

**Workgroup Consultation Response Proforma****CMP288/289: Explicit charging arrangements for customer delays and backfeeds (CMP288) and consequential change (CMP289)**

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 27 April 2022**. 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 Jennie 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.*

**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).*

**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.**

Standard Workgroup Consultation questions - CMP288		
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original      <input type="checkbox"/>A    <input type="checkbox"/>B    <input type="checkbox"/>C    <input type="checkbox"/>D    <input type="checkbox"/>E</p> <p>Orsted do not believe that the modification – in its current format – better facilitates the applicable objectives.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Orsted have no comment on the implementation approach.</p>
3	Do you have any other comments?	<p>Orsted are supportive of charges associated with delays in principle and appreciate the need for the TOs to recover appropriate costs. However, we would like to make the following comments in response to the workgroup consultation:</p> <p><b>Inclusion of charges in the CUSC</b> In Orsted's view, the charging methodology should be included within the CUSC to guarantee transparency and predictability.</p>

With regard to the specific proposals in the workgroup consultation, we are firmly against having the charging methodology solely within the TOs charging statements, as the statements can be modified at short notice and without industry review. Orsted does not consider this to be acceptable practice and in our view does not align with SLC6.4 of the Transmission Licence, which states that the licensee should provide the necessary information to “enable any person to determine [that] the charges to which he would become liable”.

We also note, on page 7 of the workgroup consultation, the statement that “the Onshore TO Workgroup member provided reassurance that substantial revisions to the TO Charging Statement are rare”. We do not consider this to be true. As a customer we have been subject to multiple differing methodologies over the past four to five years, including a guidance note on delay charges published in 2017, as well as two different charging statements in 2020 and 2021.

It is consistently unclear which methodology is being applied making it difficult (and sometimes impossible) for Users to have transparency and predictability of charges that may be levied on them. At a high-level, each TO should be able to provide a User – on request and within a reasonable time – their forecast spending, to allow Users to calculate their likely charges. How these charges are calculated should also be clearly defined and explained. Without significant improvement to the current process, we do not envisage this being possible.

As a result, Orsted would be in support of clearly defining the charges within the CUSC, rather than the charging statements.

### **Application of charges**

We note that page 5 of the workgroup consultation states “delay/backfeed charges can be negotiated between Users, the ESO and Onshore TOs today”. However, this does not align with the experience as a User. Instead, charges are inserted into new offers – with little consultation – and it is both challenging and time consuming to make any amendments, clarify the way these charges are calculated or negotiate an alternative.

Furthermore, as a User we have had several experiences whereby the TO has been unable to explain and justify

		<p>the methodology used for the calculation of charges – including which methodology (either the guidance note or charging statement(s), as outlined previously) was used. In our view this raises a further concern regarding the consistent application of charges across Users.</p> <p>Although this does not directly impact the content of the modification itself, it is worth bearing in mind when considering where the charging methodology should sit.</p> <p><b>Backfeed</b> Based on our interpretation, the modification does not include adequate provision for charges associated with backfeed. Orsted have experienced inconsistent application of both the backfeed and completion date, as the point at which charging for delays should begin.</p> <p>The concept of backfeed itself is blurry within the CUSC, and Orsted would therefore support a clear definition being included, as well as further detail of how the TO utilise the backfeed date when setting charges. If providing an early backfeed date may have an impact on TOs cost recovery, this should be addressed within the CUSC and be included within CMP288 alongside delay charging issues.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Click or tap here to enter text.

### Specific Workgroup Consultation questions – CMP288/289

1	Are there other supporting commercial processes (either codified or not) which could impact successfully applying delay charges/backfeed charges which the Workgroup have not considered? Please	<input type="checkbox"/> Yes <input type="checkbox"/> No
		We have no further comment on the remainder of the consultation.

	explain how CMP288 may impact them.	
2	Do you have any comments in respect of the options set out for Shared Works?	
3	Do you think the CMP289 modification is required? If so, please provide your justification.  <i>If you think CMP289 is required, please continue to answer the CMP289 Workgroup consultation questions.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No  Click or tap here to enter text.

#### Standard Workgroup Consultation questions – CMP289

1	Do you believe that the Original Proposal and WACM1/WAGCM1 better facilitates the Applicable Objectives?	Mark the Objectives which you believe the Original solution better facilitates: <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/> A</td> <td><input type="checkbox"/> B</td> <td><input type="checkbox"/> C</td> <td><input type="checkbox"/> D</td> <td><input type="checkbox"/> E</td> </tr> </table> Click or tap here to enter text.	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E			
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No  Click or tap here to enter text.						
3	Do you have any other comments?	Click or tap here to enter text.						
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input type="checkbox"/> No  Click or tap here to enter text.						