

CUSC Workgroup 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 the Generator Residual from TNUoS Charges (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 by **5pm** on **12 March 2020** 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 Paul Mullen at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent:	<i>Alan Currie Alan.currie@ventientenergy.com</i>
Company Name:	<i>Ventient Energy</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	<i>The workgroup consultation is a direct result of an Ofgem Authority decision concluded from the Targeted Charging Review. The workgroup has delivered a comprehensive review of the decision implications, objectives along with potential solution and feasible alternatives.</i>

Standard Workgroup Consultation questions

Q	Question	Response
1	<i>Do you believe that CMP317/CMP327 Original Proposals better facilitates the Applicable CUSC Objectives?</i>	<p><i>For reference the applicable CUSC objectives are:</i></p> <p>a) <i>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;</i></p> <p>b) <i>That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably</i></p>

		<p><i>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);</i></p> <p>c) <i>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;</i></p> <p>d) <i>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</i></p> <p>e) <i>Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p> <p><i>*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).</i></p>
2	Do you support the proposed implementation approach?	The proposed implementation is yet to be finalised with many alternatives being proposed to charging considerations and implementation timeframe. Please see further discussion in the CMP317/327 specific questions.
3	Do you have any other comments?	No.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.

Specific CMP317/327 questions

Q	Question	Response
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5	<p><u>Definition of physical assets required for connection to the system</u></p> <p>a) Do you agree with the three options identified in Section 4, Paragraphs 2.1-2.4? If so, which do you prefer, and why?</p> <p>b) Is there another option you think should be considered, and why? Please provide evidence if possible.</p>	<p>.(a) We agree that the three options put forward can address the defect. Option ii, Generator Only Spur is our preferred option as it addresses the specific generator costs with the other options being broad and open to additional, unnecessary assets being considered as required for connection as highlighted in section 4, 2.2.2 of the consultation document.</p> <p>.(b) No</p>
6	<p><u>Amount targeted (G average)</u></p> <p>a) Do you agree with the four options highlighted in section 4, paragraph 3 for where in the range set out by the Limiting Regulation should be targeted? If so, which do you prefer and why?</p> <p>b) Is there another option you think should be considered, and why? Please provide evidence if possible.</p>	<p>.(a) We believe that the workgroup have rightly reviewed the reasoning and impacts of targeting a range within €0-2.50/MWh. Targeting €0-0.5/MWh would bring the GB market in line and competitive with most other Member States in the EU. This would help address a market advantage that EU Member States have when interconnected to the GB market and would help increase cross border trade.</p> <p>.(b) No.</p>
7	<p><u>Error Margin</u></p> <p>a) Do you agree with the two options highlighted in section 4, paragraph 4 in regards to the inclusion of an error margin?</p> <p>b) Is there another way to calculate the methodology for an Error margin? Please provide evidence if possible.</p>	<p>.(a) We agree with section 4.2 in that no error margin would be required if a target cap of €0-0.5/MWh is applied. As this is our favoured position, we do not think an error margin would be required.</p> <p>.(b) No.</p>
8	<p><u>Implementation</u></p> <p>The workgroup has identified a phased implementation approach may be preferable. Do you agree with this position or not, and if so, why? Please provide evidence if possible.</p>	<p>No. Further review of TNUoS charging is ongoing within the Access and Forward-Looking Charges Significant Code Review (SCR), this could result in further changes to TNUoS charging with a proposed implementation date of 01/04/2023. Our preferred implementation would coincide, and consider, the outcomes of the Access SCR alleviating potentially</p>

		large swings in TNUoS charging through FY22-FY24 and allow businesses the opportunity to forecast with an acceptable level of certainty. A flexible phased approach that could be adopted allowing the outcome of the Access SCR to be addressed could also be reviewed with the aim of minimising large swings in TNUoS Charging over the different implementation time frames of the two SCR decisions.
9	<p><u>Modules</u></p> <p>The workgroup have identified a number of permutations in Section 4, Paragraph 8 that could work as possible alternative solutions.</p> <p>a) Do you think any of the modular combinations are incompatible?</p> <p>b) Is there an additional module combination that you think should be considered? If so, please provide justification.</p>	<p>.(a) We would question why an error margin is required for permutation xi, targeting €0/MWh should provide enough buffer to not need the error margin.</p> <p>.(b) No.</p>
10	<p>In section 4 paragraph 2.2.6 and 2.5.3, the workgroup has identified its proposed approaches to island links. Do you agree or disagree with any of these suggested approaches? Please provide justification.</p>	<p>We thank the ESO for presenting the additional impact assessment, as per question 5 we believe that removing shared local assets, including Island Links from the exclusion best implements unnecessary assets being considered as required for connection as highlighted in section 4, 2.2.2 of the consultation document.</p>
11	<p>In section 4 paragraph 6, the workgroup has identified its consideration of the Reference Node.</p> <p>a) Do you have any evidence that would support solutions which include the Reference Node?</p> <p>b) Do you have any views on the Workgroup progressing this</p>	<p>a. No</p> <p>b. Yes, its clear that work around the reference node has been discussed at length yet no work with reported results have been undertaken. If manipulation of the reference node could achieve a methodology that would create a fair and proportional change to Transmission charging when reducing the Transmission generation residual to zero, then this should be reviewed further. As reference node is also in scope of the Access SCR it I vital that any changes implemented wold need to align and not counteract one another.</p>

	work alongside the Access and Forward Looking Charges SCR?	
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