



Alternative Request Proposal Form	At what stage is this document in the process?
<h1>CMP324/5:</h1> <h2>Generation Zones – changes for RIIIO-T2 and Rezoning – CMP324 expansion</h2>	<p>02: Proposed Workgroup Alternative</p>
<p>Purpose of Alternative: The alternative proposes to adhere to the Original proposal in that the eventual number of generation zones will change to coincide with the current DNO zones (14) but will be fixed at the current 27 zones until charging year ending March 2023, but from the next charging period will change to the DNO (14) zones as per the Original.</p>	
<p>Date submitted to Code Administrator: 21 April 2020</p> <p>You are: An Observer (Alternative in the name of EMEC)</p> <p>Workgroup vote outcome: Formal alternative</p>	

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1 Alternative proposed solution for workgroup review

This alternative would fix the current 27 zones until the end of charging year March 2023 and would thereafter change to the 14 zones proposed in the Original. This would give time for those generators who may be paying increased tariffs under the Original proposal more time to adjust.

2 Difference between this proposal and Original

This solution differs from the original modification only in that there would be a delay of implementation for 2 years. For avoidance of doubt, the current 27 zones would be fixed until the charging year end March 2023.

3 Justification for alternative proposal against CUSC Objectives

Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
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>Positive – increased stability provides better investment signals, longer-term certainty and simplification of the current regime removing a barrier to entry</p> <p>Onshore wind from higher wind resource areas has been estimated as the most competitive for LCOE (2025 estimate) at £63/MWh (source BEIS ‘Electricity Generation Costs Nov 2016’). It is therefore beneficial in the longer term for more generation in the areas of high wind resource to be connected. The proposal (as per Original) would avoid setting up charging zones in peripheral areas where there may only be one or 2 nodes, thus avoiding significant barriers to entry.</p> <p>The delay to implementation would allow existing generators 2 years in which to plan ahead and for those in process of development to have more certainty.</p>
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);	None
c. That, so far as is consistent with sub-paragraphs (a) and (b), the use of system	None

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	Neutral.
e. Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – fixed zones and connectivity map improves transparency and improves efficiency in TNUoS tariff setting and publication processes, as well as simplifying matters on a long term basis. Gives a clear signal to the market 2 years in advance.
*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).	

4 Impacts and Other Considerations

The UK Government has committed to meeting zero carbon by 2050 (2045 in Scotland). This solution offers significantly lower barriers to entry for connection of low carbon generation from areas of best renewable energy resource. The move away – to a limited extent – from locational signals dating from 1992, which did not consider climate change nor environmental impacts deriving from climate change, is both necessary and urgent.

Consumer Impacts

This solution will reduce barriers to entry from a large quantity of renewable generation of a type identified (BEIS report 2016) as the lowest LCOE. This will have a beneficial effect for consumers going forward.

Impacts would be as the Original.

5 Implementation

Must be approved by 30 June to meet 1 April 2021 in line with Ofgem TCR Direction

6 Legal Text

Set out business rules in plain English

To be agreed with ESO and following Work Group discussion

7 CMP324/5 Legal Text (DRAFT)

As per the Original but change 14.15.42 to "Between 1st April 2021 and 31st March 2023, the number of generation zones will be fixed to the 27 zones that are effective as of 31st March 2021 based on methodology in effect during the 2020/21 Financial Year. From 1st April 2023, the generation zones will be revised to 14 to align with the 14 GSP Groups as described in 14.15.38.

Note – it is intended that where the Original Legal text refers to rezoning in exceptional circumstances (14.15.37; 14.15.45; 14.15.52; 14.29) it is intended that the Alternative would insert "and any rezoning would require an appropriate CUSC modification." *To be agreed with ESO*