

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>Please insert your name and contact details (phone number or email address)</i> Chiamaka Nwajagu chinw@orsted.co.uk
Company Name:	Ørsted
Please express your views regarding the Workgroup Consultation, including rationale. <i>(Please include any issues, suggestions or queries)</i>	Ørsted is responding to the Workgroup Consultation in the capacity of a transmission connected generator impacted by the change in the generator TNUoS charges and the resulting proposed modifications

Standard Workgroup Consultation questions

Q	Question	Response
1	<i>Do you believe that CMP317/CMP327 Original Proposals better facilitates the Applicable CUSC Objectives?</i>	Yes <i>For reference the applicable CUSC objectives are:</i> 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>b) <i>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>c) <i>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>d) <i>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>e) <i>Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p> <p><i>*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).</i></p>
2	Do you support the proposed implementation approach?	Yes
3	Do you have any other comments?	No
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	<p><u>Definition of physical assets required for connection to the system</u></p> <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>Yes</p>
6	<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>a) We agree to 2 proposed options of specific targets, a €0.00/MWh or €0.50/MWh target; with preference towards €0.00/MWh target.</p> <p>We do not agree that there should be no target within the Limiting Range. Having no target allows targeting the maximum charge allowed within the range, which is €2.50/MWh, making GB generators uncompetitive compared to other EU Member States. This default value translates into substantial additional costs for generators in light of TGR being set to zero</p> <p>Targeting a specific lower value in the range will bring the UK in line with other transmission markets, making us more competitive in cross-border trading as we already pay more than our EU counterparts. Additionally it should facilitate better harmonisation with other EU generators as advised in paragraph 10 of the <u>EU Commission Regulation No 838/2010</u></p> <p><i>‘Variations in charges faced by producers of electricity for access to the transmission system should not undermine the internal market. For this reason, average charges for access to the network in Member States should be kept within a range which helps to ensure that the benefits of harmonisation are realised’</i></p> <p>By having a targeted value generators will be better able to forecast future TNUoS charges.</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>	<p>a) The two error margin options may only be applicable if €0.00/MWh or no target (in practise €2.50/MWh) are employed.</p> <p>In the case of a €0.00/MWh target, a lower error margin applied to the lower end of the range may be practical to ensure non-breach of the Limiting Range. Should an error margin be applied, a lower value should be considered to accommodate the slim probability of significant forecasting inaccuracies.</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>	
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>a) In addition to the argumentation made in question 6; we believe <u>Versions i, iv, vii</u> would result in more reliance on the error margin and the reconciliation process in order to ensure we do not breach the Limiting range. Also, as previously argued, these three permutations are in practise reverting to the default maximum amount of €2.50/MWh as the targeted amount which would translate to significant additional costs to generators.</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>	
11	<p>In section 4 paragraph 6, the workgroup has identified its</p>	

	<p>consideration of the Reference Node.</p> <p>a) Do you have any evidence that would 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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