

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
Respondent name:	Patrick Smart
Company name:	RES UK & Ireland Limited
Email address:	patrick.smart@res-group.com
Phone number:	01913000452

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?	We understand that CMP317/327 was proposed in order to give effect to Ofgem TCR conclusions and the need to ensure ongoing compliance with EU Regulation 83/2010. To this extent we believe that CMP317/327 better facilitates Applicable Objective d). However, we are also clearly of the view that the Original Proposal would be detrimental to achievement Applicable Objective a) – facilitating effective competition in generation and supply. We think it would cause long term damage to the confidence of those considering investment in essential least cost zero carbon renewable and flexibility projects. This would run contrary to the best interests of the GB energy consumer. We consider that the Original Proposal would have only a neutral effect on the other Applicable CUSC Objectives. We think that WACM 72 would best meet the Applicable CUSC Objectives because it would best achieve Applicable CUSC Objective a) with a relative neutral effect on achievement of the other Applicable CUSC Objectives. WACM 72 would introduce stability and transparency that would restore investor confidence whilst also doing most to level the playing field with generator competitors in Europe.
2	Do you support the proposed implementation approach?	We agree with the workgroup observation in paragraph 9.2.6 of the consultation which noted that phasing 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.”
3	Do you have any other comments?	The TCR SCR and FLAC SCR has the potential to deliver material changes in a number of areas of use of system charges over a period of several years. These changes could give rise to a high level of volatility, potentially giving rise to wildly varying trends in final use of system charges. We strongly encourage Ofgem to consider the likely cumulative effect of the pending change scenarios and to take account of the possible adverse impacts upon effective competition in electricity generation. We

		think it is not in the best interest of achievement of the Applicable CUSC objectives to progress with the implementation of CMP317/327 in charging year 2021 until this exercise is complete.
--	--	--