

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
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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?	<p>Facilitates competition: Without understanding what will happen to the negative locational tariffs, this is unclear.</p> <p>Reflects charges to transmission licensees: N/A</p> <p>Devt of transmission licensees business: N/A</p> <p>Compliance with Electricity Regulation and EC: N/A</p> <p>Promotes efficiency in the implementation and administration of the Grid Code: N/A</p>
2	Do you support the proposed implementation approach?	<p>The timescales for implementation on 1st April 2021 are extraordinarily tight and leave very little time for those affected, households and businesses, to properly plan for the change as they are likely to only have draft tariffs towards the very end of this year.</p> <p>The ADE believes that given the scale of the change, it is important that there is a transition period.</p>
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 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.	The ADE believes that CMP332 delivers the TCR SCR decision.
6	CMP332 solution proposes to have one Transmission Band for the demand residual	The ADE agrees provisionally with only having one band at Transmission.

	charge. Do you agree, if not what do you suggest instead, and why?	Although the initial analysis by National Grid to identify how many sites would be in a second band is useful, it remains quite limited – especially given that the terms of ‘final demand’ and ‘site’ have not yet been defined. Given that a more accurate view of how many demand sites there are at Transmission may not be available until relatively late in the process, the ADE considers that it may be useful to establish criteria now which would make it clear to market participants under what circumstances a second band would be created once these final numbers are known.
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?	The ADE considers that 24 months may be more appropriate as it will give a more accurate view of a site’s usage.
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?	This should be added to or subtracted from the subsequent year’s residual total to be collected.
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?	The ADE does not have a view on this question.
10	Should UMS be included in the banding structure (e.g. LV no MIC) or charged	The ADE does not have a view on this question.

	separately on a volumetric basis?	
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?	The ADE considers that the working group should consider both alternative options to simply flooring the demand locational tariffs in greater detail before finalising its recommendations.