

CUSC Workgroup Consultation Response Proforma**CMP324 and CMP325: Generation Zones – changes for RIIO-T2 and Rezoning – CMP324 expansion**

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 18 March 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 Joseph Henry joseph.henry2@nationalgrideso.com or cusc.team@nationalgrideso.com.

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

- 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;*
- 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);*
- 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;*
- 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*
- Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**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 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 CMP324 and CMP325 Original Proposal better facilitates the Applicable CUSC Objectives?	<p>If Ofgem have a remit to bear in mind the UK Government commitment to Net Zero by 2050 (2045 in Scotland – Scottish Government) as, at least, part of the reasoning to reduce rather than increase the number of TNUoS charging zones – then Yes, the Original proposal, for the same number of TNUoS zones as Demand zones (14), better facilitates the Applicable CUSC objectives as they inform future investment decisions for the location of renewable generation. We believe that without the increased stability which arises by decreasing the number of TNUoS charging zones it will not be possible for Island Generators (classed as onshore) to take part in the CfD auction process – the next round of which is due in 2021.</p> <p>The Original lowers barriers to entry to significant MW of renewable energy and aids competition in the energy market</p>
2	Do you support the proposed implementation approach?	Yes we support the proposed implementation approach for April 2021
3	Do you have any other comments?	The UK has committed to International treaties for reduction of Co2 and for decarbonisation (net zero) by 2050. The immediate grid infrastructure planned to connect onshore areas in the next 5 years, such as the Scottish Islands, are part of the infrastructure required to connect generation to meet the 2050 National commitment (2045 in Scotland). If the costs for using this infrastructure under charging models proposed for 2024/5 were to be so high that zero carbon generation could not be built then surely the National commitment would be thwarted.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	We would suggest that if the Original is taken off the table or modified to leave Islands with their own zones then an alternative which specifies the 14 Zones as Demand going forward to 2024/5 should be raised.
Specific CMP324 and CMP325 Workgroup Consultation questions		
5	What are your views on the potential solutions discussed in	We prefer the Original option (Transmission Zones = Demand Zones) All other potential alternatives would seem to result in separate charging zones for each

	the report? Please provide any evidence or rationale for your preferred solution.	Island Group, even if they contained only 1 node
6	What are your views on the distributional effects of the potential solutions outlined? Please provide your rationale.	It is understood that some lower cost nodes will be averaged with higher costs nodes and that the range between low and high will be significant in zones where Island generation is included. However the potential impact to the lower cost nodes will be significantly less than that for very high TNUoS generators on the Islands. Overall the more settled level of TNUoS in the renewables rich (Wind and Marine Wave and Tidal) North of Scotland will give adequate signals to locate generation there. Which it does not do under the present locational signals developed in 1992.