

**CUSC Workgroup Consultation Response Proforma****CMP324 and CMP325: Generation Zones – changes for RIIO-T2 and Rezoning – CMP324 expansion**

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

If you have any queries on the content of this consultation please contact Joseph Henry [joseph.henry2@nationalgrideso.com](mailto:joseph.henry2@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
<b>Respondent name:</b>	Gareth Davies
<b>Company name:</b>	Aquatera
<b>Email address:</b>	Click or tap here to enter text.
<b>Phone number:</b>	Click or tap here to enter text.

**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 CUSC arrangements.*

*\*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 regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

To whom it may concern

The response to the consultation represents Aquatera's understanding and feedback about the issues raised.

It is fair to summarise that we are dismayed that Ofgem would consider alternative options that would continue to undermine, prejudice and discriminate against renewable energy from the Northern and Western Isles of Scotland. After 20 years of concerted investment, innovation and commitment from the islands to decarbonise and to lead the UK and the world to a more sustainable energy system it is shameful that Ofgem persist in acting in such a cavalier way and continue to countenance options that are so prejudicial.

It should always be remembered and taken into account that Orkney and the other islands are part of the UK, as residents and businesses we pay taxes, any local generators would pay taxes and employ people, we pay for the socialised costs components in our electricity bills that cover all the other grid upgrades and expansions that have taken place elsewhere, and the ultimate irony we have had to suffer surcharges as customers because we were considered remote and expensive to connect to the national grid system.

At the same time inter-connectors to other countries are sanctioned and operated with no tax or job benefits, low efficiency and no control over the source of the electricity.

The islands themselves have over 800 MW of wind permitted but not connected, there has been over 1 billion invested in renewables potential and decarbonisation, we have led the world in the development and demonstration of marine energy and the waters around the islands are currently being considered for perhaps more than 5 GW of offshore wind potential.

The islands are the true POWERHOUSE of renewable energy in and for the UK, wind with capacity factors of over 40% onshore and probably 60% offshore.

What is Ofgem's response, time and again silence, absence and then the periodic introduction of another obstacle or barrier to development and investment which is counter to local customer, UK customer, government, business and climate interests.

**WAKE-UP, we are in the 21<sup>st</sup> century the governments of the UK and Scotland have announced a climate emergency – we need to decarbonise urgently and justly.**

The status quo is not an option, positive progressive change is needed that prioritises decarbonisation and provides fair and balanced access to all parts of the UK to the system that all of us pay for and support.

Please, please, please engage with the islands meaningfully, understand their contribution and potential in helping to solve the greatest energy challenge that has ever existed and in helping to achieve a just transition.

Our detailed and specific comments are given below, and are aligned with other responses you will have received from Orkney.

Standard Workgroup Consultation questions		
1	Do you believe that the CMP324 and CMP325 Original Proposal better facilitates the Applicable CUSC Objectives?	Following the UK Government's legislation for net zero emissions by 2050 (2045 in Scotland) and Ofgem's new decarbonisation action plan it will now be crucial that government, the industry and the regulator work together to deliver the actions and reforms in practice, then yes, we support the Original proposal.
2	Do you support the proposed implementation approach?	Yes, we support the proposed implementation approach for April 2021.
3	Do you have any other comments?	<p>The UK has committed to net zero by 2050. The immediate grid infrastructure planned to connect onshore areas in the next 5 years, such as the Scottish Islands, are part of the infrastructure required to connect generation to meet the 2050 commitment. If the costs for using this infrastructure under charging models proposed for 2024/5 were to be excessive not only would new zero carbon generation not be built but existing embedded generators, including many community groups, in the north of Scotland and the Scottish islands would be bankrupted.</p> <p>Island generation is termed "onshore" in the current CUSC thus should be treated the same as UK mainland generators and benefit from socialised use of system charges.</p> <p>Consideration requires to be given as to how the new charging regime would apply to generators in Orkney connected to the distribution grid through the Orkney RPZ Active Network Management system as they have non-firm connections subject to curtailment. If they were to be subjected to the full impact of the proposed TNUoS charging regime then they would require full access to the UK grid.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for	No.

	the Workgroup to consider?	
<b>Specific CMP324 and CMP325 Workgroup Consultation questions</b>		
5	What are your views on the potential solutions discussed in the report? Please provide any evidence or rationale for your preferred solution.	We prefer the Original option (Transmission Zones = Demand Zones) All other potential alternatives would seem to result in separate charging zones for each Island Group, even if they contained only 1 node
6	What are your views on the distributional effects of the potential solutions outlined? Please provide your rationale.	It is understood that some lower cost nodes will be averaged with higher costs nodes and that the range between low and high will be significant in zones where Island generation is included