

Workgroup Vote – Stage 2

CMP317 and CMP327: Workgroup Vote

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) If WACMs exist, vote on whether each WACM better facilitates the Applicable CUSC Objectives better than the Original Modification Proposal.

2c) Vote on which of the options is best.

The Applicable CUSC Objectives (Charging) 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).

Workgroup Vote

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

Y = Yes, N = No, (-) = Neutral

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Bill Reed RWE Supply & Trading GmbH						
Original	No	-	-	Yes	No	No
WACM 1	No	-	-	Yes	No	No
WACM 2	Yes	-	-	Yes	No	Yes
WACM 3	No	-	-	Yes	No	No
WACM 4	No	-	-	Yes	No	No
WACM 5	No	-	-	Yes	No	No
WACM 6	No	-	-	Yes	No	No
WACM 7	No	-	-	Yes	No	No
WACM 8	No	-	-	Yes	No	No
WACM 9	Yes	-	-	Yes	No	Yes
WACM 10	No	-	-	Yes	No	No
WACM 11	No	-	-	Yes	No	No
WACM 12	No	-	-	Yes	No	No
WACM 13	No	-	-	Yes	No	No
WACM 14	No	-	-	Yes	No	No
WACM 15	No	-	-	Yes	No	No
WACM 16	Yes	-	-	Yes	No	Yes
WACM 17	No	-	-	Yes	No	No
WACM 18	No	-	-	Yes	No	No
WACM 19	No	-	-	Yes	No	No
WACM 20	No	-	-	Yes	No	No
WACM 21	No	-	-	Yes	No	No
WACM 22	No	-	-	Yes	No	No
WACM 23	Yes	-	-	Yes	No	Yes
WACM 24	No	-	-	Yes	No	No
WACM 25	No	-	-	Yes	No	No
WACM 26	No	-	-	Yes	No	No
WACM 27	No	-	-	Yes	No	No

WACM 28	No	-	-	Yes	No	No
WACM 29	No	-	-	Yes	No	No
WACM 30	Yes	-	-	Yes	No	Yes
WACM 31	No	-	-	Yes	No	No
WACM 32	No	-	-	Yes	No	No
WACM 33	No	-	-	Yes	No	No
WACM 34	No	-	-	Yes	No	No
WACM 35	No	-	-	Yes	No	No
WACM 36	No	-	-	Yes	No	No
WACM 37	Yes	-	-	Yes	No	Yes
WACM 38	No	-	-	Yes	No	No
WACM 39	No	-	-	Yes	No	No
WACM 40	No	-	-	Yes	No	No
WACM 41	No	-	-	Yes	No	No
WACM 42	No	-	-	Yes	No	No
WACM 43	No	-	-	Yes	No	No
WACM 44	Yes	-	-	Yes	No	Yes
WACM 45	No	-	-	Yes	No	No
WACM 46	No	-	-	Yes	No	No
WACM 47	No	-	-	Yes	No	No
WACM 48	No	-	-	Yes	No	No
WACM 49	No	-	-	Yes	No	No
WACM 50	No	-	-	Yes	No	No
WACM 51	Yes	-	-	Yes	No	Yes
WACM 52	No	-	-	Yes	No	No
WACM 53	No	-	-	Yes	No	No
WACM 54	No	-	-	Yes	No	No
WACM 55	No	-	-	Yes	No	No
WACM 56	No	-	-	Yes	No	No
WACM 57	No	-	-	Yes	No	No
WACM 58	Yes	-	-	Yes	No	Yes
WACM 59	No	-	-	Yes	No	No
WACM 60	No	-	-	Yes	No	No
WACM 61	No	-	-	Yes	No	No
WACM 62	No	-	-	Yes	No	No
WACM 63	No	-	-	Yes	No	No
WACM 64	No	-	-	Yes	No	No
WACM 65	Yes	-	-	Yes	No	Yes
WACM 66	No	-	-	Yes	No	No
WACM 67	No	-	-	Yes	No	No
WACM 68	No	-	-	Yes	No	No
WACM 69	No	-	-	Yes	No	No
WACM 70	No	-	-	Yes	No	No
WACM 71	No	-	-	Yes	No	No
WACM 72	Yes	-	-	Yes	No	Yes
WACM 73	No	-	-	Yes	No	No
WACM 74	No	-	-	Yes	No	No

WACM 75	No	-	-	Yes	No	No
WACM 76	No	-	-	Yes	No	No
WACM 77	No	-	-	Yes	No	No
WACM 78	No	-	-	Yes	No	No
WACM 79	Yes	-	-	Yes	No	Yes
WACM 80	No	-	-	Yes	No	No
WACM 81	No	-	-	Yes	No	No
WACM 82	No	-	-	Yes	No	No
WACM 83	No	-	-	Yes	No	No

Voting Statement:

The Original proposal and all proposals that are **not** based on average charges for Generation that are zero do not better deliver Objective A of the CUSC with regard to the facilitation of competition. Under the original proposal the ESO has interpreted the Direction from Ofgem under the Targeted Charging Review (TCR) Significant Code Review (SCR) with regard to the treatment of “applicable” charges for generation as requiring the applying to the wider components of generation TNUoS tariffs without consideration of the effects on competition.

There are several aspects of the proposals that are not based on average charges for Generation that are zero which impact detrimentally on competition. These are:

1. The proposed treatment of the “applicable” generation tariffs results in material costs applied to transmission connected generation. The resultant costs cannot be recovered by generators in the energy and capacity markets in the short to medium term and creates risks that cannot be managed or hedged; and
2. The cost recovery from transmission connected generation will introduce a significant short term distortion to cross border trade since annual average generation charges in GB will be significantly higher than similar charges in other European markets; and.
3. The proposals do not take into account the work being undertaken as part of the Access and Forward Looking Charges Significant Code Review which is seeing to address the level playing field issues identified as part of the current charging regime. There is a significant risk that any change under this modification could be implemented on a temporary basis causing material volatility in Generation transmission charges.

All the proposals that **are** based on average charges for Generation that are zero better deliver Objective (a) of the CUSC with regard to the facilitation of competition. Average generation charges that are zero are consistent with the current baseline and will not distort competition and cross border trade when compared with the other proposals. These arrangements will better facilitate further reform under the Access and Forward Looking Charges significant code review.

All versions of the proposal will better meet Objective (d) with regard to compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. All the proposals could be compliant with regulation 838/2020 dependent on the interpretation of annual average charges for produces and the connection exclusion.

In my view compliance under Regulation 838/2010 requires that :

1. Annual average charges for producers under the Regulation must take into account other network charges such as BSC charges recovered under the BSC arrangements and “non-ancillary services” costs recovered through BSUoS charges; and
2. Connection charges under the Regulation must take into account local charges for generator spurs which is consistent with the Competition and Markets Authority (CMA) interpretation of connection asset (the connection exclusion).

The requirement to be compliant requires changes to the CUSC charging methodology. The proposals will increase the complexity of the arrangements and not better meet Objective (e).

Stage 2b – WACM Vote (If required)

Where one or more WACMs exist, does each WACM better facilitate the Applicable CUSC Objectives than the Original Modification Proposal?

Workgroup Member (Insert Name)	
WACM	Better than Original Yes/No
WACM 1	No
WACM 2	Yes
WACM 3	No
WACM 4	No
WACM 5	No
WACM 6	No
WACM 7	No
WACM 8	No
WACM 9	Yes
WACM 10	No
WACM 11	No
WACM 12	No
WACM 13	No
WACM 14	No
WACM 15	No
WACM 16	Yes
WACM 17	No
WACM 18	No
WACM 19	No
WACM 20	No
WACM 21	No
WACM 22	No
WACM 23	Yes

WACM 24	No
WACM 25	No
WACM 26	No
WACM 27	No
WACM 28	No
WACM 29	No
WACM 30	Yes
WACM 31	No
WACM 32	No
WACM 33	No
WACM 34	No
WACM 35	No
WACM 36	No
WACM 37	Yes
WACM 38	No
WACM 39	No
WACM 40	No
WACM 41	No
WACM 42	No
WACM 43	No
WACM 44	Yes
WACM 45	No
WACM 46	No
WACM 47	No
WACM 48	No
WACM 49	No
WACM 50	No
WACM 51	Yes
WACM 52	No
WACM 53	No
WACM 54	No
WACM 55	No
WACM 56	No
WACM 57	No
WACM 58	Yes
WACM 59	No
WACM 60	No
WACM 61	No
WACM 62	No
WACM 63	No
WACM 64	No
WACM 65	Yes
WACM 66	No
WACM 67	No

WACM 68	No
WACM 69	No
WACM 70	No
WACM 71	No
WACM 72	Yes
WACM 73	No
WACM 74	No
WACM 75	No
WACM 76	No
WACM 77	No
WACM 78	No
WACM 79	Yes
WACM 80	No
WACM 81	No
WACM 82	No
WACM 83	No
	No

Stage 2c – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1 or WACM2)

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Bill Reed	RWE Supply & Trading GmbH	WACM72 *	(a) and (d)

* **WACM72** - Target 0/MWh + Generator only spurs + BSC Costs + Congestion Costs + 2 step ex ante