

### CMP288 'Explicit charging arrangements for customer delays and backfeeds'

and

### CMP289 'Consequential change to support the introduction of explicit Charging arrangements for customer delays and backfeeds via CMP288'

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 **31 January 2019** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.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 Shazia Akhtar at [Shazia.akhtar2@nationalgrid.com](mailto:Shazia.akhtar2@nationalgrid.com)

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

<b>Respondent:</b>	<i>Garth Graham (garth.graham@sse.com)</i>
<b>Company Name:</b>	<i>SSE Generation Ltd.,</i>
Please express your views regarding the Workgroup Consultation, including rationale.  (Please include any issues, suggestions or queries)	<p><b>For reference, the Applicable CUSC Objectives for the Use of System Charging Methodology are:</b></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 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);</p> <p>(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;</p> <p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the</p>

	<p>Agency. These are defined within the National Grid Electricity Transmission Plc Licence under Standard Condition C10, paragraph 1*; and</p> <p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p>*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).</p> <p><b>The Applicable Standard CUSC objectives are:</b></p> <p>(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;</p> <p>(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;</p> <p>(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and</p> <p>(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p>*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).</p>
--	---

Q	Question	Response
1	<b>Do you believe that CMP288 and CMP289 Original proposals, better facilitates the Applicable CUSC Objectives?</b>	<p>No. CMP288 (and the associated non-charging changes that arise with CMP289) would not better facilitate either Competition or Cost Reflectivity.</p> <p>This is because it has not been possible for the TOs to confirm to Users (individually or collectively) that the actual assets which they would be charged for (in terms of delay and / or back-feed) exist and can only be used for their project. This means that 'double counting' could (would?) arise with this Original proposal which would be detrimental in terms of cost reflectivity and competition.</p>
2	<b>Do you support the proposed implementation approach?</b>	<p>It is not appropriate to retrospectively change the terms for existing parties who have not been given a choice as to whether to accept those terms when signing their Connection Agreement.</p>
3	<b>Do you have any other comments?</b>	<p>We are concerned that the Proposer of CMP288 does not appreciate the real risk of 'double counting' that arises from their Modification whereby an asset is charged to one User whilst being used for the benefit of another User (or other Users collectively).</p> <p>Put simply if, with the Original, it is possible to identify specific assets with such certainty that the costs (arising from delay / and or back-feed) can accurately be calculated then it must be possible to identify where those assets are to the User who is being billed for them.</p> <p>We are also concerned at the discriminatory treatment that the Original proposal introduces whereby certain Users (non-network parties) would have to pay delay and / or back-feed charges whilst other Users (network parties) would not face such charges; even though the same situation (a delay or back-feed) has arisen in both cases.</p> <p>That this is a real possibility is shown by the approach to the onshore AC assets that have been built by the onshore TOs to connect the (delayed) HVDC Converter Stations to the NETS. If that had arisen post CMP288 being implemented then, according to the Proposer, the HVDC connecting party would <u>not</u> be subject to a delay charge.</p> <p>However, if this was a generator which had delayed then, with CMP288, they would be charged a delay fee (or, equally, a back-feed charge, if applicable).</p>

Q	Question	Response
4	<b>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</b>	<i>No.</i>

#### Specific questions for CMP288 and CMP289

Q	Question	Response
5	<b>Do you believe this consultation covers all the relevant interactions between other liability/charging mechanism currently in place in addition to cancelation and connection charge? If not, please can you provide further information.</b>	It appears to cover the relevant matters.
6	<b>Do you agree with the scope of the works which are proposed to be used to calculate the charge?</b>	The scope of the works should be stable and predictably (as in the generators concerned can predict what the effect will be on them to enable the generator(s) to predict their likely charges).
7	<b>Do you agree with the proposed level of granularity, timing of the proposed information exchange and the period it covers?</b>	We believe that the granularity and timing of the proposed information could be improved.
8	<b>Do you agree with the proposed quarterly reporting of/provision of milestones?</b>	The quarterly reports and the provision of milestones needs to be enhanced.
9	<b>Do you believe the report has captured all the cross code/licence issues relevant to these modifications?</b>	Many of the cross code and licence issues appear to have been captured.

Q	Question	Response
10	<b>Do you agree that the wording of the CUSC should be amended to clarify that one-off charges will be issued to recover additional incremental costs incurred to facilitate a User requested delay or backfeed? If so, do you think this should include a list of example such one off costs that can be incurred for delays and backfeeds?</b>	We believe that rather than an 'example' list that all the assets for which delay (or back-feed) charges are applied should be explicitly listed along with their physical location and that the User; who is being charged for those assets; should have the right to visit (upon paying for one workday of a single junior engineer per visit) that location, at a time of their choosing, to inspect those assets and, if they wish, identify those assets as for their project only.
11	<b>Do you support either of the solutions proposed for calculating financing charges in relation to shared and wider enabling works? Do you have another solution which may be better?</b>	We do not support either of the solutions at this time.
12	<b>Do you agree with the proposed approach that the delay/backfeed charges should be paid as the costs are incurred? Or do you feel they should be paid in an alternative timeframe (e.g. the point of connection)?</b>	<p>The costs (if they arise – we have our doubts) should be recovered incrementally. As we set out in our answer to Q10 above, it will be important to ensure that the User can, independently, verify that the assets for which they are paying the delay (or back-feed) charge exist and are not being used for the benefit of any other User(s).</p> <p>In this regard the Original is deficient as it fails to allow for a refund (including interest) to be paid to the User (by the TSO) where any assts that the User has been charged a delay fee are used for the benefit of other Users.</p>
13	<b>Do you agree with the one month deadline to notify the TO of an intention to delay, to allow the TO to reassess its investment strategy?</b>	Yes. This should afford sufficient time for the cost items to be avoided by all concerned.
14	<b>Do you agree that individual TOs' regulated Weighted Average Cost of Capital (WACC) should be used as the financing rate to calculate the proposed financing charges?</b>	In principle yes, however, as per the discussion in CMP306 Workgroup meeting today (31 <sup>st</sup> January 2019) it is not always possible for Users to source this information. The ESO should ensure that information on individual WACCs for TOs is placed on their website so that Users can predict what the effect will be of any delay or back-feed they maybe considering anywhere on the NETS.

