



Making a positive difference
for energy consumers

CMP280 Proposer

and

CP319/321 Proposer

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Dear CMP280 and CP319/321 proposer,

Industry modifications on storage network charging

This letter concerns three code modifications that industry is developing to correct defects in the network residual charging methodology. The modification proposals all look at removing demand residuals to both generation and storage.

The three modifications are:

- CMP280 - Creation of a new generator TNUoS demand tariff which removes liability for TNUoS demand residual charges from generation and storage users
- CP319 - Removal of residual charging for embedded generators in the CDCM
- CP321 - Removal of residual charging for embedded generators in the EDCM

We are concerned that these three modifications, by including generation in their scope, move away from the original intention of the Smart Systems Plan and interact with ongoing work that has been progressing as part of the Targeted Charging Review (TCR) Significant Code Review (SCR). This may result in us not approving the modification or directing that the proposals be treated as falling within scope of the SCR and be rejected. The TCR SCR is reviewing the residual charging for transmission and distribution, for both generation and demand. In the TCR SCR launch, we stated that only the applicability of residuals to storage was out of scope of the SCR:

*"We think that, in order to deliver changes as quickly as possible, changes to network charges **for storage** should proceed through the usual code modification process..."*

We encourage you to be mindful of these overlaps and consider how best to manage them. This may include revisiting quickly the scope of the modification proposals to remove the generation element, or the timing for developing a robust and consistent solution. We are very aware that the topic is complex, but we are keen to ensure that work done by us and by industry is consistent and delivers the policy intent in the most effective way. We plan to publish a consultation on our TCR proposals later this year.

The Office of Gas and Electricity Markets

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Should you want to discuss this letter, please contact Andrew Self
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Yours faithfully

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