

**Workgroup Consultation Response Proforma**

**CMP418: Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer.**

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](mailto:cusc.team@nationalgrideso.com) by **5pm** on **22 JANUARY 2024**. 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 [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

| Respondent details                             | Please enter your details   |   |
|--|---|---|
| <b>Respondent name:</b>                        | Alan Kelly  |   |
| <b>Company name:</b>                           | Corio Generation  |   |
| <b>Email address:</b>                          | Alan.kelly@coriogeneration.com  |   |
| <b>Phone number:</b>                           | 07720 160 328   |   |
| <b>Which best describes your organisation?</b> | <input type="checkbox"/> Consumer body<br><input type="checkbox"/> Demand<br><input type="checkbox"/> Distribution Network Operator<br><input checked="" type="checkbox"/> Generator<br><input type="checkbox"/> Industry body<br><input type="checkbox"/> Interconnector | <input type="checkbox"/> Storage<br><input type="checkbox"/> Supplier<br><input type="checkbox"/> System Operator<br><input type="checkbox"/> Transmission Owner<br><input type="checkbox"/> Virtual Lead Party<br><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:**

- 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.

\*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 Proposal 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>This proposal better facilitates competition because it corrects a commercial defect in the treatment of offshore and onshore wind farms arising from the current charging methodology.</p> <p>As it stands both onshore and offshore wind generators are faced with the costs of providing DRCE equipment to enable voltage control by the system operator. However, only the onshore generator can recover revenue from providing this service through the Obligatory Reactive Power Service (ORPS). This proposal seeks to bring a level of parity by removing the burden of cost from the offshore generator of certain DRCE. It does not seek to open up the ORPS to offshore as the ownership of the DRCE is passed to the OFTO as part of the OFTO transaction. As a transmission licence holder, the OTFO is also restricted from participating on the ORPS.</p> <p>The proposal also better facilitates the costs incurred by transmission licensees on shared transmission infrastructure is typically socialised across Users and moving the DRCE charge from the local circuit tariff to the onshore s/s tariff which is shared across all users thereby correcting this defect.</p> |
| 2   | Do you support the proposed   | <p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p>   |

|   |  |   |
|---|--|---|
|   | implementation approach?   | The proposal intends to limit this change to new connections following the implementation date. It does not intend to apply this change retrospectively to existing connections and therefore avoids reopening of existing tariffs. |
| 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<br><input checked="" type="checkbox"/> No<br>Click or tap here to enter text.  |

| Specific Workgroup Consultation questions |  |   |
|---|--|---|
| 5   | In regard to the ongoing DRCE operation and maintenance costs, is a value of 1.5% the value used for onshore price control, an appropriate value?  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br>Aligning with the onshore TO revenue allowance for this cost seems reasonable and equitable.  |
| 6   | Do you agree the solution should apply to existing relevant windfarms from the implementation going forward from the next charging period after implementation, and should not be applied retrospectively? | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br>Applying the proposal retrospectively would require opening existing tariffs and amending existing commercial contracts (i.e. the TRS) that could introduce uncertainty, additional cost and complexity that this work group has not considered in its impact assessment. The proposal should be implemented for relevant wind farms and if the industry considers a retrospective implementation should be considered a new modification proposal could be raised. |