CUSC Code Administrator Consultation Response Proforma

CMP324/5 Generation Zones – changes for RIIO-T2 and Rezoning – CMP324 expansion

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@nCMP324/5_Code_ationalgrideso.com by **5pm** on **24 June 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:	Dennis Gowland
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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	Do you believe that the CMP324/5 Original solution, WACM1, WACM2 or WACM3 better facilitates the Applicable CUSC Objectives?	We support WACM3 as the best option as it fully aligns with the Original (moves to a 14 charging zone permanent solution) but allows a period of 2 years for generators to plan for the change, which may be significant for some. It makes sense, also, for the present 27 zones to be fixed in the interim. WACM3 and the Original, both, better facilitate the following CUSC objectives: Objective A – in that the wider sharing within zones will aid stability, particularly in those areas of Great Britain where more grid infrastructure needs to be built in order to connect the greater levels of renewable energy demanded by the UK Government's legal commitment to Net Zero Carbon by 2050 (in Scotland 2045). The CUSC baseline, in common with WACM1, would have the inevitable consequence of an unknowable number of extra charging zones – with the prospect of an increasing number of these with only 1 node within them. We believe that WACM3 and the Original also make a significant benefit to competition in that by reducing, what could otherwise be almost insurmountable, barriers to entry for remote Island Wind that large generation of the lowest LCOE (BEIS report 2015) would enter the market. This would have a long-term effect of keeping prices lower for consumers at the same time as helping toward the Net Zero commitment. Objective D – The Original and WACM3 are, both, in greater compliance with both the spirit and letter of EU Directives and Regulations designed to harmonise charges and protocols designed to ease cross border trade and to enable green energy from peripheral areas to join energy networks without unnecessary barriers. For instance if we consider EU Regulation 838/2010 the limit for average generator charges in the UK is set in the range €0 – €2.50/MWhr. Under the Baseline or WACM1 Remote Island Wind charges (which are classed as Onshore Generation in the CUSC) would be up to 14.6 times higher than the

		upper level of the regulated average (Based on projected TNUoS for Orkney (2025) if charged as a single, new, zone).
2	Do you support the proposed implementation approach?	We support the delayed implementation of the Original (April 2023) provided in WACM3
3	Do you have any other comments?	Moving to the same 14 Charging Zones for Transmission as the current Demand Zones would serve to remove a source of distortion between Small Embedded Generation (<100MW) and other Generation (>100 MW Distributed Generation and Transmission –connected Generation).