

Workgroup Consultation Response Proforma

CMP430 Adjustments to TNUoS Charging from 2025 to support the Market Wide Half Hourly Settlement (MHHS) Programme

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 24 April 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact cusc.team@nationalgrideso.com

| Respondent details | Please enter your details | |
|--|---|---|
| Respondent name: | Hugh Boyle | |
| Company name: | EDF Energy Customers Limited | |
| Email address: | Hugh.Boyle@edfenergy.com | |
| Phone number: | 02089352828 | |
| Which best describes your organisation? | <input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector | <input checked="" type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other |

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (*this will be shared with industry and the Panel for further consideration*)

☐ **Confidential** (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration*)

For reference the Applicable CUSC (charging) Objectives are:

- 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;*
- 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 *; and*
- e. Promoting efficiency in the implementation and administration of the system charging methodology.*

**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.*

For reference, (for consultation questions 5 & 6) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*
- g) facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

What is the EBR?

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017.

The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the ESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

Please express your views in the right-hand side of the table below, including your rationale.

| Standard Workgroup Consultation questions | | | | | | | | |
|---|--|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 1 | Do you believe that the Original Proposal and/or any potential alternatives better facilitate the Applicable Objectives? | <p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table> <p>The modification is neutral against objectives A, B, C and D. it is currently mildly negative against objective E.</p> | Original | <input type="checkbox"/> A | <input type="checkbox"/> B | <input type="checkbox"/> C | <input type="checkbox"/> D | <input type="checkbox"/> E |
| Original | <input type="checkbox"/> A | <input type="checkbox"/> B | <input type="checkbox"/> C | <input type="checkbox"/> D | <input type="checkbox"/> E | | | |
| 2 | Do you support the proposed implementation approach? | <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>The proposal, while flawed, is on overall merit likely better than having the entire current charging methodology at risk from April 2025 if no action is taken.</p> | | | | | | |
| 3 | Do you have any other comments? | <p>The lack of a reliable estimate of the number of customers impacted and the timeliness/availability of relevant data to suppliers to correctly price customers in the future will lead to inefficient outcomes. Possible IT system development for short-term reforms that may well get overtaken by wider change (such as TNUoS Taskforce and REMA) would also be inefficient. Under the proposal, some sites would be indirectly double charged or “under charged” as they would move from a TNUoS regime with a heavy time of use aspect (Triad) to a year-round tariff (4-7pm) or vice-versa. Suppliers would either need to absorb this impact or pass it onto customers (notably those on contracts starting in October facing two different charging regimes in a 12-month period).</p> | | | | | | |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>n/a</p> | | | | | | |
| 5 | Do you agree with the Workgroup’s assessment that MOD430 does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC | <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>n/a</p> | | | | | | |

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|---|---|--|
| 6 | Do you have any comments on the impact of MOD430 on the EBR Objectives? | <input type="checkbox"/> Yes |
| | | <input checked="" type="checkbox"/> No |
| | | n/a |

Specific Workgroup Consultation questions

| | | |
|----|---|--|
| 7 | Does the Original Proposal have an impact on your business and if so, to what extent? e.g., Consumers treated differently in new arrangements? | <p>There is expected to be a financial impact on our business from this change. This is currently difficult to estimate as it will depend on the number of customers impacted and to what extent there are any portfolio offsets (e.g., are there similar numbers of customers with similar consumption patterns moving from Triad charging to 4-7pm TNUoS charging and vice versa).</p> <p>This financial impact (if material) would be a one-off on initial implementation of the proposal and would not be repeated from April 2026.</p> |
| 8 | Does the Original Proposal have an impact on the systems and processes used by your organisation, and if so, to what extent? e.g., pricing, billing, settlement | <p>This remains to be seen but very likely it will. Previously HH/NHH indicator and/or Measurement Class has been used to determine TNUoS liability and supplier pricing systems will be set up on this basis.</p> <p>Under a new Domestic Premises Indicator combined with Connection Type determiner, this (new) data will need to be made available to suppliers to ensure a customer is priced correctly. IT system development would also be required to reflect the new data requirements.</p> <p>Customers are already being priced for April 2025 delivery and the uncertainty on this modification outcome and availability of relevant data introduces risk.</p> <p>Similarly for billing and settlement purposes, this new data would need to be made available to suppliers to validate any invoices and reconcile correctly with customers.</p> |
| 9 | Do you agree with the scenarios identified that could be subject to different charging arrangements as a result of CMP430? | Yes, we agree with the scenarios identified but also outline above the additional impact on sites facing different TNUoS tariff treatment from April 2025 (as elaborated in Question 3 & Question 8 responses). This especially impacts customers on contracts with October start dates. |
| 10 | For suppliers only: How many sites does your organisation supply in the following scenario: | <p><input type="checkbox"/> a) Sites that are settled as Measurement Class C pre-MHHS migration that will have Domestic Premises Indicator = True post-MHHS migration</p> <p><input type="checkbox"/> b) Sites that are settled as Measurement Class A pre-MHHS migration that will have a Connection Type Indicator = L or H (meaning they are CT Metered) and a</p> |

| | | |
|----|--|---|
| | | Domestic Premises Indicator = False post -MHHS migration. |
| | | Question Not answered |
| 11 | Do you agree that the Original Proposal should be considered as enduring, or do you believe should it be time limited – e.g., Linked to Market Wide Half Hourly Settlement Milestones? | If implemented, the change should be enduring unless and until deliberately replaced by any successor modification (i.e. TNUoS Taskforce proposals or REMA). The alternative re-introduces the very defect that the modification is intending to solve. |
| 12 | Do you agree that the Original Proposal will not impact the delivery of the MHHS Programme delivery Milestones? | We agree this proposal does not impact delivery of the MHHS Programme Milestones. |