

CUSC Alternative and Workgroup Vote

CMP392: Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation.

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) Vote on which of the options is best.

Terms used in this document

Term	Meaning
Baseline	The current CUSC (if voting for the Baseline, you believe no modification should be made)
Original	The solution which was firstly proposed by the Proposer of the modification
WACM	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

The Applicable CUSC Objectives (Charging) 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;

- 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.

Workgroup Vote

Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative CUSC Modifications.

The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.

Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original proposal then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

“Y” = Yes

“N” = No

“-“ = Neutral (Stage 2 only)

“Abstain”

Workgroup Member	Alternative 1 (ESO)	Alternative 2 (ESO)	Alternative 3 (Company, characteristic)	Alternative 4 (Company, characteristic)
Garth Graham	N	Y		
Grace March	Y	Y		
Joe Henry	Y	Y		
John Harmer	N	Y		
Paul Youngman	N	Y		

Ryan Ward	N	Y		
Simon Vicary	N	Y		
WACM?				

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Garth Graham – SSE					
Original	Y	Y	neu	Y	Y	Y
WACM 1	N	N	neu	N	N	N
WACM 2	Y	Y	neu	Y	Y	Y

Voting Statement:

Original

As the Proposer of the Original, the case for this change; in terms of better facilitating the Applicable Objectives (a), (b), (d) and (e) whilst being neutral in term so (c); has been set out in the Proposal form which, for sake of brevity, I refrain from repeating here. Overall the Original is 'Best'.

WACM1

This Alternative fails to ensure transparency of the relevant detailed information regarding the calculation of charges that are needed by relevant parties to ensure legal certainty of how the assets have been determined as either pre-existing or assets required for connection. As such it does not better facilitate the Applicable CUSC Objectives (a), (b), (d) or (e), whilst being neutral in terms of (c).

WACM2

This proposal combines the aspects of the Original with those of WACM1 and as such (by virtue of being based on the Original) it better facilitates meeting Applicable Objectives (a), (b), (d) and (e), whilst being neutral in term so (c), for the reasons set out in the (Original) Proposal form.

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Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Grace March					
Original	Neu	Neu	Neu	Neu	Y	Y
WACM 1	Neu	Neu	Neu	Neu	Y	Y
WACM 2	Neu	Neu	Neu	Neu	Y	Y

Voting Statement: The publication of the calculation and application of connection exclusion will not, in itself affect tariffs. If changes are made after feedback from industry, they will affect the residual calculation rather than tariffs of an individual or types on individuals. I can therefore see no way that the solutions proposed would affect ACO a) and b). The same total revenue will be collected so the solutions are also neutral against ACO c).

Whilst publication of the calculation would potentially enhance the visibility of compliance with the Regulation describing the connection asset, the publication itself will not directly affect compliance. I do not believe the methodology used by the ESO is non-compliant – although it is not for industry to judge, but rather the Authority. The solutions are therefore neutral against ACO d).

Enhanced visibility and understanding of how tariffs are set is generally positive against ACO e) however, during the course of the Workgroup discussions, the ESO expressed their opinion that this would be a considerable amount of work to provide, certainly for the first year. Whilst that alone is not enough to prevent publication, the difficulty in presenting the information in a format that is understandable and usable by readers of the CUSC is significant. I have concerns that there ESO will be required to justify materially insignificant decisions on individual assets every year, which would detract from the efficiency of the CUSC. With this in mind, the solutions that require the full publication are less positive against ACO e) than the requirement to publish guidance to support the CUSC. Therefore WACM 1 most facilitates the relevant objectives.”

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
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	Joe Henry					
Original	Y	Neu	Neu	Neu	N	Y
WACM 1	Neu	Neu	Neu	Neu	Y	Y
WACM 2	Y	Neu	Neu	Neu	N	Y
Voting Statement:						

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	John Harmer					
Original	Y	y	Neu	Y	Y	Y
WACM 1	Y	y	Neu	Y	Y	Y
WACM 2	Y	y	Neu	Y	Y	Y

Voting Statement: This CMP seeks to codify the intent of CMP391 within the CUSC. CMP391 was rushed through to ensure compliance with the Limiting Regulation following successful legal challenge to the prior position. There is a risk that errors are made by NGESE in performing the calculation which could lead to inaccurate charging so failing objective (b). Unless full transparency of the calculation is provided to industry enabling review, such errors may not be picked up at all (so potentially failing to meet CUSC objective (d) compliance with the Limiting Regulation) or when picked up lead to dispute (so failing to meet CUSC objective (a)) and/or require ex post adjustment such as was the case with the billing error leading to CMP373: this mod was progressed on an urgent basis and such occurrences are inefficient for industry as well as NGESE as Code Administrator therefore a codified process that avoids them meets objective (e). The mod does not impact objective (c).

Providing guidelines on the calculation as proposed by WACM1 is a helpful step so better than the Baseline but is not as good a solution as the Original. The best solution is to for NGESE to publish both the guidelines and the actual calculation that has been performed in accordance with them, so allowing full scrutiny by industry and best ensuring errors are not contained within the calculation. Accordingly WACM2 presents the best option.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Paul Youngman					
Original	Y	Y	Neu	Neu	Y	Y
WACM 1	N	Neu	Neu	Neu	Neu	N
WACM 2	Y	Y	Neu	Neu	Y	Y
<p>Voting Statement: The original and WACM 2 provide clear obligations and a higher degree of certainty to users compared to the baseline or WACM1. Both the original and WACM 2 improve transparency and provide certainty as to the compliance obligations of the ESO. We expect positive benefits to applicable objectives A, B and E for both our preferred options. The improved transparency provided by the change should have a positive impact on competition AO (a) by providing greater certainty to all users as to the calculation and methodology used. Having a calculation that is transparent, compliant and repeatable should enhance AO (B) and provide assurance that costs are appropriately reflected in users charges. We also agree with the proposer that AO (e) should be positively impacted by providing clarity to all users of the charges that are or are not excluded. Over time this should reduce disputes and improve the efficiency of the system charging methodology. We did not view WACM 1 as having any particular benefit against the current arrangements, and viewed it as potentially negative against competition AO (a) as it could lead to more instances of information asymmetry between parties and consequential disputes.</p>						

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Ryan Ward					
Original	Y	Y	Neu	Neu	Y	Y
WACM 1	N	Neu	Neu	Neu	Neu	N
WACM 2	Y	Y	Neu	Neu	Y	Y
<p>Voting Statement: Original & WACM2</p> <ul style="list-style-type: none"> The Original and WACM2 better facilitate against the CUSC objectives A, B and E. The proposals would ensure the CUSC calculation is conducted by the ESO in consistent and transparent manner. In addition to this, the improved transparency & 						

ESO

legal certainty offered would better facilitate competition between users and promote efficiency by preventing unnecessary confusion and/or disputes.

WACM1

- WACM1 does not better facilitate against CUSC objective A. The alternative fails to offer the level of transparency required on a project-by-project basis that would better enable competition.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Simon Vicary					
Original	Y	Y	Neu	Y	Y	Y
WACM 1	N	N	Neu	N	N	N
WACM 2	Y	Y	Neu	Y	Y	Y

Voting Statement: Under the CUSC definition of “Charges for Physical Assets Required for Connection” there is a lack of transparency and legal certainty around the methodology and the calculation. It is important that industry parties have confidence in the methodology so full transparency of the methodology, calculations and data is essential to achieve this.

Both the CMP392 Original and WACM2 provide clarity on the construction of the “Connection Exclusion” and its application in setting TNUoS, along with the methodology and the output of the calculation, thereby better facilitating the CUSC (charging) Objectives a, b, d and e, and neutral for c.

WACM1 does not provide this and is therefore negative against CUSC (charging) Objectives a, b, d and e, and neutral for c.

I consider WACM2 to be the best option

Of the 7 votes, how many voters said this option was better than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
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ESO

Original	7
WACM1	3
WACM2	7

Stage 2b – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1 or WACM2)

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Garth Graham	SSE	2	A,b,d,e
Grace March	Sembcorp	1	E
Joe Henry	ESO	1	E
John Harmer	Saltend Cogeneration Company	2	A,b,d,e
Paul Youngman	Drax	2	A,b,e
Ryan Ward	Scottish Power Renewables	2	A,b,e
Sam Aitchison	Island Green Power UK Limited		
Simon Vicary	EDF Energy	2	A,b,d,e