

Workgroup Consultation Response Proforma**CMP368 & CMP369**

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 2 July 2021**. 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 Jennifer Groome Jennifer.Groome@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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I wish my response to be:

(Please mark the relevant box)

 Non-Confidential Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel, the Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

CMP368**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).*

CMP369**For reference the Applicable CUSC (charging) 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; and*
- e. *Promoting efficiency in the implementation and administration of the system charging methodology.*

**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 regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.

CMP368 Standard Workgroup Consultation questions		
1	Do you believe that the CMP368 Original Proposal better facilitates the Applicable Objectives?	Yes in that the current definition overstates the amount of cost in the connection exclusion.
2	Do you support the proposed implementation approach?	Yes.
3	Do you have any other comments?	No thank you.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No thank you.

CMP369 Standard Workgroup Consultation questions		
5	Do you believe that the CMP369 Original Proposal better facilitates the Applicable Objectives?	Yes.
6	Do you support the proposed implementation approach?	Yes.
7	Do you have any other comments?	No thank you.
8	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No thank you.

CMP368 & CMP369 Modification Specific Workgroup Consultation questions		
9	The Proposer is proposing that the both the volumes <u>and</u> charges of Large Distributed Generators are excluded in the compliance calculation, whereas the	Although the wording of the limiting regulation could be interpreted as only referring to generator volumes being excluded from the calculation, it seems reasonable to believe that the purpose of the calculation is to divide the charges paid by applicable generation by the volumes produced by

	potential alternative proposes that only the volumes are excluded. Which option do you support and why?	the same generation to get the per MWh figure. Therefore, excluding both volumes and costs of non-applicable generation appears to be appropriate.
10	Station demand charges (TNUoS Triad charges on power station demand) would, with the original, be excluded, however the potential alternative would include them. Which option do you support and why?	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.
11	The Original proposal would not change the current treatment of transmission charges or the associated volumes relating to storage when assessing compliance with the Limiting Regulation. Do you agree with this approach, and if so why?	Yes. Storage should be treated the same as other generation and included in the calculation.
12	Do you believe that both generation charges and volumes of storage assets should be included in the compliance calculation (page 11)? Does this depend on whether the storage is transmission or distribution connected? Please provide your rationale.	Storage should be treated the same as other generation. If distributed generation volumes and costs are excluded from the calculation, then this should include distributed storage too.
13	What do you think is the appropriate time stamp for defining whether a network asset is “pre-existing” (page 11)? E.g. when a generator wished to connect, was the network asset: <ul style="list-style-type: none"> a. Already planned to be built b. Already committed to be built 	We think the focus should be on identifying NPEA. If the test of whether an asset is categorised at NPEA is based on whether it is included in the enabling works for the relevant generator’s construction/connection agreement, then this removes the need for considering a timestamp concept. Enabling works have to be completed to allow the generator to connect or increase TEC. The enabling works assets defined in construction agreements are a measure which can be clearly

	<ul style="list-style-type: none"> c. Already under construction d. Finished construction e. Commissioned and fully operational 	identified for this purpose. Other assets would either then be categorised as wider or PEA.
14	Do you consider there to be any specific changes to a BCA that may trigger the reclassification of assets? If so, please provide your rationale.	If a generation plant changes ownership, then this should not change how network assets are treated for the purposes of the connection exclusion.
15	Do you think an obligation should be placed on the ESO to publish the outturn value and transparently show the working for calculating the average transmission charge paid by generators (page 15)? Please explain your rationale.	We believe that it is important that this element of the calculation of TNUoS is transparent so that users can understand the likely impact of changes on future tariffs. This should be included in the charging statement in the same way as other elements of the calculation are. Specifying this is to be the case in the CUSC is one way of achieving this.
16	<p>How should charges be treated relating to upgrades to local assets? Please explain your rationale.</p> <ul style="list-style-type: none"> a. Only exclude charges for new upgrades that are paid by a new generator. b. Exclude charges paid for the new upgrades that are paid by both existing and new generators. 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. d. Other 	<p>We believe that an upgrade to an existing asset which has already been categorised as for connection should be classified as connection too as this seems to be consistent with the limiting regulation. The examples in figure 2 on page 17 are similar to the first example in figure 3 page 18, where the initial generator increases TEC from 40MW to 120MW. In the figure 3 example the upgrade is categorised as NPEA. Therefore, we would question why the treatment would be different just because the 80MW increase in TEC was required for a different generator? The treatment of generator B should arguably be consistent. This would seem to suggest option b).</p> <p>Unfortunately, this exposes the limits in relying on the “pre-existing” test to define connection assets. Assets should be defined in terms of the role they perform, rather than when they were built and for which generator.</p>
17	Four different options are given on page 22 of the Workgroup Consultation, two of which demonstrate	This is another debate which exposes the issues associated with defining connection assets as being those which connect to pre existing network. We support a definition which excludes non shared

	<p>different interpretations of “interconnectedness”. that the CMA identified. Figures 8-11 provide simple examples to help define what network assets should have their charges captured within the Connection Exclusion. Which of the two options (1 or 2) for “sufficient interconnectedness” do you agree with, and why?</p>	<p>GOS assets only as we believe that this is a good measure of the difference between connection assets and wider shared network. This has the benefit of being easy to identify in the charging model and not dependent on identifying when assets were built and for which connection/construction agreement. However, this has effectively been precluded by the decision on CMP317 to focus on pre existing network.</p> <p>In the context of the decisions taken up to now on this issue, the position that the level of interconnectedness should be based around the MITs seems sensible. However, this of course should be combined with the definition of PEA (or rather NPEA) to assess which assets go into the exclusion. Therefore, we would suggest that only non MITS assets which are identified in the connection/construction agreement as enabling works for the generator concerned should be excluded.</p>
<p>18</p>	<p>Option 3 (page 22) notes that the CMA says there may be other relevant factors - do you think any other factors should be taken into account, and if so, what?</p>	<p>We cannot think of any additional factors to consider.</p>
<p>19</p>	<p>The Proposer is considering a potential alternative to utilise data that already exists within the onshore TOs’ Price Control Finance Models (PCFM) (page 25-26), attached in Annex 5. This based on the assumption that a portion of total onshore local charges is associated with non pre-existing assets, and that this portion can be derived by comparing the Generation Connections Volume Driver with the total revenue across all three onshore TOs. Do you support this option? Why?</p>	<p>This seems to be a proposal to estimate the amount of non pre-existing network on the system. However, this then needs to be converted into an estimate of how much of the local charge each year is excluded from the limiting regulation compliance calculation. We understand how this process would work in a bottom up capacity as with the original proposal. However, we do not know how this would work on a top down basis using price control data.</p> <p>If we are simply looking for a way of estimating the assets and charges to remove from the calculation, then we would suggest using non shared generator only spurs for this. We understand that this may not always arrive at the correct outcome, but we have no reason to believe that this approach would be any less accurate than the price control method suggested above. The generator only spurs approach at least avoids having to trawl through</p>

		historic and future connection agreements to try to identify and categorise assets. It can be done from an analysis of the charging model.
20	Do you agree with the proposed definitions of non pre-existing assets 'NPEA' and pre-existing assets 'PEA'?	<p>The definition of PEA seems problematic in that it attempts to identify assets which were in existence before the BCA was executed. This then seems to rule out circumstances where a CEC or TEC is increased through an Agreement to Vary the BCA. We are also not sure how new connections which are phased in over a number of years will be treated.</p> <p>It could be easier to say 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.</p>
21	Do you agree that the legal definitions in the Original Proposal should be limited to TNUoS charges only or include all transmission charges?	Including TNUoS charges only seems sufficient.
22	Do you agree that the legal text delivers the intent of the Original Proposal?	It seems to.