

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>Ofgem’s Direction letter to the ESO was clear that the solution should only include a limit on generator charges where there was to be a breach of the Limiting Regulation. We consider that that means that the Original solution and WACM’s that propose no cap on generator charges (namely WACM1, 7, 8, 14, 15, 21, 22, 28, 29, 35, 36, 42, 43, 49, 50, 56, 57, 63, 64, 70, 71, 77, 78) fit best with Ofgem’s direction and allow relevant objective (c) to be met best.</p> <p>We also agree that removing distortions between embedded generators and transmission connected generators is an important goal of Ofgem’s Targeted Charging Review and that relevant objective (a) is better met through this modification by reducing the level of adjustment applied to transmission generation charges to the minimum necessary to maintain compliance with the Limiting Regulation.</p> <p>We also consider that the WACMs above that phase in the changes to generator charges will result in better outcomes for the market and reduce a price shock to generators. This will also better facilitate objective (a).</p> <p>In terms of the definition of charges for assets required for connection these can be considered narrowly (ie Generator Only Spurs) or more broadly (ie all local circuit charges). We recognise that the latter definition may become more problematic in future as when links to the Scottish islands are incorporated into the charging methodology they may not be eligible to be considered as assets required for connection. Therefore, a more pragmatic approach may be to utilise the Generator Only Spur definition as put forward in several WACM’s as this would make it explicitly clear that the asset under consideration was only for the express purpose of connecting one generator. Although this will produce an increase in the negative adjustment for generators it may be a more appropriate application of the definition to the GB charging arrangements. Nevertheless, the various definitions all better meet objective (d) as they</p>

		<p>ensure that the charging methodology better takes into account the interpretation of European law as applied to the GB transmission arrangements.</p> <p>In terms of WACM21, 22, 28, 29, 35, 36, 63, 64, 70, 71, 77, 78 that assess whether or not BSC charges should be taken into account in charge setting we consider that it would be more appropriate to raise a BSC modification to remove these charges from generators if they are considered to be in scope of the Limiting Regulation. This would allow the full cost reflective set of charges to be applied to generators through the TNUoS methodology. Therefore, we consider that approving variants that include BSC charges would not better facilitate objective (a) or (e) in comparison to the other options.</p> <p>With regard to the WACMs that consider congestion management (42, 43, 49, 50, 63, 64, 70, 71, 77, 78) we feel that there is more merit to these being considered in an adjustment to TNUoS tariffs, however, as outlined in the workgroup report we consider that there is some ambiguity in terms of what costs should be considered in scope of the Limiting Regulation. We do consider though that if costs need to be taken into account that the variants which introduce an allowance for congestion management better meet relevant objective (d). If not then variants without congestion management but with an appropriate allowance for assets required for connection would better facilitate objective (d).</p>
2	Do you support the proposed implementation approach?	We consider that implementation in April 2021 is necessary to ensure the ESO's compliance with the Limiting Regulation and to meet the terms as outlined by Ofgem in their TCR Direction.
3	Do you have any other comments?	No