

CUSC Code Administrator Consultation Response Proforma

CMP320 – Island MITS Radial Link Security Factor

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 **20 January 2020** to cusc.team@nationalgrideso.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:	Jennifer Geraghty
Company Name:	SSE Renewables Developments (UK) Ltd
Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.	<p>Yes, the Original does better facilitate the applicable CUSC objectives.</p> <p>However, the two alternative proposals are not valid, or bona fide WACMs for this modification proposal. This is because the alternatives go beyond the specific wording of the defect - for the reasons noted in Sections 5 a) and 5 b) of the Workgroup Report.</p> <p>We have explained our reasoning below.</p> <p>Original – Better than Baseline</p> <p>Yes, we believe CMP320 Original Proposal does better facilitate the Applicable CUSC Objectives. We have provided further explanation below:</p> <p><u>Objective a “effective competition”</u></p> <p>Better. By making the TNUoS Wider locational charge for remote island generators more cost reflective, it will better facilitate effective competition. The Original Proposal will remove a market distortion which unduly disadvantages remote island generators and thus allow those generators to compete in the marketplace.</p> <p><u>Objective b “cost reflectivity”</u></p> <p>Better. The Original Proposal is more cost reflective. This is because generators on an island with a MITS node served by a single circuit radial link are currently being charged a price including a 1.8x security factor despite the cost of the island link only being built to provide 1.0x security. The Original Proposal will remove this cost reflectivity distortion which unduly disadvantages remote island generators and thus allow those</p>

generators to pay more cost reflective charges.

Objective c “developments in transmission licensees’ transmission businesses”

Better. The Original Proposal better takes account of the developments in transmission licensees’ transmission businesses because it deals with a situation where a MITS node involving a subsea cable will be served with a lower than standard level of security. It also deals with an emerging situation which did not previously exist in practice.

Objective d “Compliance with the Electricity Regulation”

Neutral.

Objective e “efficiency in the implementation and administration”

Neutral.

WACM1 – Not a valid alternative

WACM1 is not, in our view, a valid alternative for this modification proposal because it does not address the CMP320 defect, but instead addresses different alleged defects as described below:

- 1) **Does not address the CMP320 defect** - The defect identified by CMP320 is the magnitude of the security factor which is applied in a scenario where there is an island MITS node served by a single radial link. However, by contrast, this alternative proposal would leave the CMP320 defect intact and in place. This is because even with WACM1, an island situation may still arise whereby a subsea radial circuit still became classed as MITS and still have a non-cost reflective security factor (currently 1.8) applied when that level of security did not exist in practice. So, the defect in the CUSC identified by CMP320 would not have been addressed.
- 2) **Outside scope of defect – multiple circuits to an island** - The justification provided for this alternative being better than the Original also relied on it addressing an alleged defect outside of the scope of the defect for CMP320, namely relating to situations where there was more than one circuit connecting to an island. By contrast, the CMP320 defect explicitly relates to single radial circuits only and it does not identify the scenario of multiple island circuits as a defect in the CUSC.

	<p>3) Outside scope of defect – circuits between MITS nodes, both of which are on an island – A further justification provided for this alternative was that “<i>It [Original] does not resolve the non-cost reflective charging of generators paying 1.8x charges for Island only circuits that are <u>behind</u> the redundancy ‘bottleneck’ of the radial subsea link...</i>” i.e. between two MITS nodes, both of which are on the same island and connected by an onshore circuit. However, the CMP320 proposal does not identify this scenario as a defect and the case has not been made that this scenario is actually a defect in the CUSC.</p> <p>WACM2 – Not a valid alternative</p> <p>WACM2 is not a valid alternative for this modification proposal because it addresses alleged defects which are different from that identified by CMP320 proposal:</p> <p>1) Outside scope of defect - The only difference in effect between WACM2 and Original is that WACM2 has an additional effect beyond the defect identified by CMP320 - The WACM2 solution is in effect the same as Original except the only difference is that it extends the effect to capture mainland circuits. By contrast, the CMP320 proposal defect in the CUSC explicitly only relates to island situations.</p> <p>2) Outside scope of defect - WACM2 does not address a discrimination – A justification provided for WACM2 is that it alleges that the Original creates a new discrimination which WACM2 addresses. However, the Original would not create undue discrimination because it applies to a group of circuits which the current baseline CUSC, at 14.15.14¹, already explicitly treats differently from other circuits and already deals with on a “case by case basis”. So CMP320 Original will simply adjust the way this existing “case by case basis” is calculated.</p>
<p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p>	<p><i>Yes, we concur with the proposed implementation approach set out in Section 9 of the consultation.</i></p>

¹ “The circuit expansion factors for HVDC circuits and AC subsea cables are determined on a case by case basis using the costs which are specific to individual projects containing HVDC or AC subsea circuits.”

<p>Do you have any other comments?</p>	<p>It is important for island generators and for island communities that a decision on this modification proposal should be reached at the earliest opportunity. A decision will provide the relevant certainty required by parties seeking to make investment decisions, even if such relevant circuit may be constructed and commissioned some years in the future.</p> <p>The defect addressed by this CMP320 Original modification represents a source of high risk for island generators which may be considering making financial commitments and final investment decisions in the near future. Such generators face a range of risks including potential changes to TNUoS charging <u>arrangements</u> (that is over and above the normal changes in the MAR to be recovered etc.) however, the defect addressed by this CMP320 Original modification proposal represents the <u>single largest risk</u>.</p> <p>The defect is also currently having a detrimental impact on island communities whose plans for future security of supply are likely to be closely tied to the development of remote island generation and therefore closely tied to the outcome of this CMP320 Original modification proposal.</p> <p>Delayed implementation could further increase the risk of jeopardising new network solutions for island communities and result in higher costs to customers.</p> <p>EU Renewable Energy Directive (2009/28/EC)</p> <p>We would suggest the following is particularly relevant to the defect (identified in CMP320 Original) relating to remote islands and renewables. The EU Renewables Energy Directive 2009, which, according to the European Union (Withdrawal) Act 2018, will continue to apply post-Brexit, states:</p> <p><i>“7. Member States shall ensure that the charging of transmission and distribution tariffs does not discriminate against electricity from renewable energy sources, including in particular electricity from renewable energy sources produced in peripheral regions, such as island regions, and in regions of low population density.”</i></p> <p>The requirement to comply with regulation highlights the importance of urgently addressing this CMP320 Original defect in particular with regard to remote island situations, especially when generation from renewable sources is affected.</p>
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