

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
Respondent name:	Simon Vicary
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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:**

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- 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?	<p>a) Positive: Amends the definition of Physical Assets Required for Connection (the 'Connection Exclusion') to be used within the calculation determining compliance with the Limiting Regulation range.</p> <p>b) Neutral</p> <p>c) Positive: Improves GB alignment with European legislation for the Limiting Regulation range.</p> <p>d) Neutral</p>
2	Do you support the proposed implementation approach?	Yes, this modification should be implemented on 1 st April 2022.
3	Do you have any other comments?	We consider that the Original Proposal is incorrect to exclude the Generator TNUoS charges paid by Large Distributed Generators, and the associated volumes, from the Limiting Regulation range compliance calculation.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Yes, we would like to raise an alternative that includes the Generator TNUoS charges paid by Large Distributed Generators, and the associated volumes, in the Limiting Regulation range compliance calculation.

CMP369 Standard Workgroup Consultation questions		
5	Do you believe that the CMP369 Original Proposal better facilitates the Applicable Objectives?	<p>a) Neutral</p> <p>b) Neutral</p> <p>c) Neutral</p> <p>d) Positive: Updates Section 14 of the CUSC to align with changes introduced via CMP368 which improves GB alignment with European legislation for the Limiting Regulation range.</p> <p>e) Positive: Updates Section 14 of the CUSC to align with changes introduced via CMP368.</p>
6	Do you support the proposed implementation approach?	Yes, this modification should be implemented on 1 st April 2022.

7	Do you have any other comments?	We consider that the Original Proposal is incorrect to exclude the Generator TNUoS charges paid by Large Distributed Generators, and the associated volumes, from the Limiting Regulation range compliance calculation.
8	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Yes, we would like to raise an alternative that includes the Generator TNUoS charges paid by Large Distributed Generators, and the associated volumes, in the Limiting Regulation range compliance calculation.
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 potential alternative proposes that only the volumes are excluded. Which option do you support and why?	We consider that the Original Proposal and potential alternative are both incorrect. We believe the correct solution is to include the Generator TNUoS charges paid by Large Distributed Generators and the associated volumes in the Limiting Regulation range compliance calculation.
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 exclusion of TNUoS Triad charges on power station demand from the Limiting Regulation compliance calculation seems to be the appropriate approach.
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?	As Storage is treated as Generation in GB TNUoS charging then the Generator TNUoS charges Storage pays and the associated volumes should be included in the compliance calculation.
12	Do you believe that both generation charges and volumes of storage assets should be included in the compliance calculation (page	The correct solution is to include the Generator TNUoS charges paid by both transmission connected and Large Distributed Generators and Storage, with their associated volumes, in the Limiting Regulation range compliance calculation.

	11)? Does this depend on whether the storage is transmission or distribution connected? Please provide your rationale.	
13	<p>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:</p> <ul style="list-style-type: none"> a. Already planned to be built b. Already committed to be built c. Already under construction d. Finished construction e. Commissioned and fully operational 	<p>a. <i>‘Already planned to be built’</i> is the appropriate time stamp for defining whether a network asset is “pre-existing”.</p>
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.	No, we do not consider there to be any specific changes to a BCA that should trigger the reclassification of assets.
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.	Yes, the calculation of the average transmission charge paid by generators has been opaque to the industry since the Limiting Regulation came into effect. Had the ESO published the outturn value, and transparently showed the working for calculating it, industry parties may have been able to avoid the confusion regarding compliance with the Limiting Regulation.
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 	<p>a. <i>‘Only exclude charges for new upgrades that are paid by a new generator’</i> should be treated as relating to upgrades to local assets. This is because only these charges relate to assets required for connection of new generators with all other assets just relating to the pre-existing assets for existing generators.</p>

	<p>are paid by a new generator.</p> <p>b. Exclude charges paid for the new upgrades that are paid by both existing and new generators.</p> <p>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.</p> <p>d. Other</p>	
17	<p>Four different options are given on pages 22 of the Workgroup Consultation, two of which demonstrate 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>We disagree with the Proposers view that an appropriate level of interconnectedness is assets becoming part of the MITS. Both Ofgem and the CMA had agreed on the transmission system, to which a connection is made, is the NETS not the MITS. Therefore, an appropriate level of interconnectedness is assets becoming part of the NETS.</p>
18	<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 have not identified any.</p>
19	<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</p>	<p>No, we do not support this option. The calculation needs to be clearly defined and carried out correctly. Assumptions and approximations for the results should not be used.</p>

	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?	
20	Do you agree with the proposed definitions of non pre-existing assets 'NPEA' and pre-existing assets 'PEA'?	Yes, the definitions seem to work as intended.
21	Do you agree that the legal definitions in the Original Proposal should be limited to TNUoS charges only or include all transmission charges?	No, we do not agree with the Original Proposal. The Limiting Regulation uses the words 'transmission charges' which should not be taken to be only TNUoS Charges.
22	Do you agree that the legal text delivers the intent of the Original Proposal?	Yes, it seems to do so.