

CUSC Code Administrator Consultation Response Proforma**CMP324/5 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 by **5pm on 24 June 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Joe Henry joseph.henry2@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Simon Lord
Company name:	Engie
Email address:	Simon.lord@engie.com
Phone number:	07980793692

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

Standard Code Administrator Consultation questions		
1	Do you believe that the CMP324/5 Original solution, WACM1, WACM2 or WACM3 better facilitates the Applicable CUSC Objectives?	<p>Solutions that we support (Original and WACM 1) we believe meet CUSC objectives a and b.</p> <p>The Original solution whilst lacking targeted location prices (it creates broad price signals) does have some merit in that the zones are fixed based on distribution networks location and zonal price for generation and demand are likely be close to equal and opposite. The generation contained in a zone is likely to be large enough to allow changes in generation connection to have relatively small effect on the zonal price and the zonal price will be an average of the nodes in the zone</p> <p>WACM1 is the closest to an economic solution and allows new zones (e.g. for island) to be created mid tariff and the basic zonal allocation are reviewed each price control.</p>
2	Do you support the proposed implementation approach?	Yes
3	Do you have any other comments?	<p>WACM 2 has no merit as it simple keeps the existing nodes allocated to fixed zones with no possible change. Whilst the proposal results in stable zones (the nodes in each zone) the price of the zones is far from stable and will fall or rise depending on new connections with peripheral nodes being especially susceptible to price shocks (e.g. should islands links connect into the zone). Some of the zones are relatively small and large new connections in a zone will significantly affect the zonal average price. It fails to address the islands issue and effectively locks in winners and losers based on existing rather than new plant dispositions.</p> <p>WACM 3 is effectively a delay to implementation of a solution we believe that implementation should happen in as short a time scale as is possible</p>