

CUSC Workgroup Consultation Response Proforma

CMP300 – Cost reflective Response Energy Payment for Generators with low or negative marginal costs

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 by **5pm on 22 May 2019** to cusc.team@nationalgrideso.com Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Matthew Bent at matthew.bent@nationalgrideso.com

Respondent:	<i>Jamie Webb</i>
Company Name:	<i>National Grid ESO</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	<p>To implement CMP300 and comply with all of our system and data auditing requirements, NGESO would need to amend its current systems to accommodate the change that CMP 300 aims to introduce.</p> <p>The system change would require the following broad changes:</p> <ol style="list-style-type: none"> 1. Upload of contract unit/periods to NGESO systems 2. Creation of new data table to NGESO systems 3. Creation of mapping table of contracted units to Unit codes. 4. Change of the rules re: payment for Mandatory/Firm contracts. <p>Based on previous system changes following a similar pattern it would could between £100k-£200k to implement. With the pot of money shrinking each CfD round we feel that consumer benefit will need to be detailed by the proposer that would detail why this change should be prioritised against other projects.</p>

Standard Workgroup Consultation questions

Q	Question	Response
1	Do you believe that CMP300 Original proposal, the proposed alternative in Annex xx or any potential alternative that you may wish to suggest better facilitates the Applicable CUSC Objectives?	<p>For reference the applicable CUSC objectives are:</p> <p>(a) <i>The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence</i></p> <p><i>No Impact</i></p> <p>(b) <i>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;</i></p> <p><i>Potential small limited benefit, due to the amount of units that qualify with a CfD (Contract for difference) in place effected by this proposed change.</i></p> <p>(c) <i>Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and</i></p> <p><i>No Impact</i></p> <p>(d) <i>Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p> <p><i>No Impact</i></p> <p><i>*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).</i></p>
2	Do you support the proposed implementation approach?	No due to a system change needed to happen first a significant lead time would be required.
3	Do you have any other comments?	no
4	Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?	no

Specific CMP300 questions

Q	Question	Response
5	<p>The workgroup considered 3 options.</p> <p>1. The original figure of</p>	No due to reasons detailed above. Additionally in regards to option 3 CMP237 the modification that bought in removal of REP payments for non fuel BM

	<p>zero pounds per MWh</p> <p>2. The Market Price</p> <p>3. An optional price</p> <p>Do you favour an option; if so which option is your preference?</p> <p>If this is option 3 how do you suggest this this would work?</p>	<p>units attempted to work up an optional price as an option but it was deemed too complicated and administrative as each BM unit would of needed a specific calculation and methodology</p>
6	<p>Do you feel that the workgroup has identified all the consequences from this proposal, are there any unintended consequences that you would identify?</p>	<p>No other consequences yet identified</p>
7	<p>As discussed in Section 4 of the report, NGENSO will be using a public register to determine which projects have a CfD and be subject to this proposal. Do you agree with this approach?</p>	<p>No, it is not compliant with NGENSO's audit obligations to have to manually monitor a 3rd party website for updates to control the payments to the BM units. A system change has to be bought into to unsure that the information flows are accurate.</p>
8	<p>Do you agree that Ofgem made the decision on CMP237 based on economic rationale and not the fuel type?</p>	<p>Ofgem ultimately made the decision based on the CUSC objectives. We supported the proposal and the alternative, the economic rational was driven by the fuel type</p>