

**Workgroup Consultation Response Proforma****CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies.**

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 **7 July 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 [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Paul Jones	
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<b>Phone number:</b>	Click or tap here to enter text.	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body	<input type="checkbox"/> Interconnector <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

**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:**

- 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.*

*\*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 facilitate the Applicable Objectives?	Mark the Objectives which you believe the Original better facilitates: Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E Click or tap here to enter text.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.

Specific Workgroup Consultation questions		
5	Consider recovery of the AI cost gap if the subsequent generator connects at a much later point in time e.g., 15-20 years later.	Given that these arrangements are predicated on anticipatory investment being made to accommodate a known project or projects connecting at a later date, there should be some process for accommodating any late arrival of that project. Therefore, the proposed arrangements could be followed to allow a project/s to connect within a certain timescale, say 5 years from the connection of the first generator. Thereafter, if a project is late, it could be subject to a bridging charge such as a delay charge which prevents customers from continuing to underwrite the cost gap for a prolonged period.

6	Consider the options for applying inflation, e.g., should it be CPI or RPI linked?	We do not have a strong view on this. We note that any inflation measure should relate to the time value of money of customers, who are underwriting the AI cost gap until the subsequent generator connects.
7	If a local circuit changes to a wider circuit, should the subsequent generator still pay for the AI cost gap and AI, or should this be filtered through the wider tariff?	<p>Our answer assumes that in this instance the costs for the circuit will be reflected in the wider TNUoS charge once it changes from being a local circuit. It is also assumed that this element of the wider TNUoS charge is applicable immediately to generators who are already connected and to subsequent generators once they connect.</p> <p>If the circuit changes from a local to a wider circuit prior to the subsequent generator connecting, then it would make sense for the AI cost gap to be calculated and charged as usual for the period up to when the change occurred. For the period from when the circuit changed to when the subsequent generator connects, it would seem reasonable to disregard the relevant amount of cost gap applying to that circuit, if that it possible to calculate.</p> <p>If the circuit changes after the subsequent generator connects, it should still pay the AI cost gap charge that had already been calculated prior to it connecting to reflect local costs already underwritten by customers.</p>
8	Does your answer to <b>Q7</b> change if the majority of the AI was built specifically for a specific local generator but may be utilised by the wider system during certain periods?	Not unless the local charging principles relating to this type of asset changes.
9	Are there any other comments in relation to <b>Q7 and Q8</b> on a broader perspective?	No thank you.
10	Consider the impact on consumers if the subsequent generator(s) don't connect to the National Electricity Transmission System.	If the project decides not to go ahead and terminates its connection agreement and/or construction agreement, then the cancellation charge should be sized accordingly to allow for appropriate recovery of any stranded costs. This would help prevent customers paying for unnecessary asset costs.

