

## Stage 03: Final CUSC Modification Report

Connection and Use of System Code  
(CUSC)

# CMP247 'TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322'

What stage is this  
document at?

01	Code Administrator Consultation
02	Draft CUSC Modification Report
03	Final CUSC Modification Report

CMP247 aims to allow all meters which migrate into Measurement Classes E-G to be treated as NHH up until the full charging year after the Implementation date of P272. Those meters which migrated before April 2015 will still have the option to be treated as HH if Suppliers so wish.

Published on: 7<sup>th</sup> October 2015



**National Grid's opinion:**

CMP247 better facilitates Applicable CUSC Objectives (a) and (b) and therefore should be implemented.



**CUSC Panel recommendation:**

CMP247 better facilitates Applicable the CUSC Objectives and therefore should be implemented.



**Low Impact:**

Suppliers

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### Any Questions?

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## About this document

This is the Final CUSC Modification Report which contains responses to the Code Administrator Consultation, the CUSC Panel recommendation vote and has been prepared and used by National Grid as Code Administrator under the rules and procedures specified in the CUSC. The purpose of this document is to assist the Authority in making their decision on whether to implement CMP247.

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## Document Control

Version	Date	Author	Change Reference
1.0	28 <sup>th</sup> September 2015	Code Administrator	Final CUSC Modification Report to Panel for comment
2.0	7 <sup>th</sup> October 2015	Code Administrator	Final CUSC Modification Report to Authority

## 1 Summary

- 1.1 This document describes the CMP247 CUSC Modification Proposal, includes responses to the Code Administrator Consultation and outlines the CUSC Panel recommendation vote.
- 1.2 CMP247 was proposed by National Grid Electricity Transmission and submitted to the CUSC Modifications Panel for their consideration on 31<sup>st</sup> July 2015. A copy of this Proposal is provided in Annex 1. The Panel decided that this Modification should not be classed as Self-Governance and should proceed directly to Code Administrator Consultation for 20 Working-Days.
- 1.3 Currently the CUSC allows all meters which migrate into Measurement Classes E-G to be treated as Half Hourly (HH) if they migrated before the start of each charging year up until the full charging year after the Implementation date of P272. The Proposal seeks to change the CUSC so that only meters which migrated into Measurement Classes E-G before 1st April 2015 will have the option to be treated as HH up until implementation of P272.
- 1.4 The Code Administrator Consultation closed on 8<sup>th</sup> September 2015 and received six responses; a summary of these responses can be found in Section 7 of this report and the full responses can be found in Annex 3.
- 1.5 This Final CUSC Modification Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP247/>

### National Grid's Initial view

- 1.6 National Grid believes CMP247 should be implemented as it helps provides stability and predictability of charges during the implementation of P272. It also removes the need to implement an inefficient, expensive (~£2m) and temporary solution to manage the data to treat meters as HH for the charging years after 2015/16, where the potential numbers of meters which may opt to be HH settled drastically increases. We feel that there are limited negative impacts on Industry over and above any already introduced and accepted as reasonable through the implementation of CMP241.
- 1.7 To help set more cost reflective charges National Grid need to forecast the demand charging bases on which tariffs are levied. Treating meters as NHH throughout the period of implementation allows National Grid to use historic volumes, whilst building up a view of actual demand response behaviour to use after P272 has been implemented. This will maintain cost reflectivity whilst reducing the risk of volatility as any under or over recovery of revenue resulting from miscalculating the demand bases flows through to future years through revenue changes.
- 1.8 Based on recent IS changes necessary for the implementation of Project Transmit the timescales to fully implement a purpose built system to manage the data, amend demand volumes and then subsequently invoice on the amended demand volumes would be very tight (at best). It may transpire that the numbers of meters which Suppliers opt to be treated as HH for the subsequent charging years is low, However this would not be known until after an IS scheme and subsequent spend would need to be actioned to allow it to be in place for when needed.
- 1.9 We believe that treating meters migrating after the 1<sup>st</sup> April 2015 as NHH up until the implementation of P272 will not have a negative impact on the end consumer. Suppliers through their responses to BSC Modification P272 indicated that initially there would be limited demand response behaviour as consumers adapt to how their energy use is settled.

From this evidence settling as NHH over the temporary period of implementation, will not prevent cheaper end bills.

### **CUSC Panel recommendation vote**

- 1.10 At the CUSC Modifications Panel meeting on 25<sup>th</sup> September 2015, the CUSC Panel voted on CMP247 and whether it better facilitated the applicable CUSC Objectives. The majority of the Panel voted that CMP247 better facilitates Objective (a) and (b) and therefore recommends that CMP247 should be implemented. More details on the vote can be found in Section 6 of this report.

## 2 Background

- 2.1 CMP241 'TNUoS Demand Charges during the Implementation of P272' was implemented on 1<sup>st</sup> April 2015 to prevent single meter installations being liable for both Non Half Hourly (NHH) charges and Half Hourly (HH) TNUoS charges within the same charging year. This was required as a consequence of the implementation of BSC Modification P272.
- 2.2 The default option under CMP241 is that all meters within Measurement Classes E-G will be treated as NHH for TNUoS charging purposes. However Suppliers are given the option for those meters within Measurement Classes E-G before the start of a charging year to continue to be treated as HH for the following year if the Supplier notifies National Grid of their intention before the start of October as well as providing verified metering data for those meter installations in time for the end of year reconciliations.
- 2.3 The Original implementation date for P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' was 1<sup>st</sup> April 2016. The number of meters which were Class E-G and so already treated as HH for the purposes of TNUoS before the start of the charging year i.e. <April 1<sup>st</sup> 2015, totals around 3000. Due to the limited number of meters in the category mentioned above, the intended process to collate the data from Suppliers, then adjust the demand data received from Elexon will be a temporary manual process.
- 2.4 P322 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8' extends the implementation date of P272 to April 2017. The number of meters which will be in Measurement Classes E-G before the start of the following charging year 2016-17 i.e. April 16 to March 17 is likely to be substantially greater than the 3000 meters at April 2015 (subject to Suppliers migration plans). The option within the CUSC to allow those meters which are HH settled before the start of the charging year to continue/or start to be treated as HH for TNUoS purposes, potentially puts a unmanageable administrative burden and increased risk on National Grid through the manual process currently planned to implement CMP241. This size of this burden won't be known in full until Suppliers signal their intention before the start of the Triad season that they wish HH meters to be treated as HH for TNUoS purposes. To allow this to happen will then require Suppliers to collate and send verified metering data to which will also mean that this manual burden is also placed on Suppliers. Although Suppliers are given the option for HH meters to be treated as HH, if other Suppliers are offering this option, then all Suppliers may feel pressured into offering this option as well.
- 2.5 The above describes the administrative burden on both National Grid and Suppliers. There is also the issue in setting cost reflective tariffs, which to do, will require the need to forecast the demand levels on which the tariffs will be based thus allowing the correct amount of revenue to be recovered. National Grid will not know the potential size of the HH and NHH demand base until after charges are set as charges are finalised at the end of January before the start of the charging year (albeit Industry expects to be minimal change in tariffs at this stage). However the option to notify National Grid that a meter will be treated as HH may not be made until the end of September. within the charging year of which tariffs have already been finalised

### 3 Modification Proposal

- 3.1 CMP247 proposes that all meters which migrate into Measurement Classes E-G will be treated as NHH up until the full charging year starting on the Implementation date of P272 which is currently 1<sup>st</sup> April 2017 or, if any revised Implementation date of P272 is not at the start of a charging year, the full charging year starting on the 1st April after such Implementation date.

## 4 Proposed Implementation and Transition

- 4.1 If approved, CMP247 should be implemented 10 Working days after an Authority decision.

### **Impact on the CUSC**

5.1 Changes to Section 14.

### **Impact on Greenhouse Gas Emissions**

5.2 None identified.

### **Impact on Core Industry Documents**

5.3 None identified.

### **Impact on other Industry Documents**

5.4 None identified.



### Applicable CUSC Objectives

- 6.1 For reference, the Applicable CUSC Objectives, as defined in the Transmission Licence are;
- (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;
  - (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 in their transmission businesses and which are compatible with standard 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 the transmission licensees' transmission businesses
  - (d) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

### National Grid's view

- 6.2 National Grid believes this modification better meets the applicable CUSC objectives listed above as stated below
- a) By removing the option for meters to be settled as HH for the charging year 2016/17 (if the Suppliers provides verified metering data) all Suppliers will be operating with the knowledge that no other Supplier could offer to the end consumer the option to be settled as HH, thus gaining a potential competitive advantage.  
Suppliers are invoiced throughout the year based on forecasts provided by themselves, then charged based on actual demand taken over charging period in which the meter will be settled i.e. 4-7pm for NHH or Triad for HH. Suppliers may be subject to large liabilities due to the behaviour of their consumers over the Triad period if they choose for those meters to be HH settled if their forecasts do not match actual demand. If meters are settled as NHH up until Implementation date this will allow Suppliers to assess consumer behaviour over the Triad periods thus allowing them to better forecast future demand thus reducing any liabilities at reconciliation, as well as educate the consumer on the effects of their behaviour on tariffs, before they are actually HH settled in terms of TNUoS charges.
  - b) Meters will continue to be settled as NHH until the Implementation date. This aids the setting of cost reflective tariffs as the demand charging bases (which is a forecast of applicable demand on which tariffs are levied) can be based on historical numbers. Treating newly migrated meters as NHH until after April 2017, allows metering demand data to be built up based on consumer behaviour over the Peak Triad periods for those meters in Measurement Classes E-G. (At the moment Profile Classes are aggregated up into NHH so we do not have the

granularity to assess). The HH Demand base could then be altered before Tariffs are finalised for the charging year in which they apply. This would aid the SO in setting tariffs which collect allowed revenues, reducing future tariff volatility. At the moment data is based on NHH profiling. There is also uncertainty over how many meters will choose to be settled as HH as it is optional and secondly how the end consumer will react over the Triad period.

### CUSC Modifications Panel's view

- 6.3 At the CUSC Modifications Panel meeting on 25<sup>th</sup> September 2015, the CUSC Panel voted on CMP247 and whether it better facilitated the applicable CUSC Objectives. The majority of the Panel voted that CMP247 better facilitates Objective (a) and (b) and therefore recommends that CMP247 should be implemented. Details of the vote can be found below;
- 6.4 Kyle Martin and Simon Lord were absent for the vote. Simon Lord asked Paul Jones to be his alternate.

Panel Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Overall (Y/N)
James Anderson	Neutral	Marginally better	Neutral	Neutral	Marginally better
Bob Brown	Yes	Yes	Neutral	N/A	Yes
Garth Graham	Yes	Yes	Neutral	Neutral	Yes
Patrick Hynes	Yes	Yes	Yes	Neutral	Yes
Paul Jones	Marginally better	Marginally better	Neutral	Neutral	Yes
Simon Lord	Marginally better	Marginally better	Neutral	Neutral	Yes
Michael Dodd	Yes	Neutral	Yes	Neutral	Yes
Paul Mott	No	No	Marginally worse	Neutral	No

- 6.5 The Panel were asked to give justification for why they voted as above, this is provided for each Panel member below;

**James Anderson** – Reducing supplier choice and delaying potential benefits could be detrimental, however on balance, reducing uncertainty may just level the playing field. CMP247 is overall neutral on (a). On objective (b) it provides some certainty ensuring revenue is collected in line with the charging methodology. I don't think that customers are likely to change their behaviour until they are able to benefit from avoiding Triad periods and so there is little impact on cost reflectivity. Marginally better on objective (b) and neutral on (c) and (d).

**Bob Brown** – CMP247 better facilitates objective (a) as it provides clarity and certainty in the market and it is helpful to suppliers and competition. Objective (b) yes as it takes into account other charges and delivers a more cost reflective basis. Neutral for (c) and (d).

**Garth Graham** – I agree with the views expressed by BB and those of National Grid under paragraph 6.2 of the CMP247 final CUSC Modification Report.

**Patrick Hynes** – CMP247 better facilitates objectives (a) and (b). On (c), in Ofgems determination on p272, they note that it helps National Grids obligations so I would say it better achieves this too.

**Paul Jones** – On objective a): It's a balanced decision. If implemented it would close down the ability of some suppliers to offer HH charging to their customers, under the CMP241 solution, which would act against competition. However, the CMP241 HH solution requires a manual process which could result in significant customer disruption, particularly as the numbers could increase for the charging year 2016/17, thereby undermining competition. On balance, as CMP247 avoids this it is marginally better against objective a). As it improves National Grid's ability to set charges in the interim it is slightly better on b). Neutral on c) and d).

**Simon Lord** – Agree with the comments made by Paul Jones.

**Michael Dodd** – A slight negative impact removing competition however on balance it slightly better facilitates (a) in that it removes a lot of uncertainty in what suppliers have. (b) is neutral. I agree with PH on objective (c) and would say that it better facilitates it. (d) is neutral.

**Paul Mott** – CMP247 facilitates CUSC charging objective (a) (competition) worse than baseline. He referred to the first paragraph in "full justification" in the mod proposal which he read out in full : "By removing the option for meters to be settled as HH for the charging year 2016/17 all Suppliers will be operating with the knowledge that no other Supplier could offer to the end consumer the option to be settled as HH, thus gaining a potential competitive advantage". PM felt that CMP247 would create unexpected costs for some suppliers, and would remove previously-expected choice for suppliers and consumers. PM felt that CMP247 also facilitates CUSC charging objective (b) (cost-reflectivity) worse than baseline, as the finer resolution of timing (HH) under baseline is clearly more cost-reflective; and CMP247 facilitates CUSC charging objective (c) (relevant transmission developments) slightly worse than baseline, as there have been developments in what's connected to the transmission system with 20 GW now of renewables, including at least 8.2 GW of solar which has grown rapidly of late. This means there is a growing need for more demand side response, so as to ease the economic and technical integration onto the grid of these new technologies. Moving customers onto half-hourly settlements for all price components may encourage demand side response, so not passing this mod may be slightly better for security of supply; this is why it may slightly worse facilitate (c), than baseline. PM felt that CMP247 is neutral on (d) (Europe).

## 7 Code Administrator Consultation responses

7.1 The CMP247 Code Administrator Consultation closed on 8<sup>th</sup> September 2015 and received six responses. A summary of these responses can be found below, the full responses can be found in Annex 3.

Respondent	Do you believe that CMP47 Original Proposal or its Alternatives better facilitate the Applicable CUSC objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
<b>Haven Power</b>	<ul style="list-style-type: none"> <li>Yes, CMP247 better facilitates (a) and (b) of the applicable CUSC objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>We do not believe that there are any unintended consequences arising from CM247. We agree that there are limited negative impacts for the Industry over and above any already introduced and accepted through CMP241.</li> </ul>
<b>Drax Power</b>	<ul style="list-style-type: none"> <li>Yes, CMP247 should be implemented as it will better facilitate applicable CUSC objectives (a) and (b) and is neutral to (c) and (d).</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>We do not feel that there are an untended consequences arising from CMP247 and feel that there are limited negative impacts on Industry over and above any already introduced and accepted through CMP241.</li> </ul>
<b>EDF Energy</b>	<ul style="list-style-type: none"> <li>"No. The proposal acts against CUSC objective (a) concerning competition because it would create unexpected costs for some suppliers, and remove previously expected choice for suppliers and consumers. The proposal acts against CUSC objective (b) concerning cost-reflectivity by removing the choice to use more cost-reflective charges.</li> </ul>	<ul style="list-style-type: none"> <li>No – It is an alternative implementation approach for CMP241 for facilitating P272 and P322 which we do not support.</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain as to whether the impacts are intended or unexpected, suppliers may have already contracted with customers into 2016-17 on the expectation of HH TNUoS.</li> <li>The number of sites opting for HH TNUoS charges in 2016-17 may be considerably less than considered by NGET in estimating its handling costs.</li> <li>Aggregate over or under recovery of TNUoS within a year due to errors in forecasting HH and NHH demand for the affected meters should be relatively small compared with other uncertainties</li> <li>Late decision would further increase implementation costs</li> <li>Minor revisions to legal text for accuracy and clarity are suggested</li> </ul>
<b>Private &amp; Confidential response</b>	<ul style="list-style-type: none"> <li>Yes, it better facilitates objective (a).</li> </ul>	<ul style="list-style-type: none"> <li>No. The late implementation if this change has the potential to create additional disruption within an</li> </ul>	<ul style="list-style-type: none"> <li>Yes, we do believe that there are unintended consequences arising from CMP247. By implementing CMP247 consumers will have</li> </ul>

		<p>already difficult transition process. The late arrival and implementation is likely to invalidate much of the time and money already spent to date as well as creating additional work and expenditure for suppliers to accommodate a new arrangement.</p>	<p>to wait an additional year to enjoy one of the key benefits of P272.</p> <ul style="list-style-type: none"> <li>• There are arguments for and against implementing this. These include simplicity and fairness for National Grid and suppliers plus a reduction in the likelihood of TNUoS charge volatility. Against: wasted time and expenditure, delay for benefits of P272. On balance this would have worked better if it had been considered, communicated and implemented earlier.</li> </ul>
<b>SSE</b>	<ul style="list-style-type: none"> <li>• Yes, it will better facilitate applicable CUSC objectives (a) and (b) and is neutral to (c) and (d). Agrees with National Grid's view as set out in the consultation document.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• We do not believe that there are any unintended consequences to CMP247.</li> </ul>
<b>Smartest Energy</b>	<ul style="list-style-type: none"> <li>• We feel that the change is largely neutral with regards to all of them except for objective (a) for which there are pros and cons.</li> </ul>	<ul style="list-style-type: none"> <li>• With reluctance we will support this approach as we cannot think of an alternative that can address the downsides.</li> </ul>	<ul style="list-style-type: none"> <li>• As a supplier P322 and CMP247 now make it difficult for us to handle PC5-8 customers within our systems. IT changes will be required. Difficult as we will have to reconcile out TNUoS bills.</li> <li>• We would like to be sure that if we pick up a customer on, say 1<sup>st</sup> April 2016 and they state that they have been notified as an HH MC E customer by their previous supplier, that we can verify this with NGT. Indeed, if the customer is unsure we may need to ask NGT about many lists of MPANs. Are NGT geared up to confirm to suppliers which MPANs have already been accepted as HH MC E from other suppliers and which have not?</li> </ul>



# CUSC Modification Proposal Form (for **nationalgrid** Charging Methodology Proposals) CMP247

## Connection and Use of System Code (CUSC)

### Title of the CUSC Modification Proposal

*TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322.*

### Submission Date

*22nd July 2015.*

### Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

*CMP241 was implemented to prevent a single meter installation being liable for both Non Half Hourly (NHH) charges and Half Hourly (HH) TNUoS charges within the same charging year, due to the implementation of BSC Modification P272.*

*The default option under CMP241 is that all meters within Measurement Classes E-G will be treated as NHH for TNUoS charging purposes.*

*However Suppliers are given the option for those meters within Measurement Classes E-G to continue to be treated as HH for the following charging year if the Supplier notifies National Grid of their intention before the start of the Triad season as well as provides verified metering data for those meter installations in time for the end of year reconciliation.*

*The original implementation date for P272 was April 2016. The number of meters which were Class E-G and so already treated as HH for the purposes of TNUoS before the start of the charging year i.e. <April 1<sup>st</sup> 2015, totals around 3000. Due to the limited number of meters in the category mentioned above, the intended process to collate the data from Suppliers, then adjust the demand data received from Elexon will be a temporary manual process.*

*P322 extends the implementation date of P272 to April 2017. The number of meters which will be in Measurement Classes E-G before the start of the following charging year 2016-17 i.e. April 16 to March 17 is likely to be substantially greater than the 3000 meters at April 2015 (subject to Suppliers migration plans). The option within the CUSC to allow those meters which are HH settled before the start of the charging year to continue/or start to be treated as HH for TNUoS purposes, potentially puts a unmanageable administrative burden and increased risk on National Grid through the manual process currently planned to implement CMP241. This size of this burden won't be known in full until Suppliers signal their intention before the start of the Triad season that they wish HH meters to be treated as HH for TNUoS purposes. To allow this to happen will then require Suppliers to collate and send verified metering data to which will also mean that this manual burden is also placed on Suppliers. Although Suppliers are given the option for HH meters to be treated as HH, if other Suppliers are offering this option, then all*

*Suppliers may feel pressured into offering this option as well.  
The above describes the administrative burden on both and Suppliers. There is also the issue in setting cost reflective tariffs, which to do, requires the need to forecast the demand levels on which the tariffs will be based thus allowing the correct amount of revenue to be recovered. National Grid will not know the potential size of the HH and NHH demand base until after charges are set.*

### Description of the CUSC Modification Proposal

*All meters which migrate into Measurement Classes E-G will be treated as NHH up until the full charging year after the Implementation date of P272. Those meters which migrated before April 2015 will still have the option to be treated as HH if Suppliers so wish.*

### Impact on the CUSC

*Section 14 Remove optionality for charging year 2016/17 in the CUSC*

### Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? No

*Include your view as to whether this Proposal has a quantifiable impact on greenhouse gas emissions. If yes, please state what you believe that the impact will be.*

*You can find guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions on the Ofgem's website:*

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance>

### Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

**BSC**

**Grid Code**

**STC**

**Other**   
*(please specify)*

*This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.*

### Urgency Recommended: Yes / No

*This modification is not urgent but does need to be implemented before the start of April 2016 so that consumers and Suppliers know the basis on which their energy use will be charged*



## Justification for Urgency Recommendation

*If you have answered yes above, please describe why this Modification should be treated as Urgent.*

*An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause:*

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or*
- b) A significant impact on the safety and security of the electricity and/or has systems;  
or*
- c) A party to be in breach of any relevant legal requirements.*

*You can find the full urgency criteria on the Ofgem's website:*

*<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance>*

## Self-Governance Recommended: Yes / No

No

## Justification for Self-Governance Recommendation

*If you have answered yes above, please describe why this Modification should be treated as Self-Governance.*

*A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:*

- Existing or future electricity customers;*
- Competition in generation or supply;*
- The operation of the transmission system;*
- Security of Supply;*
- Governance of the CUSC*
- And it is unlikely to discriminate against different classes of CUSC Parties.*

## Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

*Please justify whether this modification should be exempt from any Significant Code Review (SCR) undertaken by Ofgem. You can find guidance on the launch and conduct of SCRs on Ofgem's website, along with details of any current SCRs at:*

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=197&refer=Licensing/IndCodes/Governance>.

For further information on whether this Proposal may interact with any ongoing SCRs, please contact the Panel Secretary.

### Impact on Computer Systems and Processes used by CUSC Parties:

*This is an optional section. Include a list of any relevant Computer Systems and Computer Processes which may be affected by this Proposal, and where possible, how they will be affected. None over and above those created by CMP241. However this proposal looks to reduce future impacts and potential costs of implementing a more robust and automatic way of handling and processing data for those meters wishing to be treated as HH, which would be necessary without this proposal. We estimate this to be in the region of ~£2m which is line with recent IS changes to implement future changes necessary for Transmit within our billing system. Any costs would have to be assessed in conjunction with the fact that any changes would only be necessary for the life of P272 (April 2017) i.e. high costs for limited timeframe*

### Details of any Related Modification to Other Industry Codes

*This is an optional section. You should list any other simultaneous modifications being proposed to other Industry Documents and Codes that you are either aware of or have raised.*

### Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives for Charging:

**Please tick the relevant boxes and provide justification for each of the Charging Methodologies affected.**

#### Use of System Charging Methodology

- (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;
- (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 in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard 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.

These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

**Full justification:**

- a) By removing the option for meters to be settled as HH for the charging year 2016/17 (if the Suppliers provides verified metering data) all Suppliers will be operating with the knowledge that no other Supplier could offer to the end consumer the option to be settled as HH, thus gaining a potential competitive advantage.  
Suppliers are invoiced throughout the year based on forecasts provided by themselves, then charged based on actual demand taken over charging period in which the meter will be settled i.e. 4-7pm for NHH or Triad for HH. Suppliers may be subject to large liabilities due to the behaviour of their consumers over the Triad period if they choose for those meters to be HH settled if their forecasts do not match actual demand. If meters are settled as NHH up until Implementation date this will allow Suppliers to assess consumer behaviour over the Triad periods thus allowing them to better forecast future demand thus reducing any liabilities at reconciliation, as well as educate the consumer on the effects of their behaviour on tariffs, before they are actually HH settled in terms of TNUoS charges.
- b) Meters will continue to be settled as NHH until the Implementation date. This aids the setting of cost reflective tariffs as the demand charging bases (which is a forecast of applicable demand on which tariffs are levied) can be based on historical numbers. Treating newly migrated meters as NHH until after April 2017, allows metering demand data to be built up based on consumer behaviour over the Peak Triad periods for those meters in Measurement Classes E-G. (At the moment Profile Classes are aggregated up into NHH so we do not have the granularity to assess). The HH Demand base could then be altered before Tariffs are finalised for the charging year in which they apply. This would aid the SO in setting tariffs which collect allowed revenues, reducing future tariff volatility. At the moment data is based on NHH profiling. There is also uncertainty over how many meters will choose to be settled as HH as it is optional and secondly how the end consumer will react over the Triad period.

**Connection Charging Methodology**

- (a) that compliance with the connection 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;
- (b) that compliance with the connection 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 in accordance with the STC)

incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection);

- (c) that, so far as is consistent with sub-paragraphs (a) and (b), the connection charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;
- (d) in addition, the objective, in so far as consistent with sub-paragraphs (a) above, of facilitating competition in the carrying out of works for connection to the national electricity transmission system.
- (e) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.  
These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

**Full justification:**

## Additional details

<b>Details of Proposer:</b> (Organisation Name)	National Grid Electricity Transmission (NGET)
<b>Capacity in which the CUSC Modification Proposal is being proposed:</b> (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
<b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:	Damian Clough National Grid Electricity Transmission (NGET) 01926 656416 Damian.Clough@nationalgrid.com
<b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	Paul Wakeley National Grid Electricity Transmission (NGET) 01926 655582 Paul.Wakeley@nationalgrid.com

**Attachments (Yes/No):**  
**If Yes, Title and No. of pages of each Attachment:**

## Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com)

Phone: 01926 653606

For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/>

## Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com) and copied to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com), or by post to:

Jade Clarke  
CUSC Modifications Panel Secretary, TNS  
National Grid Electricity Transmission plc  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.



## Implementation of P272

14.17.29.1 BSC modification ~~P272~~~~P272 which is currently planned for implementation in April 2016~~ requires Suppliers to move Profile Classes 5-8 to Measurement Class E - G (i.e. moving from NHH to HH settlement) ~~by April 2016~~. The majority of these meters are expected to transfer during the preceding Charging Years up until the implementation date of P272 and some meters will have been transferred before the start of ~~that year~~ 1<sup>st</sup> April 2015. A change from NHH to HH within a Charging Year ~~This~~ 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 in the transition to P272 implementation for the purposes of TNUoS charging; and the forecasts that Suppliers should provide to the Company.

14.17.29.2 Notwithstanding 14.17.9, for each Charging Year which begins after 31 March 2015 and prior to implementation of BSC Modification P272, all demand associated with meters that are in NHH Profile Classes 5 to 8 at the start of that charging year as well as all meters in Measurement Classes E G will be treated as Chargeable Energy Capacity (NHH) for the purposes of TNUoS charging for the full Charging Year unless 14.17.29.3 applies.

~~14.17.29.2~~14.17.29.3 Where prior to ~~the start of each such Charging Year a~~ 1<sup>st</sup> April 2015 a Profile Class meter has already transferred ~~red~~ to Measurement Class settlement (HH) the associated Supplier may opt to treat the demand volume as Chargeable Demand Capacity (HH) for the purposes of TNUoS charging ~~for that Charging Year up until implementation of P272~~, subject to meeting conditions in 14.17.~~34~~29.6. If the associated Supplier does not opt to treat the demand volume as Demand Capacity (HH) it will be treated by default as Chargeable Energy Capacity (NHH) for ~~the each~~ full Charging Year up until implementation of P272.

~~14.17.29.3~~14.17.29.4 The Company will calculate the Chargeable Energy Capacity associated with meters that have transferred to HH settlement but are still treated as NHH for the purposes of TNUoS charging from Settlement data provided directly from Elexon i.e. Suppliers need not Supply any additional information if they accept this default position.

~~14.17.29.4~~14.17.29.5 The forecasts that Suppliers submit to the Company under CUSC 3.10, 3.11 and 3.12 for the purpose of TNUoS monthly billing referred to in 14.17.16 and 14.17.17 for both Chargeable Demand Capacity and Chargeable Energy Capacity should reflect this position i.e. volumes associated those Metering Systems that have transferred from a Profile Class to a Measurement Class in the BSC (NHH to HH settlement) but are to be treated as NHH for the purposes of TNUoS charging should be included in the forecast of Chargeable Energy Capacity and not Chargeable Demand Capacity, unless ~~14.17.24~~ 14.17.29.3 applies.

~~14.17.29.5~~14.17.29.6 Where a Supplier wishes for Metering Systems that have transferred from Profile Class to Measurement Class in the BSC (NHH to HH settlement) prior to 1<sup>st</sup> April 2015, to be treated as Chargeable Demand Capacity (HH / Measurement Class settled) of a Charging Year that begins prior to the implementation of P272 (e.g. prior to 1<sup>st</sup> April 2015), it must inform the Company prior to October 2015 ~~of the Charging~~



~~Year (e.g. before October 2015)~~. The Company will treat these as Chargeable Demand Capacity (HH / Measurement Class settled) for the purposes of calculating the actual annual liability for ~~that Charging Year (e.g. 2015/16)~~the Charging Years up until implementation of P272. For these cases only, the Supplier should notify the Company of the Meter Point Administration Number(s) (MPAN). For these notified meters the Supplier shall provide the Company with verified metered demand data for the hours between 4pm and 7pm of each day of ~~each~~the Charging Year up to implementation of P272 and for each Triad half hour as notified by the Company prior to May of the following Charging Year ~~following up until two years after the implementation of P272~~ to allow both initial and final reconciliation (e.g. May 2017~~6~~ and May 2018 for the Charging Year 2016/17). Where the Supplier fails to provide the data or the data is incomplete for a Charging Year TNUoS charges for that MPAN will be reconciled as part of the Supplier's NHH BMU (Chargeable Energy Capacity). Where a Supplier opts, if eligible, for TNUoS liability to be calculated on Chargeable Demand Capacity it shall submit the forecasts referred to in 14.17.~~33~~29.5 taking account of this.

~~14.17.29.6~~14.17.29.7 The Company will maintain a list of all MPANs that Suppliers have elected to be treated as HH. This list will be updated monthly and will be provided to registered Suppliers upon request.

## Further Information

- 14.17.1 14.24 Reconciliation of Demand Related Transmission Network Use of System Charges of this statement illustrates how the monthly charges are reconciled against the actual values for demand and consumption for half-hourly and non-half-hourly metered demand respectively.
- 14.17.2 **The Statement of Use of System Charges** contains the £/kW zonal demand tariffs, and the p/kWh energy consumption tariffs for the current Financial Year.
- 14.17.3 14.26 Transmission Network Use of System Charging Flowcharts of this statement contains flowcharts demonstrating the calculation of these charges for those parties liable.



## CUSC Code Administrator Consultation Response Proforma

### **CMP247 'TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322'**

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5:00pm** on **8<sup>th</sup> September 2015** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com)

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

<b>Respondent: <span style="color: red;">Anonymous</span></b>	
<b>Company Name:</b> <b><span style="color: red;">Anonymous</span></b>	
<b>Please express your views regarding the Code Administrator Consultation, including rationale.</b> <b>(Please include any issues, suggestions or queries)</b>	<p><i>For reference, the Applicable CUSC objectives are:</i></p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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);</li> <li>(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; and</li> <li>(d) Compliance with the Electricity Regulation and any</li> </ul>

relevant legally binding decision of the European Commission and/or the Agency.

**Code Administrator Consultation questions**

Q	Question	Response
1	<b>Do you believe that CMP247 better facilitates the Applicable CUSC objectives? Please include your reasoning.</b>	Yes, objective a). Removing the option for meters to be treated as HH settled for 2016/17 removes the competitive advantage that other suppliers may have of offering their customers a choice of NHH/HH during that period.
2	<b>Do you support the proposed implementation approach? If not, please provide reasoning why.</b>	No. Although CMP 247 attempts to simplify the transition for all participants, the late implementation of this change has the potential to create additional disruption within an already difficult transition process. The approval of BSC modification CMP241 by Ofgem earlier this year means that there is a high probability suppliers will already have spent time and money preparing for that change. The late arrival and implementation of CMP247 is likely to invalidate much of the time and money already spent to date as well as creating additional work and expenditure for suppliers to accommodate a new arrangement.
3	<b>Do you believe there are any unintended consequences arising from CMP247?</b>	Yes. As described in 2). Also, a number of consumers welcome the introduction of modification P272 as it will allow them to access TNUoS cost management as early as next year. By implementing CMP247, consumers will have to wait an additional year to enjoy one of the key benefits of P272.
4	<b>Do you have any other comments?</b>	There are arguments for and against implementing this modification proposal. Arguments for include: Simplicity and fairness for National Grid and suppliers, plus a reduction in the likelihood of TNUoS charge volatility. Arguments against include: Wasted time and expenditure for work done to date plus a delay for consumers in accessing benefits created by P272. On balance, CMP247 would have worked better for most participants had it been considered, communicated and implemented earlier. An implementation now has the potential to do more harm than good.

## CUSC Code Administrator Consultation Response Proforma

### **CMP247 'TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322'**

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5:00pm** on **8<sup>th</sup> September 2015** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com)

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

<b>Respondent:</b>	<i>Joseph Underwood – <a href="mailto:joseph.underwood@drax.com">joseph.underwood@drax.com</a></i>
<b>Company Name:</b>	<i>Drax Power Limited</i>
<b>Please express your views regarding the Code Administrator Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	Drax believes that CMP247 should be implemented as it will better facilitate Applicable CUSC Objectives (a) and (b), and is neutral to (c) and (d).

#### **Code Administrator Consultation questions**

<b>Q</b>	<b>Question</b>	<b>Response</b>
<b>1</b>	<b>Do you believe that CMP247 better facilitates the Applicable CUSC objectives? Please include your reasoning.</b>	Yes. We believe that CMP247 would better facilitate Applicable CUSC Objectives (ACOs) (a) and (b).  By removing the optionality for meters to be settled as HH, the predictability and stability of charges will increase. All Suppliers will be operating with the knowledge that no other Supplier could offer to the end consumer the option to be settled as HH thereby allowing effective competition. Further, CMP247 will mean meters are settled as NHH up until the implementation date meaning suppliers have a better forecast of customer behaviour through the Triad

		<p>period. This will also allow suppliers to better educate customers on the effects of their behaviours. The above better facilitates ACO (a).</p> <p>CMP247 allows meters to be treated as NHH until the implementation date, which enables the setting of cost reflective charging and reduces tariff volatility as demand charges can be based on historic numbers. This will better facilitate ACO (b).</p>
2	<b>Do you support the proposed implementation approach? If not, please provide reasoning why.</b>	Yes, it seems sensible.
3	<b>Do you believe there are any unintended consequences arising from CMP247?</b>	No. We feel that there are limited negative impacts on Industry over and above any already introduced and accepted as reasonable through the implementation of CMP241.
4	<b>Do you have any other comments?</b>	Not at this time.

## CUSC Code Administrator Consultation Response Proforma

### **CMP247 'TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322'**

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5:00pm** on **8<sup>th</sup> September 2015** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com)

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

<b>Respondent:</b>	<i>Martin Mate</i>  <a href="mailto:Martin.Mate@edf-energy.com">Martin.Mate@edf-energy.com</a>  <i>01452 654366</i>
<b>Company Name:</b>	<i>EDF Energy</i>
<b>Please express your views regarding the Code Administrator Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	<i>For reference, the Applicable CUSC objectives are:</i>  (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;  (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);  (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

	<p>licensees' transmission businesses; and</p> <p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</p>
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**Code Administrator Consultation questions**

Q	Question	Response
1	<p><b>Do you believe that CMP247 better facilitates the Applicable CUSC objectives? Please include your reasoning.</b></p>	<p><b>No.</b></p> <p><b>The proposal acts against CUSC Objective (a) concerning competition:</b></p> <p>EDF Energy's systems are designed to handle HH sites as fully HH, and temporary process workarounds are required to allow for NHH charges for HH sites. To extend this workaround for the numbers of meters transferred during 2015-16 into the 2016-17 year will greatly increase the process costs [estimated approximately 250 £k]. A fully automated solution would be even more expensive [estimated approximately 1 £m].</p> <p>We don't know how many other parties have the same issues, but we don't think it is reasonable to have expected HH sites to be charged as if they were NHH for an extended period, and to have to incur significant costs as a result of this proposal.</p> <p>If any other parties do have these same issues, the additional costs for participants could easily exceed the cost described by NGET (up to 2 £m) for it to charge HH meters in Measurement Classes E-G on a HH basis in 2016/17.</p> <p><b>The proposal acts against CUSC Objective (b) concerning cost-reflective charging:</b></p> <p>HH TNUoS charges at system triad reflect the marginal costs of transmission investment to meet maximum system demands at the time the charges are incurred. NHH TNUoS charges are based on these marginal costs at maximum system demand, but spread over a year for essentially practical reasons. These reasons relate to the nature of supply contracts and pricing for domestic and small customers, and inability to identify individual NHH consumer demand at the times of maximum use of transmission capacity. As a result, NHH TNUoS charges are less cost reflective of marginal transmission costs, and less likely to result in efficient transmission use and</p>



		<p>investment.</p> <p>Delaying the transfer to HH charging until the 2017/18 charging year will delay any benefit of potential customer triad response, both for those customers and for all future customers paying for additional transmission investment to meet maximum system demands.</p>
2	<p><b>Do you support the proposed implementation approach? If not, please provide reasoning why.</b></p>	<p>No.</p> <p>The proposal is effectively an alternative implementation approach to CMP241 for facilitating BSC Modification Proposals P272 and P322, which we do not support for the reasons given in response to question 1.</p>
3	<p><b>Do you believe there are any unintended consequences arising from CMP247?</b></p>	<p>We are uncertain whether the impacts described in our response to question 1 are intended or unexpected.</p> <p>Suppliers may have already contracted with customers into 2016-17 on the expectation of HH TNUoS.</p> <p>P272 and P322 do not apply to meters in HH Measurement Class F (domestic HH) or to meters in HH Measurement Classes E and G (non-domestic Current Transformer and non-domestic Whole Current metered) which would otherwise be in MC A NHH Profile Class 3-4. However, these would apparently be captured by these CUSC provisions relating to HH Measurement Classes E-G being charged NHH TNUoS. This is probably not material, but should be noted.</p>
4	<p><b>Do you have any other comments?</b></p>	<p><b>The number of sites opting for HH TNUoS charges in 2016-17 may be considerably less than considered by NGET in estimating its handling costs</b></p> <p>National Grid have indicated a maximum cost of 2 £m for supporting CMP241 with the later implementation date for P272 of 1 April 2017. We assume this assumes that suppliers request all meters migrated during 2015/16 to be charged half-hourly in 2016/17, with their data needing to be individually processed and distinguished from aggregate data provided for 2016/17 by Elexon. However, some suppliers may not intend to request this, in which case the cost for NGET could be considerably less. The workgroup should try to establish the likely takeup of the CMP241 option for HH TNUoS charging (which CMP247 would remove), and supplier's costs for accommodating CMP247, before making final recommendations.</p> <p><b>Aggregate over or under recovery of TNUoS within a</b></p>

		<p><b>year due to errors in forecasting HH and NHH demand should be relatively small.</b></p> <p>HH and NHH TNUoS charges are intended to be equivalent on average over a year. Outturn differences could arise in practice because of differences in load shape within individual populations, for example within PC5-8 compared with the aggregate NHH population, and within individual supplier portfolios. However, volume within NHH Profile Classes 5-8 is approximately 6% of total demand, and second order differences in aggregate charges and annual recovery is likely to be small at a national level compared with other uncertainties such as demand itself.</p> <p><b>Late decision would further increase costs</b></p> <p>The proposal creates uncertainty for future supply contract terms, customer communications, processes for pricing and billing, and for settlement of NGET charges. Early decision is essential to allow appropriate processes to be put in place as effectively as possible and processes under development for existing charges to be abandoned if necessary. A late decision to implement this proposal would further increase costs for implementation in short timescales, and further act against CUSC objectives relating to competition, since participants who have acted prudently in response to CMP241 would face unexpected costs as a result.</p> <p><b>See comments below on proposed legal text.</b></p>
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Suggested change to proposed legal text for accuracy:

“14.17.29.1 BSC modification P272 requires Suppliers to ~~move~~ **transfer most import meters currently registered in NHH Profile Classes 5-8** to **HH** Measurement Class E - G (i.e. changing ~~moving~~ from NHH to HH settlement).”

Once moved, the meters will no longer be NHH PC5-8 meters.

“14.17.29.3 Where prior to 1st April 2015 a Profile Class meter (**NHH**) has already transferred to **HH** Measurement Class E-G ~~settlement~~ (HH) the associated Supplier may opt to treat the demand volume as Chargeable Demand Capacity (HH) for the purposes of TNUoS charging up until implementation of P272, subject to meeting conditions in 14.17.29.6. If the associated Supplier does not opt to treat ~~such~~ the demand volume as Demand Capacity (HH) it will be treated by default as Chargeable Energy Capacity (NHH) for each full Charging Year up until implementation of P272.”

“14.17.29.5 The forecasts that Suppliers submit to the Company under CUSC 3.10, 3.11 and 3.12 for the purpose of TNUoS monthly billing referred to in 14.17.16 and 14.17.17

for both Chargeable Demand Capacity and Chargeable Energy Capacity should reflect this position i.e. volumes associated those Metering Systems that have transferred from a Profile Class to a HH Measurement Class E-G in the BSC (NHH to Below-100kW HH settlement) but are to be treated as NHH for the purposes of TNUoS charging should be included in the forecast of Chargeable Energy Capacity and not Chargeable Demand Capacity, unless 14.17.29.3 applies.”

All distribution end-user circuits fall into a Measurement Class under the BSC. NHH meters in Measurement Classes A (NHH metered) and B (NHH unmetered) fall into one of Profile Classes 1-8. Measurement classes E,F,G are applicable for below-100kW HH metered premises and P272/P322 apply to NHH meters in MC=A, PC=5-8 transferring to MC=E-G (described as PC=0 in some contexts).

Meters transferring from NHH to 100kW HH (Measurement Class C) should be treated in the normal, existing, manner.

14.17.29.6 and subsequently should say “from a NHH Profile Class to a HH Measurement Class E-G”.

P272 and P322 do not apply to meters in HH Measurement Class F (domestic HH) or to meters in HH Measurement Classes E and G (non-domestic Current Transformer and non-domestic Whole Current metered) which would otherwise be in MC A NHH Profile Class 3-4. However, these would be captured by these CUSC provisions relating to HH Measurement Classes. This is probably not material, but should be noted.

P272 and P322 do not apply to meters in HH Measurement Class C (>100kW HH Metered), and neither should CMP241/247.

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## CUSC Code Administrator Consultation Response Proforma

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These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

<b>Respondent:</b>	<i>Richard Mawdsley</i>  <a href="mailto:richard.mawdsley@havenpower.com">richard.mawdsley@havenpower.com</a>
<b>Company Name:</b>	<i>Haven Power</i>
<b>Please express your views regarding the Code Administrator Consultation, including rationale.</b>  <b>(Please include any issues, suggestions or queries)</b>	<i>For reference, the Applicable CUSC objectives are:</i>  (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;  (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);  (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

	<p>licensees' transmission businesses; and</p> <p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</p>
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**Code Administrator Consultation questions**

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	<b>Do you believe that CMP247 better facilitates the Applicable CUSC objectives? Please include your reasoning.</b>	<p>Yes. We believe CMP247 should be implemented as it better facilitates (a) and (b) of the applicable CUSC Objectives.</p> <p>(a) CMP247 provides stability and predictability of charges during the implementation of P272 by removing the option for meters to be settled as HH for the charging year 2016/17. This alleviates any concerns that another Supplier could offer the customer the option to be settled as HH, thus gaining a potential competitive advantage. If meters are settled as NHH up until the implementation date, it gives suppliers the opportunity to assess customer behaviour over the Triad periods, allowing them to better forecast future demand.</p> <p>(b) Treating meters as NHH until the Implementation date allows National Grid to use historic demand, whilst building up a view of actual behaviour over the Peak Triad periods for those meters in Measurement Classes E-G. This aids the setting of cost reflective tariffs as the demand charging base is based upon historical numbers.</p>
2	<b>Do you support the proposed implementation approach? If not, please provide reasoning why.</b>	Yes.
3	<b>Do you believe there are any unintended consequences arising from CMP247?</b>	No. We agree that there are limited negative impacts for Industry over and above any already introduced and accepted through the implementation of CMP241.
4	<b>Do you have any other comments?</b>	N/A.

## CUSC Code Administrator Consultation Response Proforma

### **CMP247 'TNUoS Demand Charges during the implementation of BSC Modification P272 following the approval of BSC Alternative Modification P322'**

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5:00pm** on **8<sup>th</sup> September 2015** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com)

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

<b>Respondent:</b>	<i>Colin Prestwich</i>
<b>Company Name:</b>	<i>SmartestEnergy</i>
<p><b>Please express your views regarding the Code Administrator Consultation, including rationale.</b></p> <p><b>(Please include any issues, suggestions or queries)</b></p>	<p><i>For reference, the Applicable CUSC objectives are:</i></p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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);</li> <li>(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; and</li> <li>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European</li> </ul>

**Code Administrator Consultation questions**

Q	Question	Response
1	<b>Do you believe that CMP247 better facilitates the Applicable CUSC objectives? Please include your reasoning.</b>	As far as the CUSC is concerned and the efficient implementation of TNUoS charging for NGT CMP247 is the correct thing to do. In terms of the CUSC objectives we feel the change is largely neutral with regards to them all except for objective a) (facilitating competition) for which there are clearly pros and cons. We can see that it creates clarity for customers but there are downsides for suppliers which we articulate below.
2	<b>Do you support the proposed implementation approach? If not, please provide reasoning why.</b>	We can understand the need for Triad charging to be consistent for any customer within a financial year. We also understand the practical difficulties when P272 implementation is spread over more than one year and for this reason NGT prefer to treat all PC 5-8 as NHH (unless already notified). However, it is only with reluctance that we can support the implementation approach because we cannot think of an alternative which will address the downsides.
3	<b>Do you believe there are any unintended consequences arising from CMP247?</b>	As a supplier P322 and CMP247 now make it difficult for us to handle PC5-8 customers within our systems. In effect we need to have customers on HH tariffs matched up with NHH TNUoS charging and this requires some IT changes. This is not impossible but it is made all the more difficult because we will have to reconcile our TNUoS bill for such customers when they are on HH data and not profiles.
4	<b>Do you have any other comments?</b>	We would like to be sure that if we pick up a customer on, say 1 <sup>st</sup> April 2016 and they state that they have been notified as an HH MC E customer by their previous supplier, that we can verify this with NGT. Indeed, if the customer is unsure we may need to ask NGT about many lists of MPANs. Are NGT geared up to confirm to suppliers which MPANs have already been accepted as HH MC E from other suppliers and which have not?

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Any queries on the content of the consultation should be addressed to Jade Clarke at [jade.clarke@nationalgrid.com](mailto:jade.clarke@nationalgrid.com)

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

<b>Respondent:</b>	<i>Garth Graham (garth.graham@sse.com)</i>
<b>Company Name:</b>	SSE
<p><b>Please express your views regarding the Code Administrator Consultation, including rationale.</b></p> <p><b>(Please include any issues, suggestions or queries)</b></p>	<p><i>For reference, the Applicable CUSC objectives are:</i></p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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);</li> <li>(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; and</li> <li>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European</li> </ul>



**Code Administrator Consultation questions**

<b>Q</b>	<b>Question</b>	<b>Response</b>
1	<b>Do you believe that CMP247 better facilitates the Applicable CUSC objectives? Please include your reasoning.</b>	<p>We note that CMP247 proposes that all meters which migrate into Measurement Classes E-G will be treated as NHH up until the full charging year after the Implementation date of P272 which is currently 1<sup>st</sup> April 2017. Those meters which migrated before April 2015 will still have the option to be treated as HH if Suppliers so wish.</p> <p>We believe that this CMP247 proposal will better facilitate Applicable CUSC Objectives (a) and (b) whilst being neutral with respect to (c) and (d). Our reasoning for this concurs with that from National Grid, as set out in paragraph 6.2 in the consultation document.</p>
2	<b>Do you support the proposed implementation approach? If not, please provide reasoning why.</b>	We note the proposed implementation approach set out in paragraph 4.1 of the consultation document and we support this approach.
3	<b>Do you believe there are any unintended consequences arising from CMP247?</b>	We have not to date identified any unintended consequences arising from CMP247.
4	<b>Do you have any other comments?</b>	We have no further comments.