

Code Administrator 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 15 December 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 Andrew Hemus Andrew.Hemus@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Joshua Logan	
Company name:	Drax Group Plc	
Email address:	Joshua.logan@drax.com	
Phone number:	07934296838	
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 checked="" type="checkbox"/> Storage <input checked="" 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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed CMP315 solution against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution better facilitates:
		<div>Original</div> <div> <input type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E </div>
		<p>The lack of available data and transparency has been a frustration throughout this workgroup process. It has made it difficult for industry to thoroughly assess the proposals or develop more innovative solutions.</p> <p>In principle, we support efforts to improve the cost-reflectivity of TNUoS charges, providing they give a meaningful signal and don't have a negative impact on competition.</p> <p>Whilst we do flag some potential concerns regarding the impact on competition, on balance, we believe all CMP315 & CMP375 options are likely to marginally better facilitate the Applicable Objectives.</p> <p>Applicable Objective (b) – Positive</p> <p>Following the implementation of CMP353, the Expansion Constant and Expansion Factors were fixed (albeit with inflation applied annually), and are not updated to reflect the cost of transmission works. All of the proposals use actual TO project cost data to derive the Expansion Constant and Factors, as such, all the proposals are likely to result in more cost-reflective tariffs when compared to the baseline.</p>

		<p>Applicable Objective (a) – Neutral</p> <p>Whilst overall we have rated the proposals as neutral against Applicable Objective (a), the impact on competition, particularly in the long-term, is unclear. There is uncertainty over the impact of these proposals on individual generators local circuit charges, and the materiality of the impact on wider TNUoS charges at different locations over the long-term is unknown. This lack of forecastability, and the potential for significant differentials in locational charges, could have a negative impact on competition.</p> <p>Whilst we do have concerns, we still believe the proposals to be neutral on Applicable Objective (a) compared to the baseline.</p>				
2	Please provide your assessment for the proposed CMP375 solutions against the Applicable Objectives?	<p>Mark the Objectives which you believe the proposed solutions better facilitates:</p> <table border="1"> <tr> <td>Original</td><td><input type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</td></tr> <tr> <td>WACM2</td><td><input type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</td></tr> </table> <p>See our response to Question 1.</p>	Original	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E	WACM2	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
Original	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E					
WACM2	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E					
3	Do you have a preferred proposed solution?	<p> <input type="checkbox"/>CMP315 Original <input checked="" type="checkbox"/> CMP375 Original <input type="checkbox"/>WACM2 <input type="checkbox"/>Baseline <input type="checkbox"/>No preference </p> <p>Overall, our preferred solution is the CMP375 Original.</p> <p>We believe the works used to calculate the expansion constant and factors used in the CMP375 solutions are most appropriate. Arguably, the CMP315 Original seeks to include too many costs and moves further away from the original intent of the TNUoS charging methodology. CMP315 also seeks to include substation costs, and we don't believe it's appropriate to include these when calculating Expansion Constants and Factors. As such, we believe the CMP375 solutions better facilitate Applicable Objective (b) compared to CMP315.</p> <p>When comparing the CMP375 Original to CMP375 WACM 2, WACM2 uses 30 years of historic data whereas the Original uses 10. We believe it could be more cost reflective to only take 10 years historic data rather than 30 to calculate the Expansion Constants and Factors.</p>				
4	Do you support the proposed	<p> <input checked="" type="checkbox"/>Yes <input type="checkbox"/>No </p>				

	implementation approach?	<p>Any changes to a parties TNUoS charges because of CMP315 or CMP375 wouldn't have been easily forecastable, and some suppliers may have already entered into fixed supply agreements which go beyond April 2025. As such, we urge the ESO to start engaging with the TO's and include a CMP315/375 scenario in TNUoS forecasts for the 25/26 charging year. Providing this can be done, we believe April 2025 should provide sufficient notice to industry.</p> <p>We also note that in workgroup discussions Ofgem mentioned they will likely run an impact assessment on CMP315/375, we support this and would expect it to inform Ofgem's judgement with respect to the implementation date.</p>
5	Do you have any other comments?	<p>We encourage the ESO and TO's to begin engaging as soon as possible. This will ensure the relevant data can be obtained, and forecasts of new Expansion Constants / Factors can be factored into the ESO's TNUoS tariff forecasts for the 25/26 charging year.</p> <p>Obtaining relevant cost data from the TO's as part of the modification process has been challenging and frustrating. The precise impact of CMP315/375 remains unclear, and could be significant for some TNUoS paying parties. As such, we would support an Ofgem impact assessment and consultation on CMP315/375.</p>