

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: | Tom Chevalier | |
| Company name: | Power Data Associates Ltd | |
| Email address: | Tom.Chevalier@PowerDataAssociates.com | |
| Phone number: | 01525 601202 | |
| Which best describes your organisation? | <input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector | <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input checked="" 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 checked="" type="checkbox"/> A</td> <td><input checked="" type="checkbox"/> B</td> <td><input checked="" type="checkbox"/> C</td> <td><input type="checkbox"/> D</td> <td><input checked="" type="checkbox"/> E</td> </tr> </table> <p>Not able to judge D</p> | Original | <input checked="" type="checkbox"/> A | <input checked="" type="checkbox"/> B | <input checked="" type="checkbox"/> C | <input type="checkbox"/> D | <input checked="" type="checkbox"/> E |
| Original | <input checked="" type="checkbox"/> A | <input checked="" type="checkbox"/> B | <input checked="" type="checkbox"/> C | <input type="checkbox"/> D | <input checked="" type="checkbox"/> E | | | |
| 2 | Do you support the proposed implementation approach? | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p> | | | | | | |
| 3 | Do you have any other comments? | It is disappointing that it has taken so long for the ESO (or any other Party) to raise change to reflect the known impacts of MHHS. As a result, it has had to be given Urgent status causing constrained time to consider the proposals. | | | | | | |
| 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>Click or tap here to enter text.</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 type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Unable to judge</p> | | | | | | |
| 6 | Do you have any comments on the impact of MOD430 on the EBR Objectives? | <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Unable to judge</p> | | | | | | |

| Specific Workgroup Consultation questions | | |
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| 7 | Does the Original Proposal have an impact on your business and if so, to what extent? e.g., Consumers treated | <p>Our business calculated the energy used by unmetered customers, in our current role of a Meter Administrator (MA) and our MHHS role of an Unmetered Data Service (UMSDS) as defined by the BSC arrangements.</p> <p>The TUoS charges impact on how unmetered customers are charged by energy suppliers. The unmetered customers have</p> |

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| | <p>differently in new arrangements?</p> | <p>a different pattern of consumption to metered customers. They broadly split into two types, continuous energy users (100% load factor) and street lighting customers (~50% load factor). As a result, the method of demand charging under TUoS can have a material difference for these two types of customer. Most of the financial charging is now from the residual charges on a p/kWh which is equal for all unmetered, but the application of triad or 4-7pm would make a significant difference.</p> <p>All unmetered customers are required by the BSC Modification P430 (agreed in December 2022) to be settled on a HH basis by the commencement of MHHS (April 2025). So the proposals referencing double charging for unmetered are not relevant, all unmetered is required to be HH prior to the implementation of these proposed charges from April 2025.</p> <p>Do not agree with a differentiation for domestic and non-domestic unmetered customers. There has never been a difference between charging for domestic & non-domestic unmetered customers. There is no difference in domestic and non-domestic usage or pattern of usage. The vast majority of unmetered customers are non-domestic, the largest unmetered supplier confirmed all their customers are non-domestic. If different charging led to a material financial difference, it would create an administrative burden and potential conflict for customers and suppliers. Adding a different charging approach for domestic and non-domestic is not justified from an economic or administrative perspective.</p> |
| 8 | <p>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> | <p>Should not impact our business as long as charges are consistent and fair, see comments above</p> |
| 9 | <p>Do you agree with the scenarios identified that could be subject to different charging arrangements as a result of CMP430?</p> | <p>As all unmetered customers will be HH by end of March 2025, the line in Annex 4 under Domestic is confusing. The table uses the term 'Current Charging Arrangements Pre MHHS migration' and quotes a current MC=B. By April 2025 there will not be any MC=B as all unmetered (Domestic and Non-Domestic) will have all moved to MC=D. As a result, the table should be showing the position in April 2025 (the beginning of the charging year), where Domestic unmetered is MC=D and Triad moving to Triad.</p> |

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| | | This entry is leading to confusion, despite the footnote. Perhaps the heading should read: “2025/26 Charging Arrangement Pre-MHHS migration” and “2025/26 Charging Arrangement Post-MHHS migration” |
| 10 | For suppliers only: How many sites does your organisation supply in the following scenario: | <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 <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 Domestic Premises Indicator = False post -MHHS migration. |
| | | N/A |
| 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? | The application of TUoS charges is already subject wider review. The wider review should implement any further enduring changes. The framework proposed under CMP430 can exist until the outcome of the wider review. The wider review can then determine whether it is necessary to segment consumption/charges in these same segments which reflect historic practices which were constrained by the segmentation available in the pre-MHHS settlement arrangements. MHHS gives far greater opportunity to segment differently, or not at all. |
| 12 | Do you agree that the Original Proposal will not impact the delivery of the MHHS Programme delivery Milestones? | Yes agree |