

CUSC Workgroup Consultation Response Proforma

CMP317:

Identification and exclusion of Assets Required for Connection when setting Generator Transmission Network Use of System (TNUoS) charges

and:

CMP327:

Removing the Generator Residual from TNUoS Charges (TCR)

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 by **5pm** on **12 March 2020** to cusc.team@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Paul Mullen at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent:	<i>Sweyn Johnston, Strategic Projects Director (responsible for development of three wind farms)</i>
Company Name:	<i>Orkney Islands Council</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	

Standard Workgroup Consultation questions

Q	Question	Response
1	Do you believe that CMP317/CMP327 Original Proposals better facilitates the Applicable CUSC Objectives?	<p>For reference the applicable CUSC objectives are:</p> <p>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;</p> <p>b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably</p>

		<p><i>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);</i></p> <p>c) <i>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;</i></p> <p>d) <i>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</i></p> <p>e) <i>Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p> <p><i>*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).</i></p>
2	Do you support the proposed implementation approach?	No
3	Do you have any other comments?	The Original proposal continues the historic discrimination of island projects, which is not in line with current zero carbon and renewable energy targets.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	We would like to see an alternative raised which changes the proposed modification to make the island links (as they are shared with several generator and demand) part of the costs included in the Cap.

Specific CMP317/327 questions

Q	Question	Response
5	<u>Definition of physical assets required for connection to the</u>	We do not agree because the definition is far too broad and therefore, should not be part of the

	<p><u>system</u></p> <p>a) Do you agree with the three options identified in Section 4, Paragraphs 2.1-2.4? If so, which do you prefer, and why?</p> <p>b) Is there another option you think should be considered, and why? Please provide evidence if possible.</p>	<p>exemptions.</p> <p>Up until now, when estimating TNUoS charges for the future under a 'TGR' sensitivity, the Local Offshore revenue from the calculations has been excluded, while based on this proposal, the Local Circuit and Local substation revenue will be excluded.</p> <p>To that end, this proposal will greatly reduce the total revenue liable to the cap, which in turn will likely dramatically increase generator TNUoS tariffs. Ultimately, TNUoS charges are going to be higher in a region that is already constrained geographically. Furthermore, there is so much uncertainty for investors in terms of TNUoS, such as the treatment of HVDC links and the issues under zoning (CMP324/325).</p> <p>We also concur with the working groups direction set out in Section 2.2.6 of the consultation document, which highlights that some members considered that excluding charges for local circuits and substations in respect of island links, or other physical assets, used by demand, or other Generators, was not compliant with the Limiting Regulation, and therefore, does not facilitate the CUSC Objective(d).</p> <p>The islands are set to be important centres of renewable generation and physical infrastructure which elsewhere on the same UK grid would be treated in a different and discriminatory way, and therefore this proposal is not fit for purpose.</p> <p>i) Generator Only Spur</p> <p>Yes, we agree with this option if these are identified as for sole use of a generator to the Main Interconnected Transmission System (MITS).</p> <p>ii) All local circuits and local substations except for pre-existing assets and shared assets.</p> <p>Yes, we agree where such circuits are not shared by more than 1 generator and/or distribution.</p>
6	<p><u>Amount targeted (G average)</u></p> <p>a) Do you agree with the four options highlighted in section 4, paragraph</p>	<p>Support the proposed target of £0/MWh (or close to £0/MWh) because this would help mitigate the impact of excluding connection charges from the calculation relevant to the Limiting Regulation.</p>

	<p>3 for where in the range set out by the Limiting Regulation should be targeted? If so, which do you prefer and why?</p> <p>b) Is there another option you think should be considered, and why? Please provide evidence if possible.</p>	
7	<p><u>Error Margin</u></p> <p>a) Do you agree with the two options highlighted in section 4, paragraph 4 in regards to the inclusion of an error margin?</p> <p>b) Is there another way to calculate the methodology for an Error margin? Please provide evidence if possible.</p>	
8	<p><u>Implementation</u></p> <p>The workgroup has identified a phased implementation approach may be preferable. Do you agree with this position or not, and if so, why? Please provide evidence if possible.</p>	
9	<p><u>Modules</u></p> <p>The workgroup have identified a number of permutations in Section 4, Paragraph 8 that could work as possible alternative solutions.</p> <p>a) Do you think any of the modular combinations are incompatible?</p> <p>b) Is there an additional module combination that you think should be considered? If so, please provide justification.</p>	
10	<p>In section 4 paragraph 2.2.6</p>	Agree (from 2.2.6) that excluding the Charges for local

	and 2.5.3, the workgroup has identified its proposed approaches to island links. Do you agree or disagree with any of these suggested approaches? Please provide justification.	circuits and substations in respect of Island Links, or other physical assets, used by demand or other generators, is not compliant with the Limiting Regulation ('EU Cap').
11	<p>In section 4 paragraph 6, the workgroup has identified its consideration of the Reference Node.</p> <p>a) Do you have any evidence that would support solutions which include the Reference Node?</p> <p>b) Do you have any views on the Workgroup progressing this work alongside the Access and Forward Looking Charges SCR?</p>	