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Code Administrator Consultation Response Proforma

CMP444: Introducing a cap and floor to wider generation TNUoS charges

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@nationalenergyso.com by **5pm** on **14 March 2025**. 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@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Alan Kelly	
Company name:	OWPL- West of Orkney Windfarm	
Email address:	Alan.kelly@westoforkney.com	
Phone number:	07720160328	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" 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** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration)

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For reference the Applicable CUSC (charging) 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 C11 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 and the ISOP business*;*
- 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.*

* See Electricity System Operator Licence

**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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solutions against the Applicable Objectives?	Mark the Objectives which you believe the proposed solutions better facilitates:
		Original <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM1 <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM2 <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM3 <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM4 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM5 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E

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		WACM6	<input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM7	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		<p>Against CUSC objectives a) The Original, WACMs 1,2,3 & 6 better facilitate competition than the baseline because they set an appropriate cap and floor which mitigates the defect in the current methodology that creates uncertainty, volatility and absolute values of charges in the north that deter investment and undermine competition. WACMs 4, 5 & 7 do not improve on the baseline because they do not effectively address this defect.</p> <p>Against CUSC objectives b), c) & d) all the WACMs are neutral.</p> <p>Against CUSC objectives e) WACMs 4 & 5 do not better facility this objective because they add complexity to the charging methodology and compared to the baseline which is inefficient. All other WACMs and original do better facilitate this objective because they bring more certainty and reduce volatility compared to the baseline.</p>	
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> WACM7 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference	
		WACM 1 provides the best option compared to the original and other WACMs. WACM1 best	

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		<p>facilitate CUSC objectives a) & e) because it will set the most appropriate cap and floor compared to the original and other WACMs and is neutral against CSUC objectives b), c) and e).</p> <p>In addition, WACM 1 was voted the best solution by the workgroup with 9 votes compared to 4 votes for WACM 7, 3 for the baseline, 2 for WACM 5 and 1 for WACM 3.</p> <p>WACM 1 was also well supported in the workgroup consultation responses. WACM1 presents the best solution to address the defect and could lead to the better outcomes for consumers by facilitating lower energy costs through lower CfD prices.</p> <p>Click or tap here to enter text.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>For implementation of this proposal to be effective it must fully address the issue it is intended to solve which is stated in this report that as <i>“the uncertainty of long term TNUoS (Transmission Network Use of System) Generator charges, and the risks posed by TNUoS unpredictability caused by the NESO’s 10-year generation TNUoS projection. This uncertainty was deemed to raise significant concerns to HM Government’s ambition of achieving a clean power system by 2030.”</i></p>

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		<p>A temporary cap and floor cannot achieve this and Ofgem must explain the additional protections that are to be provided alongside this proposal.</p> <p>A temporary fix which last only until REMA without appropriate grandfathering assurances would not provide the required long-term certainty necessary to secure the required investment that is essential if CP30 targets are to be achieved.</p>
4	Do you have any other comments?	<p>While all of the solutions will provide a cap and floor that will limit future increases in charges in the north of Scotland, the baseline and WACMs 5& 7 will leave Northern projects with significant additional costs when compared to southern competitor.</p> <p>Ofgem must apply appropriate impact assessment modelling of all the solutions on CfD strike prices and consequential impact on consumer bills. We believe only a more ambitious cap and floor will achieve the necessary outcomes and protect investment in Scotland and most benefit consumers in GB. Therefore, we support the WACMS that would best achieve this, i.e. WACMs 1, 2 or 3</p>
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
		Click or tap here to enter text.
		Click or tap here to enter text.