CUSC Modification Proposal Form

CMP401: Maintaining Non Half Hourly (NHH) charging arrangements for Measurement Classes F and G

Overview: As a result of CMP318, the period by which Meter Point Administration Numbers (MPANs) in Measurement Classes F and G are treated as NHH for Transmission Network Use of System (TNUoS) charging purposes was extended to 31st March 2023.

This proposal seeks to amend this date to align with the introduction of the Market Wide Half Hourly Settlement (MWHHS) Programme and relevant subsequent charging year.

Modification process & timetable

1. **Proposal Form** – 11 October 2022
2. **Workgroup Consultation** – N/A
3. **Workgroup Report** – N/A
4. **Code Administrator Consultation** – 03 November 2022 - 24 November 2022
5. **Draft Final Modification Report** – 08 December 2022
6. **Final Modification Report** – 16 December 2022
7. **Implementation** – 01 April 2023

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: Low Impact on Suppliers

Proposer's recommendation of governance route	Standard Governance modification to proceed to Code Administrator Consultation

Who can I talk to about the change?	**Proposer:** Neil Dewar Neil.dewar@nationalgrideso.com 07714 620 655	**Code Administrator Contact:** Paul Mullen Paul.j.mullen@nationalgrideso.com 07794 537 028

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What is the issue?

CMP318: *Maintaining Non Half- Hourly (NHH) charging arrangements for Measurement Classes F and G* was approved by Ofgem in November 2019, extending the CMP266: *Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement* arrangements. It was envisaged that reforms through the Access and Forward-Looking Charges Significant Code Review (SCR) and Targeted Charging Review (TCR) being implemented would negate the double charging issue faced by some end users. Additionally, the Market Wide Half Hourly Settlements programme is not due to be implemented until October 2025, which will remove the requirements for this clause. Current CUSC wording in Section 14 (Charging Methodologies) clause 14.17.29.9 has an explicit end date of 31st March 2023.

Why change?

Without a change, Suppliers will be charged (on a per-MPAN basis) both the NHH and HH tariffs for the same site within one Charging Year for certain demand. This is double-charging and will likely lead either to windfall losses to Suppliers or to increased consumer costs.

Without extension / adjustment end users in Classes F and G would move to HH settlement with adverse financial consequences.

This extension should be aligned to the introduction of Market Wide Half Hourly programme and apply to the end of the financial year that the MWHH programme is live to ensure continuity for end users. The final milestone of the programme is to introduce a cut over to the new settlement arrangements which is due to occur in November 2025, but will be agreed after the end of the migration on a set of criteria.

What is the proposer's solution?

Amend the date in CUSC Section 14, clause 14.17.29.9 to align with the introduction of the Market Wide Half Hourly Settlement Programme (due in October 2025), but recognising the need to avoid duplication of charges part way through the charging year covered in 14.17.29.8. To overcome this, the new date will take into account the next relevant charging year.

Draft legal text

14.17.29.8 A change from NHH to HH within a **Financial Year** would normally result in Suppliers being liable for TNUoS for part of the year as NHH and also being subject to HH charging. This section describes how the Company will treat this situation for Non-Half Hourly (NHH) meters migrating to Measurement Classes E, F & G for the Financial Year which begins after 31 March 2017.

14.17.29.9 Notwithstanding 14.17.9, for each **Financial Ye**ar which begins after 31 March 2017 demand associated with Measurement Classes F and G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full **Financial Year**, until the end of the **Financial Year** (31st March) following the introduction of the Market Wide Half Hourly Settlement (MWHHS) programme. Demand associated with Measurement Class E will continue to be treated as Chargeable Demand Capacity (HH).

N.B. As part of CMP399, which is due to be raised and implemented in similar timelines, this will result in different clause numbering for the above paragraphs.

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** This CMP prevents a distortion which would otherwise arise between Suppliers who actively promote HH settlement and those who do not. This distortion would arise from a Supplier who chooses to migrate relevant consumers to HH settlement being charged TNUoS twice against those individual sites
(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**
(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;	**Neutral**
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	**Positive** This CMP would prevent layering change upon change to charging arrangements by preserving the status quo until MWHHS is introduced

**The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

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	**Positive**
Lower bills than would otherwise be the case	**Neutral**
Benefits for society as a whole	**N/A**
Reduced environmental damage	**N/A**
Improved quality of service	**N/A**

When will this change take place?

Implementation date
01 April 2023

Date decision required by
31 January 2023

Implementation approach
No impact on systems or processes assuming this Modification is approved as this will be a continuation of Business As Usual.

Proposer's justification for governance route
Governance route: Standard Governance modification to proceed to Code Administrator Consultation

This Modification proposal is intended to cause minimal workload for the industry. It is extending the date within the CUSC to prevent double charging for two specific settlement classes and aligning to the introduction of the Market Wide Half Hourly Settlements programme. This will prevent further Modifications having to be raised in future, increasing efficiency in the processes.

Interactions

☐Grid Code	☐BSC	☐STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[1]	☐Other modifications	☐Other

No interactions.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
MPANs	Meter Point Administration Numbers
MWHHS	Market Wide Half Hourly Settlement
SCR	Access and Forward-Looking Charges Significant Code Review
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TCR	Targeted Charging Review
T&Cs	Terms and Conditions

Reference material

- None

[1] 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 Electricity Balancing Guideline (EBR – 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.