

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 **08 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 Shazia Akhtar at Shazia.akhtar2@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:	<p><i>Grahame Neale</i></p> <p>07787 261 242</p> <p>Grahame.Neale@nationalgrideso.com</p>
Company Name:	<p><i>National Grid Electricity System Operator</i></p>
<p>Please express your views regarding the Workgroup Consultation, including rationale.</p> <p>(Please include any issues, suggestions or queries)</p>	<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</p>

	<p>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?	Yes, we believe the CUSC objectives will be better facilitated by the proposal.
2	Do you support the proposed implementation approach?	We support the proposed implementation approach however we note that consequential changes to the STC (SO-TO Code) will be required to ensure NGESO has the required information and processes to administer the proposes required to implement the prooosal.
3	Do you have any other comments?	None
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<i>If yes, please complete a WG Consultation Alternative Request form, available on National Grid's ESO website¹, and return to the CUSC inbox at cusc.team@nationalgrideso.com</i>

Specific questions for CMP306

Q	Question	Response
5	Do you agree with the approach proposed by CMP306 to the MEA uplift?	<i>Yes, the proposal is consistent with the current methodology for MEA (i.e. $MEA = RPI + 1.5\%$) – any party wishing to change the methodology for MEA are welcome to do so via a separate CUSC modification proposal.</i>
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?	Yes, we support the TOs stating the applicable WACC in their respective charging statement and a supporting STC modification would be beneficial to support this.

¹<https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc>

Q	Question	Response
7	<p>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?</p>	<p>We believe TO specific WACCs are the best approach as it is the most cost reflective whilst easier for NGESO to administer than an 'average WACC'</p>