

CUSC Code Administrator Consultation Response Proforma**CMP317 - Identification and exclusion of Assets Required for Connection when setting Generator Transmission Network Use of System (TNUoS) charges; and CMP327 - Removing Generator Residual Charges from TNUoS (TCR)**

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 to cusc.team@nationalgrideso.com by **5pm on 20 July 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Joe Henry joseph.henry2@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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For reference the applicable CUSC objectives are:

- 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;*
- 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);*
- 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;*
- 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*
- e. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**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).*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Do you believe that the CMP317/327 Original solution, or any WACMs better facilitate the Applicable CUSC Objectives?	<p>WACM72 best meets applicable CUSC objectives.</p> <p>Original does NOT meet applicable CUSC objectives.</p> <p>Based on these key principles:</p> <p>Adjustment is a Residual by another name, best avoided to minimise market distortion.</p> <p>The report shows that, without residual, the total recovered from generation is an arbitrary amount based on (in respect of generation) an arbitrary choice of reference node. This arbitrariness does not meet CUSC objectives of (a) competition [particularly viz European generation] nor (b) reflective of licensee costs (it's arbitrary!).</p> <p>To meet the CUSC objectives, it is necessary to make a conscious choice of average charge (whether by choice of reference node, or other means). Absenting a choice, and relying on the Limiting Regulation's upper bound, effectively means targeting the upper bound, which, as above, does not meet CUSC objectives (a) nor (b).</p> <p>However, it has been noted, in the WG and elsewhere, that a target average of 0 can better facilitate competition in respect of European generation (any target above 0.5 £/MWh being a disbenefit to competition), and will provide symmetry with the methodology as applied to demand. We support this view. We have not seen evidence nor a compelling argument to justify allowing the very upper limit of the Regulation to become the de facto target. Least likelihood of any adjustment (i.e. effective residual) is needed, and no error margin is needed, with a target of 0.</p>
2	Do you support the proposed implementation approach?	<p>Clause 9.2.6 of the consultation notes on phasing - it may be appropriate but "would not be necessary for all alternatives and would be most appropriate where the expected increase in costs to Generators as a result of the modification proposal was considered material enough to require such phasing.". We agree with this commentary.</p>

3	Do you have any other comments?	<p>In our Work Group report we asked why the combination of “GOS” and “Target Zero” were missing – we are pleased to see this addressed (among other options) in the Code Admin cons report.</p> <p>Regarding – the Three Options for the definition</p> <p>We can support either:</p> <ul style="list-style-type: none">ii) Generator Only Spuriii) ...Except Pre-existing... <p>Noting that (ii) is pragmatically implementable, whilst the WG note that there is more work to do to define in detail what is meant by (iii), and whether or not it best aligns with the CMA decision.</p> <p>We cannot support</p> <ul style="list-style-type: none">i) ...All Local Circuit...: <p>[this..] uses a very broad interpretation of excluded charges, which includes equipment shared with many other users, including huge numbers of demand customers. We think this stretches the possible interpretation of ‘physical assets required for connection’ beyond reasonableness, against the principle intent of the Limiting Regulation. This is a challenge for, and we believe a failure to comply with, objective (d), compliance with relevant binding decisions.</p>
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