

Workgroup Consultation Response Proforma**CMP288/289: Explicit charging arrangements for customer delays and backfeeds (CMP288) and consequential change (CMP289)**

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 27 April 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Jennie Groome Jennifer.Groome@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Richard Woodward
Company name:	National Grid Electricity Transmission
Email address:	Richard.Woodward@nationalgrid.com
Phone number:	07964 541743

I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable CUSC (non-charging) Objectives are:

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

For reference the Applicable CUSC (charging) Objectives are:

- 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 *; and*
- e. *Promoting efficiency in the implementation and administration of the system charging methodology.*

*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 in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions - CMP288								
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/> A</td> <td><input checked="" type="checkbox"/> B</td> <td><input checked="" type="checkbox"/> C</td> <td><input type="checkbox"/> D</td> <td><input type="checkbox"/> E</td> </tr> </table> <p>We believe this modification better facilitates applicable objectives A, B and C (D and E are neutral).</p> <p>The proposal ensures that the transmission charging methodology is much clearer so that Users are aware that any request they make for a deviation from an Onshore TO's otherwise economic and efficient transmission works plan could lead to charges if unavoidable additional costs arise. The modification also removes the risk of these costs being potentially and unreasonably incurred instead by an Onshore TO and/or end consumers via TNUoS charges.</p> <p>Furthermore, this modification proposal helps better facilitate competition by removing any potential risk of inconsistency of cost pass-through which could lead to some Users avoiding these charges; helping to ensure a more level-playing field for all project developers.</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
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		Objective C is better achieved through recognition of the evolution in the T2 Price Control (for NGET particularly), where Connection Asset delivery costs are now subject to the same output performance measures as Infrastructure Assets. The CMP288 solution better ensures that any incremental costs which result from User requests (e.g. for delays or commissioning backfeed) are more explicitly categorised as One-off Works, minimising the risk of these incremental costs instead being incurred by an Onshore TO who is then subject to adverse Price Control performance measures through no fault of their own.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We support implementation as soon as possible following Ofgem's determination.</p> <p>We agree with the proposer's solution to apply to Users who modify existing agreements and to any Users striking new agreements. We agree that applying retrospectively – i.e. by reviewing and reopening previously finalised agreements to impose these charges belatedly - is not appropriate.</p> <p>It is important to note however that some customers have agreed to these charges in England and Wales previously, signing connection agreements accordingly. These charges were levied in accordance with NGET's prevailing Charging Statement methodology at the time and therefore in our view remain active.</p> <p>We do not propose to amend these historically agreed charges as we are satisfied that the original solution as proposed is consistent with NGET's methodology. However - should this modification be approved with a differing solution (e.g. under a WACM), or rejected, we will work the ESO and connection customers to review these previously agreed charges and revert to the most appropriate methodology.</p>
3	Do you have any other comments?	N/A
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Click or tap here to enter text.</p>

Specific Workgroup Consultation questions – CMP288/289		
1	Are there other supporting commercial processes (either codified or not) which could impact successfully applying delay charges/backfeed charges which the Workgroup have not considered? Please explain how CMP288 may impact them.	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Whilst we acknowledge the workgroup discussion in relation to making the Onshore TO Charging Statement annual update process more transparent, along with making charging data more accessible when agreeing connection offers, the ultimate objective of this modification is to make charging rules more explicit.</p> <p>The transmission companies continually evolve and improve commercial process to better support industry stakeholders. There is a strong focus on improving connection process efficiency, project developer interactions, and data transparency - for example through the provision of online customer portals.</p> <p>We will continue to develop these process areas as business as usual, but do not believe there is anything specific needed to implement CMP288/CMP289 (as currently proposed).</p>
2	Do you have any comments in respect of the options set out for Shared Works?	<p>It is important that this modification sets effective charging signals so that Users are fully aware of the consequences of requesting changes to their project requirements prior to completion.</p> <p>Any adjustment to the proposer's solution which could erode these signals ultimately limits the impact of this modification, as well as risking unforeseen consequences. We are wary that the discussions on treatment of User charges when their projects form part of Shared Works could fall into this category.</p> <p>The workgroup should note that it is unlikely that a single User seeking to delay in this scenario will cause the Onshore TO deviate from their economic and efficient plan to deliver shared transmission works – particularly if these works are needed to connect adjacent Users and/or if they are required for network reinforcement.</p> <p>This approach will naturally limit the possibility of, or extent of, Delay Charges being levied - though this would depend on the User's requirements and whether the delaying User is the first comer (as their connection may be a driver behind a Price Control output deliverable).</p>

		<p>More information on NGET's current approach to charging in this context is available in our 22/23 Charging Statement: https://www.nationalgrid.com/electricity-transmission/document/141636/download</p> <p>If the workgroup do insist on finding a means of capping liability for Users seeking to delay when forming part of Shared Works, we cannot see any methodology which does not lead to another industry party (e.g. an Onshore TOs or other Users) or end consumers being unreasonably burdened with additional costs.</p> <p>We believe the following scenarios must be avoided as part of any workgroup discussions on this matter, as they lead to potentially uneconomic outcomes for end consumers and/or distort competition:</p> <ul style="list-style-type: none"> a) Onshore TOs being forced to bear a share of User-initiated costs – this would cause adverse output performance under the T2 Price Control leading to financial penalties (as already mentioned in Q1 above). b) End consumers also being forced to bear a share costs in the conjunction with (a) – i.e. via TNUoS charges. c) User-linked incremental costs being apportioned to adjacent Users also forming Shared Works without their prior consent.
3	<p>Do you think the CMP289 modification is required? If so, please provide your justification.</p> <p><i>If you think CMP289 is required, please continue to answer the CMP289 Workgroup consultation questions.</i></p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>

Standard Workgroup Consultation questions – CMP289

1	Do you believe that the Original Proposal and WACM1/WAGCM1 better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/> A</td> <td><input type="checkbox"/> B</td> <td><input type="checkbox"/> C</td> <td><input type="checkbox"/> D</td> <td><input type="checkbox"/> E</td> </tr> </table> <p>Click or tap here to enter text.</p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E			

2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.