	-	N	-	-	N	N

### Voting Statement:

The CMP336 Original is the best option. WACM1 seems to be a reasonable approach for new sites but is not better than the Original. WACM2 gives opportunity for gaming and would penalise reporting mistakes.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Karl Maryon / Paul Bedford - Haven Power						
Original	Y	Y	Y	-	Y	Y
WACM 1	Y	Y	Y	-	-	Y
WACM 2	N	N	-	-	N	N

**Voting Statement:**

CMP336 Original 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.

We acknowledge the intent of WACM1, to review cases where the Charging Band has been determined using a 12 month mean average of all Consumption from all NETS connected Final Demand Sites; and that it will only apply to cases of a material change. We believe that WACM 2, where, if no data is available, the User provides an estimate for the Final Demand Site to be used for the purposes of allocating the site to a Charging Band has a potential risk of error/gaming and is inefficient because the Company will need to monitor the actual metered data from the Final Demand Site to confirm that the estimate provided by the User is accurate and may potentially need to raise an intervention.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Garth Graham / Andy Colley - SSE Generation Ltd						
Original	Y	Y	Y	-	-	Y
WACM 1	Y	Y	Y	-	-	Y
WACM 2	N	N	-	-	N	N

**Voting Statement:**

In the Authority's TCR SCR decision document (along with the associated information) the Authority set out the benefits that applying the Residual to Demand rather than Generation.

Launched in the summer of 2017 and concluding in the winter of 2019 the Authority's review has considered the effects of their change in terms of, broadly, effective competition (Applicable Objective (a)) and cost reflectivity (Applicable Objective (b)) (as well as other wider aspects) and concluded that doing this change will be positive on both counts – I concur with the Authority's view. The Original and WACM1 are therefore better in terms of (a) and (b) in respect of the Baseline.

However, WACM2 does not in my view better facilitate Applicable Objectives (a) and (b) – or Applicable Objective (e).

In terms of (c) the proposers of the original and WACM1 have (correctly in my view) identified that their option is better in terms of Applicable Objective (c) and I concur with that.

WACM2 is neutral in respect of Applicable Objective (c).

In terms of Applicable Objective (d) I believe that the three options are neutral in respect of this objective and that the Original and WACM1 are both neutral in terms of Applicable Objective (e).

Being mindful of the Authority's TCR SCR decision and its direction, to NGESO, to raise the Original proposal I believe, on reflection, that the Original is the best of the four options available to me (the Baseline, the Original and the two WACMs).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Alessandra De Zottis - Sembcorp						
Original	Y	Y	Y	-	Y	Y
WACM 1	-	Y	Y	-	-	Y
WACM 2	N	N	Y	-	N	N

Voting Statement:

CMP336 Original facilitates the implementation of the TCR as directed by Ofgem. The Original is expected to have a positive impact against CUSC charging objectives a, b, c and e.

WACM 1 facilitates objectives b and c as it aims at introducing a review of charging bands in very specific cases and in case of material change.

WACM2 would be detrimental to objectives a, b, and e due to the risk of introducing errors or gaming opportunities. It would also introduce an inefficient system as the ESO would need to have close monitoring function of the estimate vs. actual data and have oversight of all errors to raise any intervention.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Lee Stone - E.ON						
Original	Y	Y	Y	-	Y	Y
WACM 1	Y	Y	Y	-	-	Y
WACM 2	N	N	-	-	N	N

Voting Statement:

The original proposal better facilitates the applicable Code Objectives and meets the TCR direction better than the 2 WACM's.

WACM 1 would introduce an ability for NGESO to auto review for new sites once 12 months minimum consumption data available if more than 1 transmission banding would be introduced under CMP 343, this would only invoke moving sites who have been allocated into bandings lower than they should be based on historic data.as new sites may have awareness of this, and new final demand sites generally has a period of time to ramp up it's activates I believe that this

also presents gaming opportunity for a site to consume low levels over the period in order to remain in a lower band for the price control period so would not better facilitate Aco e.

WACM 2, where (where the user provides an estimate of consumption) carries a significant risk of user error under or over estimating their expected consumption and being allocated into a charging band that they shouldn't be in, as well as gaming opportunities for users with awareness that under stating will result in lower charges at least until NGESO revise and re-allocate the site, as the re-allocation may not capture the full period a user was on the lower banding. I believe these factors make WACM 2 inefficient because the estimate provided by the User is non-binding and could unduly result in higher costs for users who are allocated into the correct band, so is negative against Aco a,b & e.

### Stage 2b – WACM Vote (If required)

Where one or more WACMs exist, does each WACM better facilitate the Applicable CUSC Objectives than the Original Modification Proposal?

Workgroup Member	Company	WACM1 better than Original Yes/No	WACM2 better than Original Yes/No
Eleanor Horn (Grahame Neale)	NGESO	Yes	No
Simon Vicary	EDF Energy	No	No
Karl Maryon (Paul Bedford)	Haven Power	No	No
Garth Graham	SSE Generation Ltd	No	No
Alessandra De Zottis	Sembcorp	Yes	No
Lee Stone	E.ON	No	No

### Stage 2c – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1 or WACM2)

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

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