

**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	
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<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" 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 consider that the introduction of historic and non-locational costs to the charging methodology will enhance cost reflectivity. Thus, we do not see how the change can better facilitate effective competition either. Therefore, CMP315 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>From a narrow Applicable CUSC Objective B sense, there does appear to be some rationale to suggest that CMP375 improves the cost reflectivity of the charging methodology. This is particularly the case when compared to the temporary arrangements put in place by CMP353. That being said, the use of expected works in WACM2 could clearly deviate significantly from the actual costs incurred.</p> <p>However, the impact on TNUoS tariffs, specifically a widening in the north/south price differential, is unlikely to better facilitate effective competition. We discuss this</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					

		point further in answer to question 3. Therefore overall, we do not consider that CMP375 Original or CMP375 WACM2 better facilitate the Applicable CUSC Objectives.
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
		Ultimately all three options (CMP315, CMP375 Original and CMP375 WACM2) increase the north/south price differential significantly. These price changes cannot be accounted for in past low carbon support auctions. Given the need to meet Net Zero policy objectives, we do not see this impact as being consistent with the drive to Net Zero. We believe that the TNUoS charging arrangements need fundamental reform to incentivise the required large increase in low carbon and flexible technologies in the coming years. Therefore, we believe that Ofgem should not approve any of the options and instead concentrate on developing charging arrangements that deliver on the Net Zero agenda.
4	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Putting aside the merits of the different options, at least two full Charging Years notice should be provided to allow market participants to adjust to the significant change in TNUoS tariffs i.e. if a decision is made by Ofgem before 1 April 2024, the changes should only take effect from 1 April 2026. This notice principle has been adopted for past modifications and is appropriate in this instance.
5	Do you have any other comments?	No.