

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.

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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?	All of the alternatives are better than the Original. WACM 9 is the best option
2	Do you support the proposed implementation approach?	See below.
3	Do you have any other comments?	<ul style="list-style-type: none"> The Original is better than the baseline as meets Ofgem's direction, thereby meeting objective (d). <p><i>Assets required for connection</i></p> <ul style="list-style-type: none"> However, the Original's definition of "assets required for connection" is too wide and so alternatives that use a narrower definition better facilitate objective (a) Of these different definitions "Generator-only spurs" is practical (objective e) and compliant (objective d). The other definitions seem to be difficult to implement. <p><i>Amount targeted</i></p> <ul style="list-style-type: none"> The wider charges define the relative cost of locating generation. The absolute cost produced by the model is arbitrary. Therefore, objectives (a) and (b) are best delivered by a target of G=0 as it is not arbitrary, is compliant with the Limiting Regulation and maximises competition given the charges across Europe. Having no target within the range is arbitrary and the WACMs which target a value other than zero are better than the original but are less coherent a solution as an option that targets zero. <p><i>Error margin</i></p> <ul style="list-style-type: none"> An error margin is not required if G=0 is the target as FX rates changes cannot cause any error (objectives (a) and (e)) <p><i>Phasing</i></p> <ul style="list-style-type: none"> If G=0 is the target then there is no need for phasing. However, given the magnitude of the change produced by the original, then phasing is

		<p>appropriate for options which do not have a target (i.e. they are better than the original) and consistent with precedents (facilitating objective a)</p> <p><i>BSC Costs</i></p> <ul style="list-style-type: none">• The argument made in the RWE papers is a good one, however, it is not definitive. The response from Ofgem to the workgroup implies that we have an answer to this question and so to meet objective (e) WACMs which do not include these costs are better than WACMs that do include these costs. <p><i>Congestion Costs</i></p> <ul style="list-style-type: none">• The argument made in the RWE papers is a good one, however, it is not definitive and this ambiguity means it is difficult to form an opinion. In order to minimise complexity and so to meet objective (e) then it seems best not to include these costs. Charging BSUoS to generation should be addressed through the BSUoS taskforce. WACMs which do not include these costs are better than WACMs that do include these costs. <p><i>2-Step Ex Ante Adjustment</i></p> <ul style="list-style-type: none">• This is only required when BSC Costs and/or Congestion Costs are included. So, for the reason given in the above paragraphs, the best option does not require a two-step adjustment.
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