

CUSC Modification Proposal Form

CMP363: TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand.

Overview: This proposal seeks to clarify the TNUoS Demand Residual charging arrangements for transmission connected sites that have a mix of Final and non-Final Demand.

Modification process & timetable



Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: **Medium impact**

Transmission connected sites with a mixture of Final and non-Final Demand, the ESO, ELEXON

Proposer's recommendation of governance route

Standard Governance modification with assessment by a Workgroup to jointly assess CMP363 and CMP364.

Who can I talk to about the change?

Proposer:

Grahame Neale

Grahame.Neale@nationalgrideso.com

07787261242

Code Administrator Contact:

Paul Mullen

Paul.j.mullen@nationalgrideso.com

07794537028

--	--	--

Contents

Contents	3
What is the issue?	4
Why change?	5
What is the proposer’s solution?	5
Draft legal text	5
What is the impact of this change?	5
Proposer’s assessment against CUSC Charging Objectives	5
Proposer’s assessment of the impact of the modification on the stakeholder / consumer benefit categories.....	6
When will this change take place?	7
Implementation date.....	7
Date decision required by	7
Implementation approach	7
Proposer’s justification for governance route	7
Interactions	7
Acronyms, key terms and reference material	7
Reference material	8

What is the issue?

As part of Ofgem's TCR decision¹, they directed that network demand residual charges should be charged to 'Final Demand Sites' and so CMP334² was raised to define what a 'Final Demand Site' should be.

This definition would then be applied to the TNUoS methodology that was created under CMP340 and CMP343³. As of writing this proposal, CMP340/343 is still awaiting an Ofgem decision. However, Ofgem have made a decision on CMP334 and as part of that decision Ofgem stated the following:

"Obligation to address private wire and complex sites

As noted in our assessment on [Applicable CUSC Objective] ACO (a) we believe that the obligation of the TCR Direction to address private wire and complex sites has not been discharged.

We expect the new modification to be developed in a way that allows implementation by April 2022. This will provide the Workgroup the opportunity to establish a comprehensive approach to treating private wires and complex sites, as it will allow for different potential scenarios and potential consequences to be explored in detail. We note that there may be a need for further changes to other industry codes as a result of this modification. For clarity, we expect that any proposal brought forward will ensure that:

- sites that would not be subject to the TDR under CMP334 WACM1 would be not be subject to the TDR if they exist in a private wire/complex site; and*
- any site in a private wire/complex site that has associated final demand would be liable for the TDR in a proportionate way."*

'Complex Sites' and 'Private Wires' are colloquial terms used in the industry and so have no formally recognised meaning – and neither are recognised by CUSC. As such, this proposal seeks to clarify the arrangements for TNUoS Demand Residual charges for the following scenarios should they be Transmission connected;

1. A Single Site (defined in CMP334) which has a combination of Final and non-Final Demand.
2. A Single Site with multiple connection points.
3. Two (or more) Single Sites interconnected independently of a licensed network
4. If unlicensed networks should have any special/different treatment from current arrangements (licensed network connections or direct connections).
5. Any other Single Site configurations identified by the Workgroup.

This proposal does not look to review what a 'site' or 'final demand' is or how the TNUoS Demand Residual charge is calculated, but how they're applied in the above scenarios. This proposal also only seeks to apply to Transmission connected sites as it is expected that DCUSA modifications (such as DCP328) will create similar arrangements for Distribution connected 'Complex Sites' and 'Private Wires'.

¹ <https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment>

² <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp334>

³ <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp343-and-cmp340>

Why change?

This proposal will both ensure calculation of TNUoS Demand Residual charges are transparent for sites which are 'complex' and ensure that the ESO is fully compliant with Ofgem's direction.

What is the proposer's solution?

The proposal is to update CUSC Section 14 along with supporting modification CMP364 which updates CUSC Section 11 so that the following points are clear;

1. The Charging methodology explicitly states that if there is 'mixed demand' (combination of Final and non-Final Demand), it will be treated as Final Demand.
2. A Single Site with mixed demand will have the TNUoS Demand Residual methodology applied based only the sum of its Final and mixed demand. i.e. Non-Final Demand will not be included if it is separately identifiable via a meter or BMU.
3. The charge is applied on a Single Site basis irrespective of the number of connection points that site may have to the transmission network or other networks. Applicability of the methodology will be based on the sum of all connection points to the transmission network.
4. Transmission connected unlicensed networks will have no special treatment in the TNUoS methodology and so will be treated as transmission connected. To be classed as 'embedded', a Site would need to be connected to the Transmission System via a licensed distribution network.

Draft legal text

To be developed as part of workgroup discussions.

What is the impact of this change?**Proposer's assessment against CUSC Charging Objectives**

Relevant Objective	Identified impact
(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;	Positive Provides clarity in the treatment of TNUoS charges in respect of sites that have a mix of Final and non-Final Demand to ensure a level playing field across these types of site.
(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);	Neutral No impact expected

(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;	Positive The ESO has been directed to raise this modification and implement its effects by the Authority.
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral No impact expected
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive Provides clarity in the treatment of TNUoS charges in respect of sites that have a mix of Final and non-Final Demand to ensure a level playing field across these types of site.
*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).	

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Neutral No impact expected.
Lower bills than would otherwise be the case	Positive Clarity in the charging arrangements for these sites will reduce perceived risk and any risk premia associated with these sites
Benefits for society as a whole	Neutral No impact expected
Reduced environmental damage	Neutral No impact expected
Improved quality of service	Negative No impact expected

When will this change take place?

Implementation date

Section 14 changes to be implemented for 1 April 2022 and used in charge setting in January 2022

Date decision required by

01 October 2021 to allow sufficient time for the ESO processes to be adapted to reflect this decision, especially in respect of the declaration process.

Implementation approach

The declaration process introduced by CMP319 (and used by CMP334) will need to be enhanced to account for the more complex requirements this proposal will introduce.

Proposer's justification for governance route

Governance route: Standard Governance modification with assessment by a Workgroup

This proposal should be progressed by a Workgroup via the standard governance route. Due to the commercial and regulatory challenges posed by this proposal, it is expected to be prioritised highly in order to progress and be implemented by April 2022. Should timelines under standard governance not be sufficient for this implementation date, urgent treatment may be requested at a later date.

Interactions

- | | | | |
|--|---|---|--------------------------------|
| <input checked="" type="checkbox"/> Grid Code | <input checked="" type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> EBGL Article 18
T&Cs ⁴ | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other |

There is potential for this modification to impact on metering and/or BMU registrations to ensure any Final Demand and non-Final Demand within a site are separately metered; therefore, these interactions should be reviewed by the Workgroup.

There are not expected to be any interactions with EBGL Article 18 T&Cs.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BMU	Balancing Mechanism Unit
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
EBGL	Electricity Balancing Guideline
NGESO	National Grid Electricity System Operator
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TCR	Targeted Charging Review

⁴ If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

TNUoS	Transmission Network Use of System charges
T&Cs	Terms and Conditions

Reference material

- None