

Code Administrator Consultation Response Proforma**CMP368: Updating Charges for the Physical Assets Required for Connection, Generation Output and Generator charges for the purpose of maintaining compliance with the Limiting Regulation & CMP369: Consequential changes to Section 14 of the CUSC as a result of the updated definitions introduced by CMP368**

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 1 September 2021**. 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 Jennifer Groome Jennifer.Groome@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	James Stone
Company name:	National Grid ESO
Email address:	James.Stone@nationalgrideso.com
Phone number:	07971 002704

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.

CMP368**For reference the Applicable CUSC (non-charging) Objectives are:**

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- 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 CUSC arrangements.*

**Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

CMP369**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.*

**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.

CMP368 Standard Code Administrator Consultation questions		
1	Do you believe that the CMP368 Original Proposal or WACM1, WACM 2, WACM3, WACM4, WACM5, WACM6, WACM7, WACM8, WACM9, WACM10, WACM11, WACM12, WACM13, WACM14, WACM15, WACM16, WACM17, WACM18, WACM19 better facilitates the Applicable Objectives?	<p>The request made of NGESO by the Authority in its decision on CMP317/327 was clear in that a modification (in relation to the Limiting Regulation range) should be brought forward to:</p> <ul style="list-style-type: none"> a) Further update the CUSC charging methodology so as to include, in the assessment of compliance with the range, Local Charges in respect of Local Assets (i.e. Local Substations and Local Circuits) to the extent that such assets were pre-existing at the time the generator paying those charges wished to connect to the National Electricity System ('NETS'); and b) Remove from the calculation determining compliance with the range the TNUoS Charges payable by 'Large Distributed Generators' and their associated volumes (MWh). <p>We consider that the CMP368 Original Proposal fully meets this request and ensures alignment with the Authority decision / interpretation of the Limiting Regulation and is therefore positive in relation to Applicable Objective (a).</p> <p>We believe all other WACMs to be negative in relation to Applicable Objective (a) as they are not consistent with, and in some cases are in direct conflict with the terms of the request within the CMP317/327 decision. For example, they either disregard the request to remove both 'Large Distributed Generators' TNUoS charges and volumes or they seek to treat volumes and/or corresponding charges in an inconsistent way (i.e. to include some charges but not the corresponding volumes).</p> <p>We consider that all the solutions are neutral to Applicable Objective (b).</p>

		<p>We believe that the CMP368 Original Proposal will also better facilitate Applicable Objective (c). This is because the Original Proposal will implement the Authority's 'correct interpretation' of the connection exclusion as per the terms of the CMP317/327 decision and consequently will better provide for the application of TNUoS charges to align with the Limiting Regulation.</p> <p>We consider the Original Proposal to be positive in relation to Applicable Objective (d) as it will fully align with the correct interpretation of the Limiting Regulation, as occurred in CMP317/327. However, we believe all other WACMs to be negative with regards to Applicable Objective (d). This is because all WACMs aim to pre-empt a policy decision in relation to the Access & Forward-Looking Charges Significant Code Review (SCR) whereby they adopt the terminology of 'Embedded Generators' for use in the compliance assessment. At present the SCR solution for 'Embedded Generators' is not currently known. As such those WACMs attempting to update the CUSC pre-emptively, without understanding the final detailed solution, could likely result in unintended consequences and lead to inefficient implementation and administration of CUSC arrangements.</p>
2	Do you support the proposed implementation approach?	<p>Yes, we consider that the proposed implementation approach to use the definitions created by CMP368 together with the proposed changes introduced via CMP369, to be appropriate. This will allow the ESO to amend TNUoS charges by altering the Adjustment Tariff for Generators and the Residual charge for Suppliers from April 2022.</p> <p>The Workgroup Report stipulates that a decision is required by 31 October 2021. This date would allow any changes required by the Original or any WACM that adopts the same methodology and timestamp to determine pre-existing assets (i.e. via the BCA dates and the use of enabling works) to be implemented for use by NGESO when setting final tariffs for the 2022/23 charge year in January 2022. It would also provide enough time for NGESO to implement any solution for those WACMs with longer lead times to implement i.e. where there is a</p>

		<p>requirement for “asset status” to be used in the pre-existing asset calculation, and therefore additional data requests and checks are needed to be made with the Transmission Owners.</p> <p>However, it should be noted that as leave has been granted for a judicial review of the Competition and Markets Authority (CMA) decision on the appeal to the CMA of the Ofgem December 2020 CMP317/327 decision, the proceedings may potentially impact the CMP368 decision date. If a delay to the decision as a result of the JR were to materialise, we would endeavour to ensure implementation could still occur by April 2022.</p> <p>We consider that implementation in April 2022 is desirable to best ensure the ESO’s ongoing compliance with the Limiting Regulation and to meet the request of the ESO as outlined by Ofgem in its CMP317/327 decision.</p>
3	Do you have any other comments?	<p>Since publication of the Code Administrator Consultation, a CUSC Panel member asked (at the recent CUSC Panel meeting) if visibility of the potential impacts of CMP368 on consumers could be provided. Although this proposed change relates to ensuring compliance, NGESO have undertaken further work to provide some high-level detail of the monetary impact of the Original Proposal solution. Initial analysis suggests that the combined impact of the proposed changes to include in the assessment of compliance pre-existing assets and to remove Large Embedded Generation from the calculation, would have a net effect in the region of -£8m to +£12m in relation to an overall compliance value of circa £350m for the 2022/23 charging year.</p>

CMP369 Standard Code Administrator Consultation questions

1	Do you believe that the CMP369 Original Proposal better facilitates the Applicable Objectives?	<p>Yes, we believe that the CMP369 Original Proposal does better facilitate Applicable Objectives (c), (d) and (e).</p> <p>We believe that the Original Proposal is positive with regards to Applicable Objective (c) as it will allow the ESO to update the charging arrangements it applies as a transmission business to reflect</p>
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		<p>developments in charging driven by the Authority's CMP317/327 decision.</p> <p>It is also positive with regards to Applicable Objective (d) as it will ensure ongoing compliance with the Limiting Regulation.</p> <p>We consider the Original Proposal will be positive in relation to, and better facilitate Applicable Objective (e). This is because it will update Section 14 of the CUSC to ensure the Limiting Regulation compliance assessment fully aligns with the Authority's CMP317/327 decision by adopting the correct interpretation of the Connection Exclusion and the provision of the CUSC in its treatment of both charges paid by and the volumes generated by Large Distributed Generators.</p>
2	Do you support the proposed implementation approach?	Yes, we support the proposed implementation approach to update the CUSC through CMP369 to use those definitions introduced via CMP368 for use in the Limiting Regulation compliance calculation from April 2022.
3	Do you have any other comments?	No