

Workgroup Consultation Response Proforma

CMP413: Rolling 10-year wider TNUoS generation tariffs

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 02 October 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 cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Alan Bullock	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input checked="" type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

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);*

- 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 *; 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.*

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

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitate the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original <input checked="" type="checkbox"/>A <input type="checkbox"/>B <input checked="" type="checkbox"/>C <input type="checkbox"/>D <input checked="" type="checkbox"/>E</p> <p>This modification satisfies Objective's A C, and E. An efficient transmission system along with predictable charges is required to mitigate an unprecedented level of investment and reinforcements to connect Renewable energy to the transmission network.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Yes. Many generators appear to be entering into CfD contracts unaware of the true impact to their costs. Delaying this modification will miss the opportunity to make an impact now, when it is needed.</p>
3	Do you have any other comments?	Click or tap here to enter text.
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	The Original proposal is to limit the maximum variance by £2.50/kW per charging zone. Do you feel this is an appropriate level?	<p>We have no strong views on the level of variance. We understand that this proposal protects Demand Users from any variance for the first two years. This moves all the risk to Generators' and this is appropriate.</p> <p>For any subsequent forecasts there is a decreasing scale of the cap and collar to reflect that risks decrease closer to delivery. This methodology is supported as it protects Demand Users from absorbing higher breaches to the cap and collar levels set throughout the 10-year forecast.</p> <p>The cap and collar is a parameter that protects generators from excess uncertainty in their charges but also is very much dependent on the level of forecast accuracy from NG ESO.</p>
6	The Original proposal deems a 10-year period to fix tariffs between the	No. Firstly it appears from the consultation that the length of time it takes, for example, an Onshore generator to progress through each stage to going live could be

	pre-defined Cap and Collar ranges appropriate. Is there an alternative length of time that would need to be considered?	<p>circa. 10 years. Therefore from this evidence 10 years seems an appropriate period of time. This modification attempts to reduce uncertainty for generators to invest and thus advanced knowledge of costs can only be advantageous.</p> <p>Consider the scenario where a Renewable generator invests and then subsequently the costs become prohibitively too high. Whether this be for a CfD contract or PPA, there is risk of default or exit from the agreement / term and this could ultimately lead to higher costs to demand Users.</p>
7	The Proposer has provided a mechanism by which components that feed into the wider tariff is allocated. The proposal apportions the Cap and Collar by the proportion of revenue collected for each component. Is there an alternative methodology that could be used?	No comment.
8	Should there be a provision to trigger a re-opener in tariffs to reflect the considerable amount of reform planned both through Open Governance and via the TNUoS Task Force?	No. We believe to allow certainty, there should be no scope to re-open tariffs. This would significantly weaken the original proposal.
9	The Original proposal aims to protect Generators from unpredictable tariffs as the rationale is that inefficient costs could ultimately cost consumers more. A breach to the Cap and Collar is socialised to Demand Users. Do you think this is appropriate?	<p>The cost from a breach in the cap and collar needs to be recovered either from Generators or Demand Users.</p> <p>The rationale of this modification is to protect generators from uncertain TNUoS costs. With the demand TNUoS base being significantly larger, the overall impact will not be felt as much and recycling the cost of the breach to the cap / collar will just add to the uncertainty faced by generators.</p>
10	Please provide any evidence to support the	No comment

	merit of greater predictability over cost reflectivity (Clearly mark your response confidential if you wish this to be directed straight to Ofgem).	
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