

CUSC Modification Proposal Form		At what stage is this document in the process?												
<h1 style="color: #00a651;">CMP292:</h1> <h2>Introducing a Section 8 cut-off date for changes to the Charging Methodologies</h2>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border: 1px solid black; border-radius: 5px;">01</td> <td style="background-color: #00a651; color: white; border: 1px solid black; border-radius: 5px; text-align: center;">Proposal Form</td> </tr> <tr> <td style="text-align: center; border: 1px solid black; border-radius: 5px;">02</td> <td style="border: 1px solid black; border-radius: 5px; text-align: center;">Workgroup Consultation</td> </tr> <tr> <td style="text-align: center; border: 1px solid black; border-radius: 5px;">03</td> <td style="border: 1px solid black; border-radius: 5px; text-align: center;">Workgroup Report</td> </tr> <tr> <td style="text-align: center; border: 1px solid black; border-radius: 5px;">04</td> <td style="border: 1px solid black; border-radius: 5px; text-align: center;">Code Administrator Consultation</td> </tr> <tr> <td style="text-align: center; border: 1px solid black; border-radius: 5px;">05</td> <td style="border: 1px solid black; border-radius: 5px; text-align: center;">Draft CUSC Modification Report</td> </tr> <tr> <td style="text-align: center; border: 1px solid black; border-radius: 5px;">06</td> <td style="border: 1px solid black; border-radius: 5px; text-align: center;">Final CUSC Modification Report</td> </tr> </table>		01	Proposal Form	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification Report	06	Final CUSC Modification Report
01	Proposal Form													
02	Workgroup Consultation													
03	Workgroup Report													
04	Code Administrator Consultation													
05	Draft CUSC Modification Report													
06	Final CUSC Modification Report													
<p>Purpose of Modification: The purpose of this modification is to ensure that the charging methodologies (all Charging Methodologies as defined in the CUSC) are fixed in advance of the relevant Charging Year to allow The Company – as Electricity System Operator - to appropriately set and forecast charges. Introducing a cut-off date for changes to the methodologies will help to reduce the risk of charges out-turning differently to the forecasts produced by the Company and created by Users.</p>														
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> assessed by a Workgroup and determined by the Authority <p>This modification was raised 15 February 2018 and will be presented by the Proposer to the Panel on 23 February 2018. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>													
	<p>High Impact: Chargeable Users, The Company</p>													
	<p>Medium Impact</p>													
	<p>Low Impact</p>													

Contents		 Any questions?
1 Summary	4	Contact: Code Administrator
2 Governance	5	 cusc.team@nationalgrid.com
3 Why Change?	5	
4 Code Specific Matters	6	Proposer: Harriet Harmon
5 Solution	6	 Harriet.harmon@nationalgrid.com
6 Impacts & Other Considerations	6	 07970458456
7 Relevant Objectives	6	National Grid Representative: Harriet Harmon
8 Implementation	7	 Harriet.harmon@nationalgrid.com
9 Legal Text	7	 07970458456
10 Recommendations	7	
Timetable		
The Code Administrator recommends the following timetable:		
Initial consideration by Workgroup	March – August 2018	
Workgroup Consultation issued to the Industry	September 2018	 Harriet.harmon@nationalgrid.com
Modification concluded by Workgroup	January 2019	
Workgroup Report presented to Panel	February 2019	 07970458456
Code Administration Consultation Report issued to the Industry	March 2019	
Draft Final Modification Report presented to Panel	April 2019	
Modification Panel decision	April 2019	
Final Modification Report issued the Authority	May 2019	
Decision implemented in CUSC	June 2019	

Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party (System Operator)
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Harriet Harmon National Grid Electricity Transmission 07970458456 Harriet.harmon@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Jon Wisdom National Grid Electricity Transmission 07929375010 jon.wisdom@nationalgrid.com
Attachments: One – Section 8 Draft Legal text changes	

Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

1 Summary

Defect

Under the current framework, CUSC Modification Proposals that alter or otherwise affect the Charging Methodologies can come into effect any time until 31st March of a given year. The Company will, when setting tariffs in January, base its charges on any CUSC Modification Proposals or relevant WACM which have been approved by the Authority with effect from the following charging year. Where the Authority makes a decision to approve a CUSC Modification Proposal in the latter half of a charging year, it gives The Company little time to amend its forecasts and/or final tariffs, or to make system and process changes in time for the following charging year.

What

The existing provisions of the CUSC which place no restrictions on the implementation of charging modifications within a particular timeframe should be updated such that a charging methodology for charging year 'y' should be unalterable after 30th September of y-1. For the avoidance of doubt, a User or Materially Affected Party will be able to raise CUSC Modification Proposals that affect the Charging Methodology at any time, but where Authority consent is not received by 30th September of year y-1, the CUSC Modification Proposal will, unless it has been granted Urgent status by the Authority, or the Authority has otherwise directed, take effect from the charging year y+1.

Illustrative example:

Impact should publication of Authority's decision before 30 September

CMP raised – Feb 2019

CMP approved – 26 September 2019

CMP implemented – April 2020

Impact should publication of Authority's decision after 30 September

CMP raised – Feb 2019

CMP approved – October 2019

CMP implemented – April 2021

This proposal is to introduce the concept of delayed implementation based on Authority decision date into Section 8 of the CUSC.

Why

Under the existing arrangements, The Company publishes forecasts of tariffs which, per the rationale behind unrelated CUSC Modification Proposals (CMPs 286 and 287), Supplier Users rely on to create their own internal forecast, which is included in pricing for end consumers. Due to the significant work involved, The Company will not – generally – publish forecasts based on hypothetical scenarios, and as such, will not consider in its forecasts any CMP which has not yet been approved by the Authority. If

changes to a methodology are approved by the Authority within Q4 of a calendar year, and have an implementation date of the next Charging Year, The Company must update its forecasts with the relevant information, and must redesign its final tariff calculations and make requisite system and process changes within very tight timescales, which may not always be feasible. It is therefore difficult for The Company to manage appropriate testing etc. of the new tariffs, but equally difficult for Supplier Users to be able to make an assumption regarding the appropriate values to include in consumer pricing.

How

Introduction, into Section 8, of a limit of 30th September for the approval of a CMP which is governed under the Charging Applicable Objectives where such a CMP is to be implemented in the following Charging Year.

2 Governance

Justification for Normal Procedures

The proposal should follow the normal CUSC governance process as it is a material change to CUSC parties.

Requested Next Steps

This modification should:

- be assessed by a Workgroup

This will allow the development of the solution and appropriate legal text and allow any associated issues to be explored.

3 Why Change?

Under the existing arrangements, The Company publishes forecasts of tariffs which, per the rationale behind an unrelated CUSC Modification Proposal (CMP 287), Users rely on to create their own internal forecast, which is included in pricing. Due to the significant work involved, The Company will not – generally – publish forecasts based on hypothetical scenarios, and as such, will not consider in its forecasts any CMP which has not yet been approved by the Authority. If changes to a methodology are approved by the Authority within the second half of a Charging Year, and have an implementation date of the next Charging Year, The Company must update its forecasts with the relevant information, and must redesign its final tariff calculations and make system/process changes within tight timescales. It is therefore difficult for The Company to manage appropriate testing etc. of the new tariffs, but equally difficult for Supplier Users to be able to make an assumption regarding the appropriate values to include in consumer pricing.

We note with interest the recent approval of DCUSA DCP293 which creates a similar 'freeze' to the DUoS methodology in the CDCM and would suggest that the benefits to

the industry and to the end consumer through that DCP would be similar to those delivered through this CUSC Modification Proposal.

4 Code Specific Matters

Technical Skillsets

Familiarity with the Charging Methodology and Applicable Objectives;
 Familiarity with the TNUoS tariff-setting process

5 Solution

Legal text provided in attachment 1.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

Whilst not part of the current charging Significant Code Review or Targeted Charging Review, we are mindful that changes to the Charging Methodologies may be approved within Q4 (calendar) 2018 and would suggest that the Workgroup should monitor the interaction between the two.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

Supplier Users should have greater certainty of the final tariffs which should be included within their consumers' prices. Consumers should therefore see a more cost-reflective charge which better aligns with The Company's charges. It may also be possible for Supplier Users to reduce their risk premia which – per CMP 286 and 287 – they use to mitigate volatility.

7 Relevant Objectives

Mandatory for the Proposer to complete. Please delete the CUSC Objectives that is not applicable.

Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive – cementing the Charging Methodology in advance allows The

	Company to avoid unnecessary CAPEX/OPEX currently resultant of late changes to the Charging Methodology .
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Positive – supports Users in creating their own forecasts
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – provides certainty to The Company and all CUSC Parties as to the Charging Methodology to be used; ensures that last minute/urgent updates to CUSC legal text are not required.
*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).	

8 Implementation

Whilst the Workgroup should ultimately recommend the Implementation Date, it is The Company's view that this modification should be implemented on 1st April 2019, such that no changes to any Charging Methodologies may be made after 30th September 2019 where that change would come into force on 1st April 2020.

9 Legal Text

Please refer to attachment 1.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to agree that Normal procedures shall apply, and to refer this proposal to Workgroup for assessment.