

Response to Ofgem Consultation on CMP343

Question 1: Do you agree with our assessment of the distributional impacts of the flooring approaches?

- We agree with the assessment of the distributional impacts of the flooring approaches.

Question 2: Do you agree that, of the flooring options presented, flooring at 0 best meets the TCR Principles and Applicable CUSC Charging Objectives?

- We agree that a floor with a locational adjustment would introduce unnecessary complexity by introducing variable TNUoS prices across the 14 DNO regions. We also recognise that the no floor option has the potential to introduce a new distortion, incentivising demand at peak times in certain regions. We therefore agree that in this case, flooring at zero is an appropriate option.

Question 3: Do you agree with our assessment of the distributional impacts of the banding approaches?

- We agree with the assessment of the distributional impacts of the banding approaches.

Question 4: Do you agree that, of the banding options presented, four bands best meets the TCR Principles and Applicable CUSC Charging Objectives?

- We approach this question from the perspective of a storage operator. At present, pure storage sites connected to the distribution and transmission networks can apply for exemptions from demand residual charges. Furthermore, according to CMP363, at sites that combine storage with final demand 'non final demand will not be included if it is separately identifiable via a meter or BMU'. On this basis, we find that when implemented alongside exemptions mechanisms and methods to separate storage from final demand volumes, four bands meets the TCR principles and the ACOs. Storage operators provide valuable grid services and use low final demand volumes; so long as the banding



methodology registers these facts, we find it to meet the TCR principles and the ACOs.

Question 5: Do you consider that any of the options presented adequately addresses very small users (including those associated with mixed use sites)?

- We believe that WACM2 addresses the needs of very small users by ensuring that they do not pay disproportionately high charges for their relatively low energy demand. However, we stress that in order to avoid unfair charges for storage operators, exemptions and processes to allow the separation of final and non-final demand must continue to apply.

Question 6: Do you agree with our minded-to decision to approve CMP343 WACM2?

- We support WACM2, provided that exemptions and the processes allowing the separation of final and non-final demand continue to apply.

Question 7: Do you agree with on our minded-to decision that implementation should be delayed by a year, until April 2023?

- We agree that implementation should be delayed until April 2023.