

CUSC Code Administrator Consultation Response Proforma**CMP344 'Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology'**

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 22 December 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Joseph Henry Joseph.Henry2@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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For reference the applicable CUSC 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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and*
- e. *Promoting efficiency in the implementation and administration of the use of 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 Code Administrator Consultation questions		
1	Do you believe that the CMP344 Original solution, better facilitates the Applicable CUSC Objectives?	
2	Do you support the proposed implementation approach?	Yes, but we believe improved drafting of the legal text is needed to make clear that the Onshore TO's maximum allowed revenue is revised during the price control period by the Price Control which includes the Annual Iteration Process.
3	Do you have any other comments?	<p>The proposed legal text implies that allowed revenues for Onshore TO cannot change once set, other than for under- or over-recoveries.</p> <p>This is clearly not the intent of the amendment and does not reflect the nature of the Onshore TO price controls.</p> <p>We propose some further additions to the proposed legal text for clause 14.14.2, as follows, to avoid this misinterpretation.</p> <p><i>“14.14.2</i></p> <p><i>A baseline revenue defined for these activities and those associated with pre-vesting connections is set by the Authority for the Onshore Transmission Owners revenue at the time of the Onshore Transmission Owners’ price control review for the succeeding price control period.</i></p> <p><i>The base revenue for an Offshore Transmission Owner is set at the point of the asset transfer of its Offshore Transmission System.</i></p> <p><i>Transmission Network Use of System Charges are set to recover the Maximum Allowed Revenue (MAR) as set <u>and revised</u> by the Price Control for Onshore Transmission Owners and the point of asset transfer for Offshore Transmission Owners (where necessary, allowing for any Kt adjustment for under or over recovery in a previous year net of the income recovered through pre-vesting connection charges).”</i></p> <p>We note that the critical term “Price Control” also needs to be defined. To avoid doubt we propose that the definition should make clear that for Onshore TOs this includes amendments to maximum allowed revenues made during the price control period pursuant to the Authority’s Annual Iteration Process as defined in the Onshore TO’s licences.</p>