Code Administrator Meeting Summary

Meeting Name: CMP363/CMP364 Workgroup 1

Date: 8 April 2021

Contact Details

Chair: Paul Mullen Contact details: paul.j.mullen@nationalgrideso.com

Proposer: Grahame Neale Contact details: grahame.neale@nationalgrideso.com

Key areas of discussion

- CMP363/364 seeks to clarify the TNUoS Demand Residual charging arrangements for transmission connected sites that have a mix of Final and non-Final Demand. In Ofgem's Target Cost Review (TCR), they directed that network demand residual charges should be charged to 'Final Demand Sites' and so CMP334 was raised to define what a 'Final Demand Site' which would then be applied to the TNUoS Demand Residual methodology that has been created under CMP340 and CMP343. CMP334 has been approved by Ofgem but Ofgem in their decision stated that sites that have a mix of Final and non-Final Demand had not been adequately covered - hence the raising of CMP363/364.

- The Workgroup noted that this is on a tight timescale and needs to be sent to Ofgem in early to mid-August 2021 to get decision by start of October 2021 to allow implementation on 1 April 2022. However, on 1 April 2021, Ofgem published an open letter noting that with the upcoming elections, they will not publish their minded-to decision and impact assessment on CMP343 until after 6 May 2021. In their 1 April 2021 open letter, they also noted that their minded-to position on implementation date for Transmission Demand Residual reforms is 1 April 2023 rather than 1 April 2022 and therefore the Workgroup challenged whether or not CMP363/364 needs to be progressed at the current pace.

- The Workgroup agreed the scope of the CMP363/364 change and were content with the Terms of Reference set by the CUSC Panel.

- The Proposer identified a few scenarios to test the solution against and noted that all solutions will need Metering to separate the final and non-final demand – the Proposer's preference is

that each Meter will be a registered Balancing Mechanism Unit (this would have BSC Implications and in the view of some Workgroup Members add complexity). The other option is to leave the settlement arrangements unchanged by allowing the respective 'complicated' transmission connected customers to install additional metering and provide appropriate consumption data for the 'behind the boundary point metering' to the ESO. The ESO would then use the data for the necessary TNUoS billing adjustments.

- The Workgroup recognised the importance of consistency across transmission and distribution and noted that the equivalent DCUSA Modification is being raised on 22 April 2021.

Next Steps

- Workgroup to provide other scenarios to test the solution against – **by 5pm on 14 April 2021**
- The next Workgroup will be on **19 April 2021** – primary focus of the meeting is to review the timeline and applying the proposed solution to real life examples.

For further information, please contact Paul Mullen.