

Workgroup Consultation Response Proforma

CMP331: Option to replace generic Annual Load Factors with Site Specific ALFs

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 11 January 2023**. 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 Sally.musaka@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Paul Jones
Company name:	Uniper UK Ltd
Email address:	paul.jones@uniper.energy
Phone number:	07771975782

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 (charging) Objectives are:

- 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;*
- 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);*
- 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;*
- 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 system charging methodology.*

**The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions								
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> <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> <p>Not as currently structured. There does appear to be some inconsistency in the approach as it appears to allow parties to have a “one way bet” where they can benefit from opting for the average generic ALF if their expected load factor is less beneficial than this, or for a specific ALF if this is seen to be more beneficial than the generic one. It would be more consistent to either stick with the generic ALF approach or to put all new plant onto a site specific ALF.</p> <p>The more important deficiency however is the failure to address the issue of changing use of existing generation or sites. Please see our response to question 8 on this.</p>	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?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>This should apply to change of use of existing sites too.</p>						
3	Do you have any other comments?	No thank you.						
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>However, we do believe there is scope for the working group to develop a WACM which includes change of categorisation of existing sites too, as in our comments to question 8.</p>						

Specific Workgroup Consultation questions		
5	Do you believe that reconciliation of Generic or site-specific ALFs to actual ALFs should take place? And if so whether the reconciliation of charges would cause issues for Parties?	<p>A reconciliation does seem like a sensible approach if it can be accommodated within the billing process. This shouldn't cause an issue for parties as long as they are aware it will happen. In essence, this part of the charge would become an avoidable cost for the generator, which may be an issue in itself in terms of its impact on the energy market, but should be manageable for the generators concerned.</p>

6	What could be considered acceptable evidence as part of the independent assessment for the ESO to verify whether the site-specific ALFs are a fair and realistic forecast?	This is a difficult question to answer and is another difficulty with adopting this solution as opposed to the average generic approach.
7	Should there be any legal obligations on Users to be fully open and transparent with the independent third party and the ESO when calculating a site-specific ALF?	This should be a principle. Whether a specific obligation is needed is debatable. The obligation should at least be to provide the best estimate of the load factor, perhaps including a reference to good industry practice.
8	Do you agree CMP331 only applies to new generators or should existing generators retrofitting new plant be eligible?	It should apply to where a generation type of the an existing station/site changes too. For instance, some existing CCGTs have converted to OCGTs by losing their steam cycle and it would be expected that this sort of change will occur more often as gas plant becomes used less often. Additionally, as ALFs sit with stations and not specific units within those sites, change of use of existing stations, perhaps by the addition of lower carbon generation onto existing sites, should be eligible for this solution too.