

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?	<p>On balance we believe that the CMP344 original solution does not better facilitate the applicable CUSC objectives. This is because the solution does not consider the principle that different assets being treated in a different way is not necessarily unfair nor discriminatory but rather focuses solely on the alignment and identical treatment of generator costs i.e. how costs associated with Income Adjusting Events (IAEs) should be targeted for recovery.</p> <p>We are concerned that this solution will mean any adjustments associated with such events/costs will no longer be recovered via the user of the assets but rather through adjustments to the Demand Residual which will ultimately impact end consumers tariffs. This we believe may not result in cost reflective recovery and will therefore not better facilitate objective b.</p>
2	Do you support the proposed implementation approach?	As detailed in our Workgroup consultation response, we consider that implementation is achievable in April 2021 should a decision be made by the Authority by the date stipulated within the consultation. However, if the decision is made after the final tariffs for 2021 are published then an implementation date of April 2022 should be used.
3	Do you have any other comments?	We consider that the Final Report, when published should make it clear, that the expectation is that changes to Onshore TO Maximum Allowed Revenue (MAR) for a given regulatory year is not impacted by this solution and will continue to be positively provided for via the Annual Iteration Process (AIP). Any changes to revenue will consequently be recorded in a changed MAR value recoverable by Onshore TOs from NGESO in the relevant regulatory years.