

**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](mailto: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](mailto:Andrew.Hemus@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

| Respondent details                             | Please enter your details  |  |
|--|--|--|
| <b>Respondent name:</b>                        | George Moran   |  |
| <b>Company name:</b>                           | Centrica   |  |
| <b>Email address:</b>                          | George.moran@centrica.com  |  |
| <b>Phone number:</b>                           | 07557 611983   |  |
| <b>Which best describes your organisation?</b> | <input type="checkbox"/> Consumer body<br><input type="checkbox"/> Demand<br><input type="checkbox"/> Distribution Network<br><input type="checkbox"/> Operator<br><input type="checkbox"/> Generator<br><input type="checkbox"/> Industry body<br><input type="checkbox"/> Interconnector | <input type="checkbox"/> Storage<br><input checked="" type="checkbox"/> Supplier<br><input type="checkbox"/> System Operator<br><input type="checkbox"/> Transmission Owner<br><input type="checkbox"/> Virtual Lead Party<br><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:   |
|  |  | Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E   |
|  |  | <b>Relevant Objective (a): Positive</b>   |
|  |  | <p>The smoothing approach will improve predictability of charges whilst allowing for an increase in cost reflectivity of charges over time, both of which will facilitate effective competition.</p> <p><b>Relevant Objective (b): Positive</b></p> <p>We don't agree with the premise that the expansion constant should reflect total costs of the NETS (CMP315), as opposed to the incremental cost of expansion of the NETS (CMP375), but do consider CMP315 to be marginally more cost reflective against the current baseline which is not taking account of any new cost data.</p> <p><b>Relevant Objective (c): Neutral</b></p> <p>Updating the Expansion Constant will allow the charging methodology to better account for developments in the costs of the NETS, however CMP315 does not in our opinion <u>properly</u> take account of developments in the transmission business due to the total cost interpretation being proposed.</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 data-bbox="619 264 874 309">Original</td> <td data-bbox="882 264 1465 309"><input checked="" type="checkbox"/>A <input checked="" type="checkbox"/>B <input checked="" type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</td> </tr> <tr> <td data-bbox="619 320 874 365">WACM2</td> <td data-bbox="882 320 1465 365"><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</td> </tr> </table> <p><b><u>Original</u></b></p> <p><b>Relevant Objective (a): Positive</b></p> <p>The smoothing approach will improve predictability of charges whilst allowing for an increase in cost reflectivity of charges over time, both of which will facilitate effective competition.</p> <p><b>Relevant Objective (b): Positive</b></p> <p>We agree that the expansion constant should reflect the incremental cost of expansion of the NETS (CMP375), and consider CMP375 will improve the cost reflectivity of charges.</p> <p><b>Relevant Objective (c): Positive</b></p> <p>Updating the Expansion Constant will allow the charging methodology to better account for developments in the costs of the NETS.</p> <p><b><u>WACM2:</u></b></p> <p>Whilst WACM2 also has the potential to be better than the baseline, the heavy reliance on forecast Business Plan information makes it difficult to conclude that the above benefits will materialise. In principle we have no concerns with the use of forecast data to derive the 'basket of works' and in theory such an approach could provide a better 'forward looking' signal. However, we note that there have historically been large differences between Business Plan submissions and final allowances, and further large differences between allowances and observed outturns. Therefore in practice, it is difficult to conclude that such an approach will improve cost reflectivity for TNUoS charges.</p> <p>We also consider that 30 years is excessive and will dilute the cost reflectivity of charges.</p> | Original | <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" 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 checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" 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<br><input checked="" type="checkbox"/> CMP375 Original<br><input type="checkbox"/> WACM2<br><input type="checkbox"/> Baseline<br><input type="checkbox"/> No preference   |          |   |       |  |

|   |  |  |
|---|--|--|
|   |  | Click or tap here to enter text.                                       |
| 4 | Do you support the proposed implementation approach? | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No |
|   |  | Click or tap here to enter text.                                       |
| 5 | Do you have any other comments?                      | Click or tap here to enter text.                                       |