

Workgroup Consultation Response Proforma

CMP331: Option to replace generic Annual Load Factors with Site Specific ALFs

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 11 January 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 Sally.musaka@nationalgrideso.com or cusc.team@nationalgrideso.com

| Respondent details | Please enter your details |
|-------------------------|-------------------------------------|
| Respondent name: | Lambert Kleinjans |
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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);*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- 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 | | |
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| 1 | Do you believe that the Original Proposal better facilitates the Applicable Objectives? | <p>Mark the Objectives which you believe the original solution 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>Yes, we agree that the proposal better meets applicable objectives (A) and (B) by improving the cost reflectivity of TNUoS charges and thereby improving competition in generation and supply of electricity.</p> |
| 2 | Do you support the proposed implementation approach? | <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Click or tap here to enter text.</p> |
| 3 | Do you have any other comments? | <p>We believe that this proposal will reduce a barrier faced by renewable generation when connecting at transmission and encourage the roll out of renewable power.</p> |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>Click or tap here to enter text.</p> |

| Specific Workgroup Consultation questions | | |
|---|---|---|
| 5 | Do you believe that reconciliation of Generic or site-specific ALFs to actual ALFs should take place? And if so whether the reconciliation of charges would cause issues for Parties? | <p>We believe that the reconciliation of generic ALFs to actual ALFs could be beneficial. However, when this has been looked at in the past, the additional admin created from retrospectively amending tariffs have outweighed the benefit of the reconciliation. The proposal to use an independently determined ALF offers an improvement over the current process but without the complexity of introducing a reconciliation.</p> |
| 6 | What could be considered acceptable evidence as part of the independent assessment for the ESO to verify whether the site-specific ALFs are a fair and realistic forecast? | <p>We do not believe a strict criteria for what is acceptable evidence should be set down in the CUSC as it is important that some flexibility is available to the TO. However, for renewable generation, we would expect a bankable feasibility study that has been independently created and is relied upon for financing purposes by financial institutions to be a good example of a report that could be used as evidence.</p> |

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|---|--|--|
| 7 | Should there be any legal obligations on Users to be fully open and transparent with the independent third party and the ESO when calculating a site-specific ALF? | We do not believe a legal obligation should be placed on Users to be open and transparent. Our expectation is that the feasibility studies determined by independent consultants on behalf of the proposed generator will be required to be independent. Furthermore the purpose of these reports is to determine the realistic output from the generator given its location (for a renewable generator) which allows the User to obtain bank financing. The primary purpose of the report is therefore not to determine an ALF for TNUoS purposes, but rather for financing purposes. It is therefore not necessary to introduce this legal obligation. |
| 8 | Do you agree CMP331 only applies to new generators or should existing generators retrofitting new plant be eligible? | We believe that the solution should be implemented for any sites where generic ALFs would apply as the ability to move to a site specific (generic) ALF would improve the cost reflectiveness of the TNUoS charges faced in the first three years of operation. |