

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:	Peter McCrory	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input checked="" 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☐ 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?	<p>Mark the Objectives which you believe the proposed solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</td> </tr> </table> <p>We do not feel that CMP315 will enhance cost reflexivity and therefore does not better facilitate the applicable CUSC objectives.</p>	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E		
Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E					
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 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 type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</td> </tr> </table> <p>While CMP375 and the WACM2 alternative do appear to partially meet the Objective B aims, there is still potential for deviation from the costs incurred.</p> <p>However, we view that the overall impact on TNUoS tariffs and in particular the widening of the differential between the northern and southern regions will have a material negative impact on facilitating effective competition. The projected impact of these proposed CUSC mods will lead to increased price volatility, decreased investor confidence and may negatively impact the effectiveness of future CfD rounds. As such we do not feel that CMP375 or the WACM2 alternative will better facilitate the applicable CUSC objectives.</p>	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E	WACM2	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E					
WACM2	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E					

3	Do you have a preferred proposed solution?	<input type="checkbox"/> CMP315 Original <input type="checkbox"/> CMP375 Original <input type="checkbox"/> WACM2 <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference
4	Do you support the proposed implementation approach?	<p>It is evidenced in the workgroup consultation and annexes that all 3 proposed options will each lead to a significant material widening of the north/south price differential for TNUoS. This will therefore result in a significant change in the ability for northern projects to successfully participate in CfD auctions, beyond what is already an extremely challenging picture given the ESO 10-year TNUoS projections. The volatility and unrealistic projections are also having a clear impact on the entire market's (north and south) investment confidence, as well as leading to potential unintended consequences in future CfD auction rounds. As such we request that any decision by ESO and Ofgem in favour of one of the proposed CUSC mods includes a clear explanation of how this is in line with their licensed net zero obligations.</p> <p>We believe that ESO and Ofgem should instead focus on a fundamental review of transmission charging in the context of delivering on the UK's net zero objectives, including consideration of a temporary implementation of the Secretary of State's powers under Section 185 of the Energy Act. We would welcome acceleration of the more fundamental considerations of transmission charges posed by Ofgem's recent Open Letter on Strategic Transmission Charging.</p>
5	Do you have any other comments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please see above.