

Workgroup Consultation Response Proforma

CMP331: Option to replace generic Annual Load Factors with Site Specific ALFs

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 11 January 2023**. 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 Sally.musaka@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Tony Diccico
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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 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 system charging methodology.*

**The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
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> <p>Original <input checked="" type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</p> <p>CMP331 offers to fix an issue where newly connected generators currently being assigned generic ALFs which do not reflect their actual costs to the system in the first 3 years they are being used. That is not cost-reflective and is therefore not compatible with the TNUoS charging methodology.</p> <p>ESB also believes that this modification will stimulate competition making projects with lower-than-average ALFs more competitive in the first years after connection.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>ESB supports the principle of cost-reflective TNUoS charging with appropriate locational signals that connecting parties can respond to. However, the current arrangements penalise those projects where generic ALFs are applied – these generic ALFs are likely to be lower than the actual site-specific values for offshore wind plant. This results in these projects having to pay higher TNUoS charges the first 3 years after connection. Moreover, application of correct ALFs would improve the accuracy of longer-term TNUoS forecasts.</p>
3	Do you have any other comments?	<p>As this modification is still in the early stage of development, more information is needed on how independent forecasts will be approved by NGESO and what criteria generators will have to follow.</p> <p>For existing generators, more data is needed on the expected impact on their existing TNUoS charges, specifically to understand how the materiality and predictability of these charges will be affected.</p>
4	Do you wish to raise a Workgroup Consultation	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>

	Alternative Request for the Workgroup to consider?	Click or tap here to enter text.
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Specific Workgroup Consultation questions		
5	Do you believe that reconciliation of Generic or site-specific ALFs to actual ALFs should take place? And if so whether the reconciliation of charges would cause issues for Parties?	ESB supports the application of ALFs that are more reflective of actual operation of new and existing plant. This proposal suggests a more cost-reflective approach, but as highlighted above, more information is needed on the materiality of the proposed changes on existing users.
6	What could be considered acceptable evidence as part of the independent assessment for the ESO to verify whether the site-specific ALFs are a fair and realistic forecast?	ESB agrees with the proposer that forecasts similar to those prepared for financial institutions and approved by an independent auditor should be sufficient evidence for NGESO. We agree that the criteria for NGESO to use in the calculation of TNUoS charges may be different from those used by the banks when assessing the financial viability of new projects – we would like to see more evidence on how the ALFs may vary.
7	Should there be any legal obligations on Users to be fully open and transparent with the independent third party and the ESO when calculating a site-specific ALF?	It is in the best interests of Users and NGESO to be as transparent as possible when calculating TNUoS charges. However, there should be no legal obligations on Users to provide sensitive commercial data without appropriate safeguards in place to prevent this data being made public – there is a regulatory compliance as well as a commercial issue here to be addressed.
8	Do you agree CMP331 only applies to new generators or should existing generators retrofitting new plant be eligible?	We believe that, in accordance with existing practice under CUSC 14.15.113, existing generators retrofitting new plant may be considered eligible on the case-by-case basis. This is because, in some cases, there could be a material change in their actual ALFs and it would be more appropriate and cost-reflective to charge them using the changes proposed under CMP331.