

**Code Administrator Consultation Response Proforma****CMP368: Updating Charges for the Physical Assets Required for Connection, Generation Output and Generator charges for the purpose of maintaining compliance with the Limiting Regulation & CMP369: Consequential changes to Section 14 of the CUSC as a result of the updated definitions introduced by CMP368**

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](mailto:cusc.team@nationalgrideso.com) by **5pm on 1 September 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Jennifer Groome [Jennifer.Groome@nationalgrideso.com](mailto:Jennifer.Groome@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto: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 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 in the right-hand side of the table below, including your rationale.**

CMP368 Standard Code Administrator Consultation questions	
1	<p>Do you believe that the CMP368 Original Proposal or WACM1, WACM 2, WACM3, WACM4, WACM5, WACM6, WACM7, WACM8, WACM9, WACM10, WACM11, WACM12, WACM13, WACM14, WACM15, WACM16, WACM17, WACM18, WACM19 better facilitates the Applicable Objectives?</p> <p>Voting Statement:</p> <p>We believe that only WACM18 and WACM19 can be identified as improvements versus the Baseline because they are the only proposals that better facilitate charging objectives b) and c), where WACM19 is preferred.</p> <p>We believe that any adjustments which reduce the Connection Exclusion amount, including those in WACM18, are an improvement in the calculation given that the Connection Exclusion is currently an overestimate. However, the forecast reduction in the Connection Exclusion in the Original proposal is very modest in the next few years, and still results in an overestimate. Any overestimate is inappropriate because it will result in non-compliance with the regulation where average generator charges exceed the top of the allowed range.</p> <p>The Original and other WACMs include a suite of different changes in different permutations. Some of the changes we agree with and others we disagree with. There is insufficient data and analysis on the estimated impacts of the various alternative changes, and hence where we do not agree with all the changes in each proposal it is impossible for us to assess whether the net impact of each proposal is positive or negative. In the absence of this data it is also difficult to assess the materiality of the differences between the proposals, and whether further resources to develop a better solution is actually justified.</p> <p>We do not believe that Ofgem's interpretation that distribution connected generators' charges and volumes should be entirely excluded from the compliance calculation for the Limiting Regulation is necessarily correct. The removal of these charges is clearly not compliant with the literal legal interpretation of the regulation. Divergence from the</p>

		<p>legal interpretation needs to be justified on the grounds of intent of the regulation and how the intent should be applied in GB. The intent of the regulation has not been properly explored or explained in our view. We believe that the intent requires a consistent treatment to volumes and charges.</p> <p>We believe it is clear that Demand charges should indeed be included in the compliance calculation as proposed by WACM18 and WACM19. This is because the change is consistent with both the literal interpretation and the intent of the Limiting Regulation in our view. Hence these are the only proposals that we would support.</p>
2	Do you support the proposed implementation approach?	<p>We are very concerned about the level of transparency and subjectivity in the Connection Exclusion calculation in the Original Proposal in particular. The examples in the workgroup report as to how the Original solution would be applied are highly abstract and simplistic and do not give sufficient explanation as to how the ESO intends to treat real world more complex examples in future.</p> <p>If the Connection Exclusion is material then transparency and understanding of the rules of its application will be important in determining TNUoS tariffs, which industry participants and investors may need to forecast for business planning and decision making purposes.</p> <p>Given the apparently modest improvements to the Connection Exclusion calculations in the immediate future in the Original, we are not convinced that the high degree of complexity and the increased resources that will be needed to carry out the calculations are justified.</p>
3	Do you have any other comments?	We do not have any further comments.

#### CMP369 Standard Code Administrator Consultation questions

1	Do you believe that the CMP369 Original Proposal better	We support the CMP369 Original Proposal. We believe it better facilitates charging objective e) because it will allow for the relevant definitions to be introduced in CMP368.
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	facilitates the Applicable Objectives?	
2	Do you support the proposed implementation approach?	We support the implementation approach.
3	Do you have any other comments?	We do not have any further comments.