

Workgroup Consultation Response – Pro-Forma

CMP287: 'Improving TNUoS Predictability Through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process'.

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 **5pm on 23 May 2019** to 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 CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	Gerry Hoggan <i>gerry.hoggan@scottishpower.com</i>
Company Name:	ScottishPower
Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.	<p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1*; and (e) Promoting efficiency in the implementation and administration of the CUSC arrangements. <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>By reducing uncertainty over future TNUoS charges, the Proposal will enable market participants to reduce the risk premia applied when setting power prices and thus better facilitates competition. The Proposal therefore better facilitates Objective (a).</p> <p>The Proposal is neutral against Objectives (b), (c), (d) and (e)</p>
Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	We agree with the proposed implementation approach outlined in section 7 of the report in that this provides appropriate notice of the chargeable demand inputs to be used in tariff setting for the following two charging years.
Do you have any other comments? Who should bear the risk of TNUoS volatility – the market, or the ESO? Why?	<p>We have no further comment.</p> <p>We believe that NGESO is better placed to manage the risks associated with TNUoS volatility, having better sight of the factors contributing to that volatility, allied to having access to a lower cost of capital that would allow the risk to be financed more cheaply.</p>
Is 15 months the optimum time period? If you disagree, please suggest a timeframe and reasoning.	We are comfortable that 15 months is the optimum time period
Please provide comment on the benefits analysis contained in Annex 2.	