

Workgroup Consultation Response Proforma

CMP315: TNUoS Review of the expansion constant and the elements of the transmission system charged for and

CMP375: Enduring Expansion Constant & Expansion Factor Review

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 17 May 2022**. 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 Paul Mullen Paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Patrick Smart
Company name:	Renewable Energy Systems Limited
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Phone number:	075002296489

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;*

- 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.*

**Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

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 CMP315 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table> <p>We understand how CMP315 may be considered to better reflect the costs of locational transmission system enhancement through updates to the inputs to the EC and EFs. However, CMP375 seeks to update it in a way that is more forward looking and reflective of system enhancement rather than system replacement. For this reason we think CMP375 better facilitates the applicable CUSC objectives.</p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input type="checkbox"/> E			
2	Do you believe that the CMP375 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input checked="" type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>CMP 375 more closely aligns the EC and EFs calculation methodology with the interventions applied by transmission owners in releasing locational transmission capability. For this reason, we consider that CMP375 better facilitates all of the applicable CUSC objectives.</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E
Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E			
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Yes</p>						
4	Do you have any other comments?	<p>Analysis of options for progression of CMP375 and 315 has not been helped by very restricted availability of contemporary cost of TO interventions that release transmission system capability. We think this is an area that has to be addressed in order for the industry to have confidence in further advancement of the TNUoS charging methodology.</p> <p>We also highlight that CMP375 is urgent in light of the pressing needs of energy system security, net zero and the energy bills crisis but it can only be a temporary measure until the more fundamental issues with TNUoS charges are considered by the two taskforces emerging from the forward looking and access charging SCR. We urge Ofgem to</p>						

		progress Task Force terms of reference and the constitution of those Task Forces as a matter of the utmost urgency.
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text. Click or tap here to enter text. Click or tap here to enter text.

Specific Workgroup Consultation questions

6	Do you agree with the CMP315 and CMP375 Proposers' conclusions that the Expansion Constant should also include circuit reinforcement, non-circuit works and life extension works in addition to new circuit build. Are there any other reinforcement types that should be included? Please provide justification for your response.	Yes. By better aligning the EC and EFs with a wider range of interventions that TOs deploy in reality, they become more cost reflective and thus better align with applicable objectives b and c. The basket of interventions should be kept under review as other interventions such as SMART system measures become mature.
7	CMP315 and CMP375 have different proportions of each reinforcement type in the basket for the calculation of the Expansion Constant because the Proposers have different interpretations as to what the Expansion Constant should represent. Which one of these interpretations do you agree with or do you have a different approach? Please provide justification for your response.	We support the CMP375 approach because it aligns the EC with the fact that construction of new build circuits is only one of the methods deployed by TOs to increase system capability. It does this in a way that is incremental and forward looking as opposed to being based on a view of cost of full replacement.
8	A Workgroup Member has also suggested an alternative approach to establish the forward-looking marginal cost over a realistic 5–10-year time horizon. Do you agree with this interpretation or would you suggest a different approach? Please provide justification for your response.	Yes, we do agree with this approach because it would be forward looking in a way that would align network intervention costs with TO price control periods and NOA process.
9	CMP315 and CMP375 Originals propose using the last 10 years historical data when calculating the Expansion Constant/Expansion Factors. Do you	As per response to Q8, we are keen for EC and EF calculation to be forward looking but equally NGESO should be aware of the potential for future year on

	agree with this approach or are there alternative approaches to consider? Please provide justification for your response.	year volatility when setting the appropriate time window for cost data input.
10	Do you agree with the list of data items, the ESO require from Transmission Owners to calculate the Expansion Constant. Please provide justification for your response.	Yes we agree with the list set out in Figure 1 in the workgroup consultation. These are all measures deployed by TOs in the real world to enhance transmission system capability.
11	In their analysis, Lane Clark and Peacock (LCP) have provided an alternative implementation approach proposing non-circuit build to be allocated to existing circuits and thereby included within the EFs rather than creating proxy circuits (as proposed by the CMP315 and CMP375 Original). Do you have any thoughts on this and do you agree with LCP's proposal for reinforcement factors? Please provide justification for your response.	We support the LCP proposal. We think it better reflects how transmission capability is created in reality. We think the proxy circuit methodology is likely to artificially inflate the EC.
12	To achieve implementation by 1 April 2023, the Workgroup understand that it will not be possible under the current timeline to include the new EC/EFs in the draft TNUoS tariffs for 2023/2024. Do you support this and, if so, in the absence of draft TNUoS tariffs for 2023/2024, what detail will you need ahead of final TNUoS tariffs being published?	The charging defect being addressed by CMP375 is a very significant one in the context of facilitating Net Zero at least cost to consumers. Implementation at the earliest opportunity is the priority. If there is a way for NGESO to share informal indications of impact of CMP375 before then (noting that full draft TNUoS tariffs will not be possible), that would be helpful.