

## ENGIE response to CMP343 – Minded-to decision and draft impact assessment:

### Background to ENGIE

In the UK in generation, ENGIE owns First Hydro in a 75/25 joint venture with Brookfield Renewable Partners. With a total capacity of 2088MW, it is the UK's largest pumped storage operator.

ENGIE also has a 50% stake in over 80MW of renewable generation and a 23% stake in the Moray East offshore wind project which secured a CfD FiT for 950MW in the 2017 CfD auction.

ENGIE is also active in the Renewable PPA and Corporate PPA space with 37 TWh of contracted renewable generation under PPAs in the UK. These PPAs include both subsidised projects and merchant projects. ENGIE is also a major player in pan European Corporate PPAs.

In supply, ENGIE operates an Industrial and Commercial (I&C) and Small and Medium Enterprise (SME) B2B electricity and gas supply business.

### Responses to consultation questions

Question 1: Do you agree with our assessment of the distributional impacts of the flooring approaches?	Yes. SCR should sort out flooring. The TNUoS model is poor at identifying location value and work on the TNUoS model is long overdue. In the meantime, the various model defects are fully exposed once the residual is removed. If the SCR moves away from the current "critical peak pricing model" for demand this should be an opportunity to re-visit the flooring approach. The impacts have been appropriately quantified.
Question 2: Do you agree that, of the flooring options presented, flooring at 0 best meets the TCR Principles and Applicable CUSC Charging Objectives?	Yes have to floor at zero otherwise present incentive in negative zones to stop on site generation and increase demand at peak (triad) once residual is removed.
Question 3: Do you agree with our assessment of the distributional impacts of the banding approaches?	Yes, banding is an appropriate methodology and in general an increased number of bands per customer group improves cost reflectivity as long as the standard deviation of energy use between users in a band are similar.
Question 4: Do you agree that, of the banding options presented, four bands best meets the TCR Principles and Applicable CUSC Charging Objectives?	Yes some connections are "small" with small assets but a few connections are really large and costly to maintain and take the bulk of the demand so small should provide a subsidy for these types of connections.
Question 5: Do you consider that any of the options presented adequately addresses very small users	N/A

(including those associated with mixed use sites)?	
Question 6: Do you agree with our minded-to decision to approve CMP343 WACM2?	Yes, most cost reflective option
Question 7: Do you agree with on our minded-to decision that implementation should be delayed by a year, until April 2023?	<p>This question is principally around should the benefit of implementation to the customers be delayed by a further year. As we move towards net zero the residual cost of the transmission system becomes less based on critical peaks as such moving to a residual collection regime based on site is important to complete in a timely fashion. Ensuring that all users pay a fair share of the residual cost is important from a regulatory perspective.</p> <p>This position needs to be balanced with the need to ensure an orderly market and give suppliers the opportunity to reflect change in tariffs to market participants.</p> <p>On balance we think that an April 22 implementation date could be achieved.</p>