

CUSC Workgroup Consultation Response Proforma**CMP316: TNUoS Arrangements for Co-located Generation Sites**

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 28 February 2022**. 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 Jennifer.groome@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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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, the Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the applicable CUSC (charging) 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; 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 CMP316 Original Proposal better facilitates the Applicable Objectives?	<div> <input type="checkbox"/> Yes, it better facilitates objectives: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E </div> <div> <input checked="" type="checkbox"/> No, it has a negative effect on objectives: <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E </div> <p>It is not clear that the original addresses the issue. It is correct that the different technologies which sit behind a TEC should be reflected in the charges levied on the site but pro rating the TEC across individual fuels may not correctly do this. In particular, there appears to be an issue with the solution in respect of the peak charge, when conventional and intermittent plant share TEC, plus the Not Shared Year Round charge when low carbon and carbon plant share a TEC.</p>
2	Do you support the proposed implementation approach?	<div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <p>It is too early to implement a proposal which seems to cause issues in itself.</p>
3	Do you have any other comments?	<p>The proposal is not correct in our opinion. When conventional and intermittent plant share a TEC, and the TEC is lower than the sum of the individual capacities of the conventional and intermittent units, then the peak security charge can be unduly diluted. For instance, imagine 150MW of intermittent wind plant shares 150MW TEC with 150MW of OCGT. The expectation should be that 150MW of capacity would be used at peak times, by the OCGT, but the original proposal would charge for 75MW, as half of the peak TEC would be allocated to the intermittent plant even though it is not liable for the peak security charge.</p> <p>What should happen is that the peak capacity tariff should be charged on the installed capacity, unless the total installed capacity for all fuels on site which are</p>

		<p>subject to the peak charge (ie the conventional fuel types) is higher than the TEC for the site. In that instance, the applicable capacity should be scaled by the ratio of the site TEC to the total installed capacity of conventional fuel type plant on site.</p> <p>This should not be an issue for the year round shared capacity charges, as long as the ALFs are calculated using the same capacity figures as used for the charge (the prorated TEC in the case of the original). However, generic ALFs won't have been calculated against a prorated TEC so will understate the effect on the station. For instance, say a 100MW windfarm with a 35% load factor shares 100MW of TEC with a gas station of 100MW which has a 10% load factor. The station as a whole should have a 45% load factor. This is because the windfarm will generate $(35\% \times 100\text{MW} \times 8760\text{hours})$ and the gas station $(10\% \times 100\text{MW} \times 8760\text{hours})$. Against, a 100MW TEC this will look the same as $(45\% \times 100\text{MW} \times 8760\text{hours})$. However, if the generic load factors of 35% and 10% are used on prorated TECs of 50MW each, as in the original, the station will be treated as if it has a load factor of 22.5% which is half of that (ie $(35\% \times 50\text{MW} + 10\% \times 50\text{MW}) / 100\text{MW}$). The solution to this is to scale generic load factors by the ratio of installed capacity to TEC. So in this instance it would be $200\text{MW} / 100\text{MW}$, ie 2. The generic load factors would then work correctly.</p> <p>For the not shared year round tariff, if carbon and low carbon plant are sharing a TEC, it is not clear that the TEC should be prorated across each fuel type. This is because CMP268 introduced the use of the ALF when calculating the not shared year around charge for carbon plant, on the basis that it was indeed sharing with low carbon plant. If the charge on a site is reduced further by TEC prorating, then this would essentially account for this sharing twice. A solution to this would be to charge the liability for this tariff against the installed capacity, but to cap the charge for the site at the liability which would be incurred if the TEC was charged as a low carbon plant.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>However, we do believe that the ESO should address the perceived shortcomings identified above in the original proposal, or explain why the concerns are unfounded and wouldn't create any perverse incentives.</p>

Specific Workgroup Consultation questions		
5	Do you think it is appropriate to publish on the TEC register the MFSSTEC for each technology type? Please give your justification.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The general principle for publishing market information is to do so unless there is a good reason not to. This information would be available if the different technology units had individual connection agreements at the site and therefore individual TECs. It would also not really be giving away much more information than could be observed in respect of individual BM Unit output data.</p>
6	Which of the solutions to source the installed capacity is your preference and why? As set out in the Connection Agreement (Original) or the Declaration route (potential alternative).	<input checked="" type="checkbox"/> As set out in the Connection Agreement (Original) <input type="checkbox"/> Declaration route (potential alternative) <input type="checkbox"/> Other (please describe) <p>If there is a relevant capacity figure set out in the connection agreement, then this could be used. Our assumption is that this would be the unit CEC? The only concern is if there is not a suitable figure included.</p>