

**CUSC Workgroup Consultation Response Proforma****CMP337: 'Impact of DNO Contributions on Actual Project Costs and Expansion Factors' & CMP338: 'New Definition of Cost Adjustment'**

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 **9am on 11 May 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 Ren Walker at [lurrentia.walker@nationalgrideso.com](mailto:lurrentia.walker@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
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**CMP337**

**For reference the applicable CUSC Charging objectives are:**

Relevant Objective
(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) To promote efficiency in the implementation and administration of the CUSC arrangements

**CMP338****For reference the applicable CUSC objectives are:**

<b>Relevant Objective</b>
(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.**

<b>CMP337 - Standard Workgroup Consultation questions</b>		
1	Do you believe that the CMP337 Original Proposal better facilitates the Applicable CUSC Charging Objectives?	The modification seeks to make some amendments to the CUSC which reflect the contribution of TO assets to a DNO on particular circuits – notably on remote Islands. This proposal enables efficient building and operating of the UK grid going forward. It also aids competition by allowing on generation in areas of very high use of system charges, which otherwise may not be connected. The efficiencies in grid design and in longer term operational savings plus security of supply also help local demand.
2	Do you support the proposed implementation approach for CMP337?	Yes
3	Do you have any other comments?	It is noted that the Shetland case is used as the particular example in the WG report. It is assumed that savings in DNO assets and longer term operational costs could be treated the same way for other Island Groups.
4	Do you wish to raise a Workgroup Consultation	No

	Alternative Request for the Workgroup to consider?	
<b>CMP338 – Standard Workgroup Consultation questions</b>		
1	Do you believe that the CMP338 Original Proposal better facilitates the Applicable CUSC Objectives?	We agree that the contribution from a DNO to a TO is best described as a “Cost Adjustment” and that it clarifies the definition of “Actual Project Costs” where DNO contributions is reflected in Generator TNUoS. Thus the Original is better than the Baseline.
2	Do you support the proposed implementation approach for CMP338?	Yes
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