

Workgroup Consultation Response Proforma**CMP413: Rolling 10-year wider TNUoS generation tariffs**

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 usc.team@nationalgrideso.com by **5pm on 02 October 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 usc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Damian Clough	
Company name:	SSE Generation	
Email address:	Damian.Clough@sse.com	
Phone number:	Click or tap here to enter text.	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

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);*

- 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.*

**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 facilitate the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original <input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</p> <p>None (yet). We agree with the sentiment of the modification and creating certainty over future prices is a key aim. Therefore, we do not want to appear overly critical. Unfortunately, at the present moment in time, whilst the TNUoS taskforce is attempting to alter and improve a number of different aspects of the current charging methodology, this modification could well lock in a set of tariffs which bear no resemblance to what the final charges will look like in ten years time. Yes, there are reopeners which could deal with the point above, but with so many potential reopeners, does that negate the benefits of the modification.</p> <p>Coupled with Connection reform which may significantly alter the Generation mix and the location of new connections, which are a major driver of tariff change there is also too much uncertainty over the actual forecasts and how cost reflective they actually are.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p> <p>Is the timing of the modification the most appropriate.</p>
3	Do you have any other comments?	<p>The ESO has done a tremendous job in creating the 10 year forecast but to do so, will have had to have made a number of non transparent and subjective decisions. If this forecast locks in tariffs, then the process might need more scrutiny as well as a feedback loop from Industry. For example, the forecast may show a set of tariffs in an area corresponding to the forecasted generation (subjective) which will connect in that area but at that level of tariffs, that level of Generation might not actually connect there.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p> <p>Is there merit in also aiming to fix Local Circuit charges as well?</p>

Specific Workgroup Consultation questions

5	The Original proposal is to limit the maximum variance by £2.50/kW per charging zone. Do you feel this is an appropriate level?	It is an arbitrary number so may require more evidence to justify
6	The Original proposal deems a 10-year period to fix tariffs between the pre-defined Cap and Collar ranges appropriate. Is there an alternative length of time that would need to be considered?	Click or tap here to enter text.
7	The Proposer has provided a mechanism by which components that feed into the wider tariff is allocated. The proposal apportions the Cap and Collar by the proportion of revenue collected for each component. Is there an alternative methodology that could be used?	The nature of TNUoS means that each Generator has its own separate charge. A Generator with a low ALF will not be impacted as much by a large tariff change in the Year Round element than a Generator with a high ALF. A change from Year Round to Year Round Not Shared will impact wind more than Conventional Generation. Some tariff changes purposely offset each other but not perfectly. A number of changes accumulatively can lead to very large change but will be within the cap for each component. Based on the above will capping the final tariff be more appropriate?
8	Should there be a provision to trigger a re-opener in tariffs to reflect the considerable amount of reform planned both through Open Governance and via the TNUoS Task Force?	Defeats the purpose of the modification. Might as well wait until the end of the taskforce and then restart the modification
9	The Original proposal aims to protect Generators from unpredictable tariffs as the rationale is that inefficient costs could ultimately cost consumers more. A breach to the Cap and Collar is socialised to	Yes

	Demand Users. Do you think this is appropriate?	
10	Please provide any evidence to support the merit of greater predictability over cost reflectivity (Clearly mark your response confidential if you wish this to be directed straight to Ofgem).	None provided