

Workgroup Consultation Summary

CMP368 and CMP369 Workgroup Consultation Summary

The Workgroup held their Workgroup Consultation between 11 June and 2 July 2021. 10 non-confidential responses were received; the main themes are summarised below.

(Standard Questions 1-8) Objectives/implementation/Alternatives/Any comments

Objectives:

- The majority of respondents felt both proposals better facilitated the applicable objectives. Three did not agree and one was undecided.

Some respondents felt the Original was an incorrect application of the Limiting Regulation.

Implementation approach:

- The majority of respondents supported the proposed implementation approach for both modifications. Three did not support it and one thought it was better to wait for the outcome of the judicial review.

Alternatives:

- One alternative request was received which seeks to include in the compliance calculation the Generator TNUoS charges paid by LDG and the associated volumes.

Other comments:

- One respondent made three points made around Legal Interpretation, Transparency and the Access SCR.
 - o Suggested this is a very legal matter with limited direction from the Authority. Urges an impartial legal view be sought.
 - o Suggested there is a lack of transparency around what is included or excluded in the limiting regulation calculation.
 - o In view of recommendations to Ofgem, this proposal should now take cognisance of Ofgem's Minded-to-Position on the Access SCR.

9) Exclude both volumes and charges of LDG from compliance calculation (original) or exclude volumes only (alternative)

- Four respondents were supportive of the original, three were supportive of the alternative and three chose neither or were unsure.

Some believed that excluding both the charges and the volumes was the correct interpretation of the Regulation and is in line with the direction given by Ofgem in its CMP317/327 Decision.

Others believed since Distribution connected producers also contribute to overall cost recovery, it is prudent to include the charges they pay in the calculation of average tariffs. Therefore, to comply with the Limiting Regulation, the Transmission Tariff Charges paid by Large Distributed Generators should not be excluded from the calculation.

10) Exclude station demand charges (original) or include them (alternative)

- Three respondents were supportive of the original and five were supportive of the alternative. Two were unclear or unsure.

Those who supported the original identified that the regulation states “energy injected” and so it would seem prudent to only consider the charges relating to this energy and not those associated with station demand.

Others identified that the limiting regulation does not specify which network asset charges are covered in the calculation (ie demand or generation charges) but does specify that they are paid by generators. Therefore, it would appear correct to include any station demand charges as suggested for the potential alternative.

One voiced that Station demand charges as defined here should be included if they are paid by the Generator. If they are paid by a Supplier (even if passed back to the station via a tariff) they should be excluded, as the transmission charges themselves would be paid by a Supplier.

One felt that this is a legal matter and that both options should be carefully considered.

11) No change to current treatment of transmission charges/volumes for storage (original)

- Nine agreed with the original to include it. One would need legal support to respond.

The majority of respondents were in agreement with the original, that storage should be treated as generation when exporting.

12) Include both generation charges and volumes of storage assets in the compliance calculation. Does this depend on whether the storage is transmission or distribution connected.

- Nine agreed with the original to include it. One would need legal support to respond.

Does it depend if transmission or distribution connected?

- One responded that transmission and distribution connected storage should be treated consistently with other distribution connected generation.
- One responded that it does depend for generation BMUs. If storage is embedded and is not party to a BEGA, it follows that it operates through a Supplier BMU and is therefore not a producer

13) Appropriate time stamp for defining whether a network asset is “pre-existing”. When a generator wished to connect, was the network asset:

- a. Already planned to be built** (three respondents)
- b. Already committed to be built** (four respondents)
- c. Already under construction**
- d. Finished construction**
- e. Commissioned and fully operational** (one respondent)

- One respondent said a - e - may all be timestamps. Enabling works within a generator’s ConsAg should be considered assets required to connect the generator in question and therefore Non-Pre-Existing Assets.
- One respondent did not provide an answer.

14) Specific changes to a BCA that may trigger the reclassification of assets

Four responded no:

- But more detail required around effect of changes to TEC
- Change of ownership should not change how network assets are treated

Four responded yes:

- Change of legal entity
- Changes that result in new connection assets being required to connect should be considered
- Greater consideration needed

Two neither said yes or no but said:

- More detail required around the difference between a novation and a new BCA

15) Obligation on the ESO to publish the outturn value and transparently show the working for the calculation

Six responded yes.

Three responded no, but agreed that the ESO should continue to publish this.

One agreed that an obligation was one way of ensuring transparency – it should be in the charging statement.

16) How should charges be treated relating to upgrades to local assets?

- a) **Only exclude charges for new upgrades that are paid by a new generator.** (two respondents)
- b) **Exclude charges paid for the new upgrades that are paid by both existing and new generators.** (one respondent)
- c) **Do not exclude any cost related to new upgrades because the upgrade to pre-existing assets was not required to connect the new generator.** (Four respondents)
- d) **Other** (one respondent suggested a hybrid of a and b)

Two respondents gave no answer.

17) Which of the two options (1 or 2) for “sufficient interconnectedness” do you agree with.

Four respondents agreed with option 1

Five respondents showed no clear preference for the options, of them:

- Three said that the MITS level of interconnectedness should be used. One of these advised that this should be kept under review.
- One said that the NETS should be used.
- One agreed with figure 11.

18) Option 3 notes that the CMA says there may be other relevant factors - do you think any other factors should be taken into account?

No answers were given by any of the ten respondents.

19) PCFM data

No clear preference by any of the respondents to use this, and the proposer of this potential alternative has withdrawn support in their response.

20) Do you agree with the proposed definitions of non pre-existing assets ‘NPEA’ and pre-existing assets ‘PEA’?

Five responded yes.

Two responded no:

- One advised that it would be easier to define NPEA assets are those identified as part of the enabling works in a BCA/Construction Agreement of a generator, the costs of which form part of local charges for that generator. PEA would be any other assets.
- One believed that PEAs should be redefined so that ‘local assets that existed’ is replaced by ‘local assets for which an investment decision has been made’.

Three gave no answer.

21) Do you agree that the legal definitions in the Original Proposal should be limited to TNUoS charges only or include all transmission charges?

Five responded TNUoS Charges only.

Two responded Transmission Charges.

One responded all transmission charges less Physical Assets Required for Connection less the element of BSUoS related to ancillary services.

Two gave no answer.

22) Do you agree that the legal text delivers the intent of the Original Proposal?

Seven responded yes.

One said no, it is not legally compliant.

Two gave no comment.