

CUSC Workgroup Consultation Response Proforma

CMP306 'Align annual connection charge rate of return at CUSC 14.3.21 to price control cost of capital'

Industry parties are invited to respond to this 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 **16 May 2019** to cusc.team@nationalgrideso.com Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Rachel Hinsley at rachel.hinsley1@nationalgrideso.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Andrew Sherry Andrew.Sherry@enwl.co.uk
Company Name:	Electricity North West
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	<p>For reference, the Applicable CUSC Objectives for the Use of System Charging Methodology are:</p> <p>(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;</p> <p>(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);</p> <p>(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;</p> <p>(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*; and</p> <p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p>

	<p>*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).</p>
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Standard Workgroup consultation questions

Q	Question	Response
1	Do you believe that CMP306 Original proposal, better facilitates the Applicable CUSC Objectives?	We do believe that by making connection charges more cost reflective that this modification will better facilitate the Applicable CUSC Objectives.
2	Do you support the proposed implementation approach?	The proposed implementation approach is reasonable and appropriate for this modification proposal.
3	Do you have any other comments?	Increased transparency should enable consumers and users to benefit from cost reflective charges being levied.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.

Specific questions for CMP306

Q	Question	Response
5	Do you agree with the approach proposed by CMP306 to the MEA uplift?	We are comfortable with the approach being taken in respect of the 1.5 percentage points uplift in that should this need to be reviewed it would be under a separate modification.
6	Do you think that the TOs should publish their individual WACC's/rate of return for MEA assets? If so, do STC modifications need to be raised to achieve this?	Publication within the Statement of Use of System Charges would be useful for impacted parties and future discussions between the TOs will inform the decision on whether STC modifications would be needed.
7	Do you agree with the approach to use regional TO WACC's? If not, do you think that the average model is better, or do you have any other suggestions?	The intent is to improve the cost reflectivity of connections charges, consequently it seems appropriate that regional TO WACCs be used.