

**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)

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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;*

- 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 checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>The original proposal (CMP315) better facilitate competition (a), it marginally better reflects the cost to transmission licensees (b) and promotes efficiency in the implementation and administration of the system charging methodology (e)</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input checked="" type="checkbox"/> E
Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input 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 type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>The original proposal (CMP375) better facilitates competition (a), CMP375 seeks to calculate an Expansion Factor that reflects the future use of the system which satisfies objective (b); It also satisfies (c) as it reflects developments in transmission licensees' transmission businesses (d). Finally it satisfies objective (e) by promoting efficiency of the methodology.</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input 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 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>No. Whilst we believe the resolution of this defect is important, it represents a significant (an important) input into the transmission charging model and the guidance provided by the TNUoS Task force should feed into this process. CMP353 stopped a significant increase (circa 80%) in this parameter imposed on industry parties at short notice. Our expectation is that the Task Force will look to stabilise charges so we believe this modification needs to be included within their scope. We believe that an efficient Task Force process could still achieve an implementation date of April 2024, albeit an input that is more stable and not subject to a one-off step change.</p>						
4	Do you have any other comments?	<p>We are disappointed that there is no cost modelling provided. This can help impacted users understand the impact of these modifications. We do not believe there is an urgency to implement this and would welcome more modelling which reaffirms the prudent implementation delay.</p>						

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.
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		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. The Expansion Constant should reflect the true costs of the network.
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 agree with the interpretation of CMP375. The Expansion Constant should, where possible, reflect the ongoing and realistic cost of the network. Given that stability of charges is becoming more important to users an appropriate trade-off between cost reflective and stability needs to be assessed within the TNUoS Task Force.
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. The charging model is purely a theoretical model which attempts to provide as realistic cost as possible. Therefore, this approach should not be discounted but as we mention in a response to a previous question more analysis and modelling should be provided to assess this approach.
9	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?	It is a reasonable approach but may not be the best approach to use. This question demonstrates the need for consideration through the Task Force process. There may be other alternatives, such as moving averages

	Please provide justification for your response.	over a period of time which might also be a sensible approach as well as using forecasted data. These need to be developed in conjunction with the TNUoS Task Force for other parameters in the TNUoS Charging Model to ensure a level of consistency. For the avoidance of doubt, we expect the Task Force to make a prompt decision on these guidelines, so implementation is not simply delayed longer than is required.
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.
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 agree in principle an approach which allocates the reflective costs should be under consideration.
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?	No. In response to previous questions, we do not believe an April 2023 implementation date is optimal whilst this should be under scope of the TNUoS Task Force.