

**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](mailto: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](mailto:Paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details
<b>Respondent name:</b>	Alan Currie
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**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;*
- 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 checked="" type="checkbox"/>E</td> </tr> </table> <p>CMP315 seeks to change the inputs for the calculation of the Expansion Constant (EC) and Expansion Factors (EF). While this is better than the status quo, it is limited on improving cost-reflectively, and we have preference for CMP375.</p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" 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 will improve cost reflectivity of actual proposed works and associated costs.</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 type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p><a href="#">Click or tap here to enter text.</a></p>						
4	Do you have any other comments?	<p>This consultation would have benefited from further TSO pricing data to expand upon / complete the LCP work presented.</p>						
5	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>We believe that a WACM will be required to align with the LCP and expect to see this happen by another party.</p> <p><a href="#">Click or tap here to enter text.</a></p>						

Specific Workgroup Consultation questions		
6	Do you agree with the CMP315 and CMP375 Proposers' conclusions that the Expansion Constant should also include	<p>Yes we do agree that the scope of works to be included should be increased. This will better reflect actual</p>

	<p>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.</p>	<p>planned works and allow a more cost reflective expansion constant and corresponding expansion factor to be derived. Any additional works highlighted by TSO's in work programs to help deliver cost savings should be included.</p>
7	<p>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.</p>	<p>We agree with the CMP375 proposal in that the expansion constant/factors should reflect the growth of the NETs but must also highlight that growth is not always new circuit.</p>
8	<p>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.</p>	<p>We agree with this interpretation and that this forward-looking charge would be tied into the planned works being cost reflective to the real world grid investment. We believe that this is in line with objectives b&amp;c.</p>
9	<p>CMP315 and CMP375 Originals propose using the last 10 years historical data when calculating the Expansion Constant/Expansion Factors. Do you agree with this approach or are there alternative approaches to consider? Please provide justification for your response.</p>	<p>We believe that the historical time period for any cost data should be kept to a minimum that provides sufficient data at more closely reflective of future costs, taking a project cost from 9 years ago may not be cost reflective. We believe that the methodology should be based on the forwarding looking work programs with forward looking costs that could be backed up, if required by a smaller set of historical cost data as we believe that this will be more cost reflective and again in line with objectives b&amp;c.</p>
10	<p>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.</p>	<p>Upon review of the LCP work they have clearly defined a simpler dataset which should be readily available as part of transmission licensees business plans for each RIIO price control. If the work can be complete with the simplified dataset this would streamline the process collection and calculation</p>

		process and be clearer to all reviewing, something we would support.
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.	<p>We believe that LCP have presented the best viable option and is consistent with how circuit build is accounted for in the CMP375 original.</p> <p>A proxy circuit approach assigns no value to the circuit capacity enabled by non circuit build and assumes that the works provide capacity on the network.</p>
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?	<p>We support 01/04/2023 implementation date as believe that a more cost reflective charging system benefits all parties and will provide better aligned charging signals with net zero ambitions.</p> <p>We believe that the ESO could provide updated tariffs as soon as possible ahead of the implementation date to assist impacted parties.</p>