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23rd December 2020

Dear CUSC Team

NGV response to the Code Administrator Consultation: CMP354: Capacity Allocation and Congestion Management Regulation (CACM) cost sharing consequential changes

Please find attached, on behalf of National Grid Ventures our response to the above consultation.

National Grid Ventures (NGV), part of National Grid plc, is a distinct commercial unit that owns and operates energy businesses in competitive markets in the UK and US. NGV's UK portfolio includes National Grid Interconnector Holdings Limited (NGIH), Grain LNG, and National Grid Metering.

Via our Interconnectors business we maintain ownership stakes directly or via shareholding in IFA, BritNed and Nemo Link, each of which are directly affected by the cost recovery facilitated by CMP354.

I hope this response is helpful, please contact me if you need any further information.

Yours faithfully

By email

John Greasley
Regulation and Stakeholder Manager
National Grid Ventures

Code Administrator Consultation Response Proforma**CMP354: Capacity Allocation and Congestion Management Regulation (CACM) cost sharing consequential changes**

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 **23 December 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation, please contact Paul Mullen Paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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For reference the Applicable CUSC (non-charging) Objectives are:

- a) *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- b) *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- c) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d) *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**Objective (c) 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 Workgroup Consultation questions		
1	Do you believe that the CMP354 Original Proposal better facilitates the Applicable Objectives?	<p>We note that the amendment to the CUSC sought by CMP354 is procedural and clarifies that the routine notification of interconnectors' data feeding into the ESO's TNUoS calculations should include amounts payable for CACM cost recovery.</p> <p>Ofgem has separately consulted and concluded that the recovery of historic costs borne by interconnectors relating to the implementation of CACM is appropriate. Ofgem is also currently in the process of consulting and determining the efficient level of such costs. Transmission and Interconnector Licence changes have already been approved by Ofgem setting up the process by which any approved CACM cost recovery costs may be recouped by the interconnectors and this CUSC amendment clarifies the complementary data exchange process to facilitate this within the CUSC.</p> <p>Ordinarily the CUSC process would deal with the contributions towards TNUoS from the IFA Use of Revenues process and, in future years, any adjustments necessary from the Cap and Floor arrangements held by other interconnectors with an Ofgem approved Cap and Floor arrangement.</p> <p>We note that the legal text proposed to give effect to CMP 354 still permits Use of Revenues and Cap and Floor Adjustment data items, together with the additional CACM cost recovery item recently approved by Ofgem.</p> <p>By clarifying that this CUSC process of notification of data relating to all allowable costs should align with the newly updated licence conditions we believe that CMP354 better facilitates Applicable CUSC Objectives (a) and (d).</p> <p>Applicable CUSC Objective (a) (efficient discharge of NG ESO obligations under its Transmission Licence) is better facilitated as this amendment aligns the CUSC reporting process with the relevant approved licence conditions.</p> <p>Applicable CUSC Objective (d) (promoting efficiency in the CUSC Arrangements) is better facilitated as</p>

		this amendment removes any potential ambiguity in the CUSC process.
2	Do you support the proposed implementation approach?	<p>We agree that the implementation approach of seeking to amend the CUSC as soon as is reasonably practicable is appropriate. The principle of allowing the efficient historic costs of CACM implementation has already been approved by Ofgem.</p> <p>While we await the final determination from Ofgem of the precise value of these costs, we fully expect that this decision will be reached early in 2021.</p> <p>Given the desired outcome signalled by Ofgem is that these costs are recovered in the 2021/22 charging year we agree that these CUSC amendments should be made as soon as reasonably practicable once the appropriate CUSC amendment processes have concluded.</p>
3	Do you have any other comments?	We have no further comments.