

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	<p>Do you believe that the CMP317/327 Original solution, or any WACMs better facilitate the Applicable CUSC Objectives?</p> <p><i>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;</i></p> <p>Yes, WACMs that target €0-1.25 in line with many European countries facilitates more effective competition in the generation and sale of electricity within the GB market and cross border trade.</p> <p><i>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);</i></p> <p>Yes, WACMs that target €0-1.25 deliver a charging regime that fulfils the TCR objective and complies with the EU regulatory cap of €2.5.</p> <p><i>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;</i></p> <p>Yes.</p> <p><i>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</i></p> <p>Yes, Only WACMs that target €0-1.25 facilitate this objective. It is clearly stated by the ESO that having no target range as stated in the original results in a breach of the €2.5 cap in charging year 22/23.</p>

		<p><i>E: Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p> <p>Neutral.</p>
2	Do you support the proposed implementation approach?	TNUoS charges to the generation community can be significant, for this reason we firmly agree that a phased approach over 2-3 year would be preferable.
3	Do you have any other comments?	<p>Ofgem have stipulated through the TCR decision that the TGR be reduced to zero, removing residual charges from generators making “residual charges simpler and more transparent”. The ESO original proposed solution for CMP 317-327 has no target value within the €0-2.5 range and highlights that an “Adjustment” factor (residual by another name) will be utilised when the €2.5 cap is breached, currently forecast charging years 22/23 onwards. This solution must be untenable by Ofgem given it does not remove a residual correction factor whilst adhering to the €2.5 MWh European price cap as per the TCR directive.</p> <p>The ESO demonstrate that the adjustment factor will be required from charging year 22/23 onwards thus removing the residual charge for a single year.</p> <p>The work carried out by the 317-327 workgroup is substantial but highlights that to remove the residual element of TNUoS a target of €0-1.25 should be adopted, the € target is the pivotal input in the calculation methodology. Targeting €0-1.25 would provide a longer-term charging methodology that complies with the Ofgem TCR directive.</p> <p>The workgroup report also highlights that targeting €0-1.25 would be beneficial to the GB charging regime and CUSC objectives on competition bringing the charge more in line with interconnected European countries.</p>