

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>Dennis Gowland. dennis@researchrelay.com</i>
Company Name:	<i>Neven Point Wind Ltd</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	Whilst in the context of averaged charges within the UK grid system it could be argued that the Scottish Islands, and to a lesser extent other onshore peripheral areas, would suffer a minor direct effect by the impact of the Original proposal, it is not the whole story. The modification in its Original form could have the effect of further exacerbating effects of the charging methodology which tend to remove these important links from taking part in the (historical) G/D split whereas Generators in the part of the grid known as 'wider' (MITS) qualify.

Standard Workgroup Consultation questions

Q	Question	Response
1	<p><i>Do you believe that CMP317/CMP327 Original Proposals better facilitates the Applicable CUSC Objectives?</i></p> <p><i>The Original does not facilitate objective a) – is a dis-benefit toward making Island wind generation competitive in the UK and European market.</i></p>	<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</i></p>

	<p>No comment</p> <p>No Comment</p> <p>The Original does not facilitate objective d) -</p>	<p>which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees The 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>
2	Do you support the proposed implementation approach?	No comment
3	Do you have any other comments?	
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No

Specific CMP317/327 questions

Q	Question	Response
5	<u>Definition of physical assets required for connection to the system</u>	The 3 options – parts of the system costs which are potentially EXCLUDED Option 1 – All local circuits (which includes ALL

	<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>Island links) – as proposed in the Original. Answer NO, this definition is far too wide – these should not be part of the Exemption (see also answers to Options 2 and 3). Reason it would mean that important centres of renewable generation and physical infrastructure which elsewhere on the same UK grid would be treated in a different (and discriminatory) way. It also runs contrary to the UK Government’s policy of Zero carbon by 2050 (2045 in Scotland) and to the identification of a ‘climate emergency’.</p> <p>Option 2 – Generator only spurs. Answer Yes – if these are identified as for sole use of a generator to the MITS .</p> <p>Option 3 - Local circuits except pre-existing and shared assets. Answer – Yes, where such circuits are NOT shared by more than 1 generator and/or distribution.</p>
	<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>If UK generation is to be competitive in cross border trading there should be no reason to target the top of the range of the Limiting Regulation.</p> <p>A reasonable figure, which would accord with most of the charges in EU member states would be €0.50 per MWh.</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>	
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>It seems fairer to phase this in as investment decisions may have already been made in the belief that that, in particular, TGR would still have a negative value.</p>
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>Option (vi) Preferred</p> <p>Otherwise</p> <p>Generator only spurs, €0.50, no error margin.</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>The WG identified the proposed approaches to Island Links</p> <ol style="list-style-type: none"> 1. That excluding the Charges for local circuits and substations in respect of Island Links, or other physical assets, used by demand or other generators, is not compliant with the Limiting Regulation ('EU Cap') – Agree (from 2.2.6) 2. That removing Island Links from the Exclusion means (by 2024/5) table 2.5.3 a difference of 8% in averaged UK charges compared to table 2.5.2 where they are included in the Exclusion. <p>Note that if you look at the Excel sheet (3 tabs) TGR = zero impact analysis. You will note that in 'inputs' that for 2024/5 at a rate of recovery of 11.2% from Generation to the overall TNUoS revenue, that the amount contributed by onshore local circuit tariffs (most of which are Island Links) is £ 111.6m whereas the whole contribution for Generation for the whole of the UK grid (not including offshore) would be £387.43m (Cell I8 * percentage cell I 6).</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</p>	

	<p>support solutions which include the Reference Node?</p> <p>b) Do you have any views on the Workgroup progressing this work alongside the Access and Forward Looking Charges SCR?</p>	
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