

Tim Aldridge
Senior Policy Manager
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

5 July 2021

Dear Tim

CMP343 – MINDED-TO DECISION AND DRAFT IMPACT ASSESSMENT

Thank you for the opportunity to comment on your minded-to decision on CUSC CMP343 “Transmission Demand Residual bandings and allocation for 1 April 2022 implementation”. Our answers to the consultation questions are in Annex 1. We would highlight the following key points:

Notice period and impact on contracts

While we appreciate the need for Ofgem to delay implementation of CMP343, the timing of the announcement of the delay has resulted in unforeseen additional costs and effort for suppliers and customers wishing to arrange contracts with an end date after April 2022. We would request that Ofgem considers how similar impacts could be avoided in the context of ongoing work on the Access and Forwarding Looking Charges SCR.

Notice of revised charges once decision made

We request that updated forecasts are published as quickly as possible once Ofgem reaches its final determination to allow all suppliers and customers to plan as accurately as possible for the implementation of CMP343.

Should you wish to discuss any of these points further then please do not hesitate to contact me or Lorna Mallon (lorna.mallon@scottishpower.com, 0141 614 1163).

Yours sincerely,



Richard Sweet
Head of Regulatory Policy

**TCR: CMP343 – MINDED-TO DECISION AND DRAFT IMPACT ASSESSMENT –
SCOTTISHPOWER RESPONSE**

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

Yes, we agree that flooring is the best option. However, there has to be recognition of the impact on consumers who had previously benefited.

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

Yes, we agree that flooring at zero is the most straight forward and simplest option.

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

While we do agree with the assessment of the bandings approach it has to be recognised that the boundaries between bands may lead to unintended consequences on customers. Further, there may be grounds to reassess individual customer bandings following the pandemic as this could have fundamentally changed a customer's usage patterns. We believe extending the implementation date to April 2023 provides an opportunity to do this, and would request that it is done in a way that allows suppliers to be made aware of the review to help them quote as accurately as possible.

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

Yes, we recognise the analysis carried out to date and why four bands better fits the Principles and Objectives.

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 there should be a period of detailed analysis following implementation to fully assess the impacts on all users, including very small ones. However, as DUoS charging is already based on the same bandings, any changes will have a knock-on impact outwith the CUSC.

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

Yes, we agree that WACM2 better facilitates the CUSC Objectives.

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

While we fully agree with the one-year delay, we note that the way it was carried out has caused additional effort and costs for us as a supplier as we had already factored in the impact of the revised TNUoS element when considering new customer contracts with an end date beyond April 2022. As we are already quoting for contracts beyond April 2023 we request that Ofgem makes their final determination as quickly as possible to allow revised forecasts to be issued to suppliers to including in their quoting tools

ScottishPower

July 2021