

**CUSC Workgroup Consultation Response Proforma****CMP324 and CMP325: Generation Zones – changes for RIIO-T2 and Rezoning – CMP324 expansion**

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 18 March 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation please contact Joseph Henry [joseph.henry2@nationalgrideso.com](mailto:joseph.henry2@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
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**For reference the applicable CUSC 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. 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.*

*\*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).*

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

Standard Workgroup Consultation questions		
1	Do you believe that the CMP324 and CMP325 Original Proposal better facilitates the Applicable CUSC Objectives?	Yes
2	Do you support the proposed implementation approach?	Yes, although implementation for April 2021 seems very short notice. Although April 2021 aligns with the ESO price control period, we would nonetheless appreciate the WG's views on any alternative implementations, including for example a later date.
3	Do you have any other comments?	No
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No
Specific CMP324 and CMP325 Workgroup Consultation questions		
5	What are your views on the potential solutions discussed in the report? Please provide any evidence or rationale for your preferred solution.	<p>We welcome the work done to explore the options, as summarised in the report.</p> <p>In conclusion, we agree with the original proposer's logic – that the original proposal (aligning with DNO zones) provides a locational signal which is sufficiently stable and predictable such as to provide a more useful signal.</p> <p>We agree that (report 4.1) "Increased stability in zoning should provide better long-term investment signals to generators, potentially improving competition in the wholesale and Contracts for Difference markets".</p> <p>We view disfavoured options which results in many zones with very few generators, or options which could see multiple re-zoning within the lifetime of a power station; these can result in considerable uncertainty. We feel that the original proposal has least risk of this uncertainty and as a result provides the most effective cost signal.</p>
6	What are your views on the distributional	We agree that (report 4.1) "Increased stability in zoning should provide better long-term investment

	effects of the potential solutions outlined? Please provide your rationale.	signals to generators, potentially improving competition in the wholesale and Contracts for Difference markets”. The distributional effects, as suggested by the modelling provided in the appendices, are justified by the overall long-term benefit of the proposal.
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