

CUSC Workgroup Consultation Response Proforma**CMP334: Transmission Demand Residual – consequential definition changes (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 to cusc.team@nationalgrideso.com by **5pm on 15 April 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 Paul Mullen at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Nick Sillito
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For reference the applicable CUSC objectives are:

Relevant Objective
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
(b) 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;
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
(d) 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).

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

Standard Workgroup Consultation questions		
1	Do you believe that the CMP334 Original Proposal better facilitates the Applicable CUSC Objectives?	We do not believe that the proposal meets criteria (b) “facilitating competition” for the reasons set out in our answer to question 7.
2	Do you support the proposed implementation approach for CMP334?	No Comment
3	Do you have any other comments?	No
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No
Specific CMP334 Workgroup Consultation questions		
5	Based on the mapping table in Annex 3, does the proposed CMP334 solution deliver Ofgem’s TCR SCR Direction? Please identify any areas you believe need to be addressed?	No comment
6	Do you agree with the proposed definition of “Single Site”? If not, why not.	No comment
7	Do you agree with the proposed definition of “Final Demand Site”? If not, why not.	We think that the definition should be extended to include losses on sites/equipment necessary to the operation of the transmission and distribution systems – failure to do this would distort competition as the residual costs of the network are recovered from either network operators or parties providing services to the networks.

		<p>This was highlighted by NGESO in a tender update to all participants as part of the Mersey pathfinder Long Term tender on the 24th March 2020:</p> <p>“[NGESO] acknowledge that this creates a challenge for [Intermediate Demand] connections to fairly compete in the pathfinder tender. The ESO believes that it may be appropriate that [Intermediate Demand] connections do not fall under the final demand category, but treated as intermediate demand consuming energy exclusively to export/provide a service to the transmission network. We are reviewing this situation, subject to industry change processes and timescales. It will be important for the TCR principles to be used in an assessment of costs to consumers and to ensure that there is a removal of distortions between market participants.”</p> <p>We support an amendment to the definition of Final Demand Site (and the associated definition of Eligible Facility) to exclude intermediate demands where energy is consumed exclusively for the provision of services to a licenced network operator.</p>
8.	Do you believe the Certification process described in the legal text is fit for purpose? If not, why not?	Yes