

CUSC Draft Final Modification Report

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

Overview: Following the result of [CMP318](#), the ESO wish to amend the date (31 March 2023) to align with the introduction of the Market Wide Half Hourly Settlement (MWHHS) Programme and relevant subsequent charging year.

Modification process & timetable



Have 5 minutes? Read our [Executive summary](#)

Have 20 minutes? Read the full Draft [Final Modification Report](#)

Have 30 minutes? Read the full Draft Final Modification Report and Annexes.

Status summary: This report has been submitted to the Authority for them to decide whether this change should happen.

Panel recommendation: The Panel will meet on 16 December 2022 to carry out their recommendation vote.

This modification is expected to have a: **Low impact on Suppliers**

Governance route Standard Governance modification to proceed to Code Administrator Consultation

Who can I talk to about the change?

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Executive summary

Following the result of CMP318, the ESO wish to amend the date (31 March 2023) to align with the introduction of the Market Wide Half Hourly Settlement (MWHHS) Programme and relevant subsequent charging year.

What is the issue?

CMP318 was approved by Ofgem in November 2019, extending the CMP266 arrangements. Reforms implemented through the Access and Forward-Looking Charges Significant Code Review (SCR) and Targeted Charging Review (TCR) have been unsuccessful in negating 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 clause 14.17.29.9 has an explicit end date of 31 March 2023.

What is the solution and when will it come into effect?

Proposer's solution: Amend the date in CUSC section 14.17.29.9 to align with Milestone 15 (M15) of the Market Wide Half Hourly Settlement (MHHS) Programme and relevant subsequent charging year, 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.

Implementation date: 1 April 2023

Panel recommendation: The Panel will meet on 16 December 2022 to carry out their recommendation vote.

What is the impact if this change is made?

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.

Interactions

No interaction with other codes.

What is the issue?

CMP318 was approved by Ofgem in November 2019, extending the CMP266 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 – unfortunately, these benefits have not been seen. 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 clause 14.17.29.9 has an explicit end date of 31 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, neither of which are appropriate.

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 solution?

Proposer's solution

Amend the date in CUSC section 14.17.29.9 to align with Milestone 15 (M15) of the Market Wide Half Hourly Settlement (MHHS) Programme and relevant subsequent charging year, 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.

Legal text

The legal text for this change can be found in Annex 2.

For ease of reference, the Legal Text changes are shown in **red 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 Year 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**. This will be up until the end of the **Financial Year** (31st March) following delivery of M15 of the Transition Timeline as outlined in the **Authority's** decision dated 20th April 2021 on the introduction of half-hourly settlement on a market-wide basis (MHHS).

N.B. As part of [CMP399](#), which has been raised and is also planned to be implemented on 1 April 2023, this will result in different clause numbering for the above paragraphs.

What is the impact of this change?

Proposer's assessment against the Applicable Objectives

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

Code Administrator Consultation summary

The Code Administrator Consultation was run from 14 November 2022 to 5 December 2022 and received 1 non-confidential response. The full response can be found in Annex 3. Key points were:

- The respondent was not supportive of the change. The respondent noted that the proposed solution may be required to mitigate the Non Half-Hourly and Half-Hourly different charging methods through 2023/2024 financial year as it is not possible to develop and agree a new charging framework in the next few months. However, they argued that the ESO need to develop and implement a new charging regime (by 1 April 2024) to eliminate the different TNUoS charging for Non Half-Hourly & Half-Hourly Supplier Volume Allocation (SVA) customers and ensure the objectives of Market Wide Half Hourly Settlement Reform are met as Market Wide Half Hourly Settlement migration is scheduled to commence from 1 April 2024.
- The respondent also flagged 2 issues with the proposed legal text, which are:

Legal Text Issues

"The text prior to clause 14.17.29.8 refers to MC=E, F & G. Yet clause 14.17.29.9 only refers to MC=F&G. This leaves it ambiguous about the treatment of MC=E."

"Clause 14.17.29.8 does not seem to be relevant any more as the financial year it refers to ended on 31st March 2018. It should therefore be removed."

These will be considered by the CUSC Panel (on 16 December 2022) ahead of any recommendation vote taking place.

Panel recommendation vote

The Panel will meet on 16 December 2022 to carry out their recommendation vote.

They will assess whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

Ahead of the recommendation vote taking place, the Panel will consider the legal text amendments proposed as part of the Code Administrator Consultation.

Vote 1: Does the Original facilitate the objectives better than the Baseline?

Panel Member: **Andrew Enzor**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Andy Pace**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Binoy Dharsi**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Cem Suleyman**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Garth Graham**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

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Panel Member: Grace March

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: Joe Dunn

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: Karen Thompson – Lilley

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: Paul Jones

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Vote 2 – Which option is the best?

Panel Member	BEST Option?	Which objectives does this option better facilitate? (If baseline not applicable).
Andrew Enzor		
Andy Pace		
Binoy Dharsi		
Cem Suleyman		
Garth Graham		
Grace March		
Joe Dunn		
Karen Thompson - Lilley		
Paul Jones		

Panel conclusion

The Panel will meet on 16 December 2022 to carry out their recommendation vote.

When will this change take place?**Implementation date**

1 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.

Interactions

- | | | | |
|---|---|--|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs ¹ | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

No interactions

¹ If the modification has an impact on Article 18 T&Cs, it 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.

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
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Reference material

- [CMP318](#)

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Legal Text
Annex 3	Code Administrator Consultation response