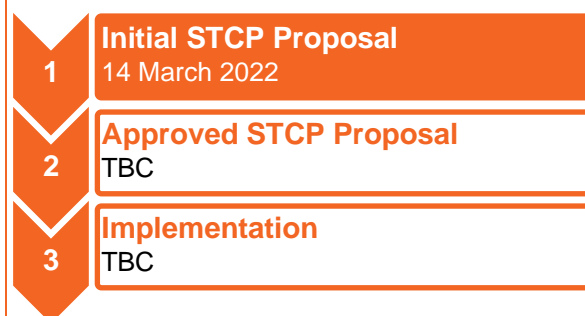


STCP Modification Proposal Form

PM0124:**Enduring Expansion Constant & Expansion Factor Review – Consequential Modification**

Overview: This is a consequential modification to revise data requirements set out in the System Operator Transmission Owner Code Procedures to facilitate changes from CUSC modifications CMP315 and CMP375. The modification reviews and amends the calculation of the Expansion Constant & Expansion factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS)

Modification process & timetable

Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: High impact

The Proposal will have a high impact on Onshore Transmission Owners as will require alternative data that is provided to the ESO at present.

Who can I talk to about the change?**Proposer:**

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What is the issue?

The Expansion Constant (EC) influences the locational signal in the calculation of TNUoS charges and is recalculated for the start of each onshore TO price control. The EC and Expansion Factor (EF) currently used within the calculation of TNUoS tariffs look at a limited scope of development to the NETS. As the nature of NETS development and investment has changed over time, the number of projects eligible for consideration within calculation of the EC and EFs have shrunk. This means that the growth of the NETS may not be accurately captured within the previous calculations.

Why change?

CMP315 and CMP375, plus the sole variant (WACM2) to CMP375, would, if passed, create a new methodology for calculating an expansion cost per asset class, and therefore this Proposal is required to update the relevant STCP (14-1) in respect of the data provided by TOs in order to be reflective of this new methodology.

The baseline approach only entails the TOs giving data to the ESO once ahead of each price control, the data given being TO project cost data per asset class, for example 132 kV, 275 kV and 400 kV new circuits, split between cables and lines, so that data is given for the costs of 6 asset classes. The baseline approach only entails the TOs giving data in relation to entirely new circuits, omitting TO investments that entail reinforcement of existing circuits. The baseline approach does not entail the TOs giving circuit-specific cost data; instead, they give adjusted, generic cost data per asset class. The adjustments are to normalise the generic data by making a series of adjustments specified in footnotes to Appendix C of baseline STCP 14-1 to remove canal, railway crossings etc.

There are three adjusted versions of STCP 14-1, mapping to CMP315 original, CMP375 original and CMP375 WACM2

The adjustments are no longer made in the adjusted versions STCP 14-1, which instead require specific, case by case, TO project cost data, initially (in the first year of implementation) going back 10 years then, annually, one year's worth of new TO project cost data.

What is the proposer's solution?

The Proposer's solution is to incorporate the required changes resulting from CMP315 and CMP375 CUSC Workgroup, such that if either of these mods or their sole alternative (WACM), is passed, all of the data to enable the ESO to give effect to them will flow from the TOs to the ESO Revenue team.

Legal text

See Annex 1

What is the impact of this change?

Proposer's assessment against STC Objectives

Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	Neutral N/A
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Positive This reflects changes arising from CMP315 and CMP375 amending the calculation of the Expansion Constant & Expansion factors to better reflect the current and recent nature of growth of and investment in the National Electricity Transmission System (NETS).
(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity	Positive More cost reflective charging helps facilitate a level playing field for competition, and this modification designed to prevent sudden step changes in the TNUOS North-South differentials, bearing in mind that a marked potential step change in 2020 was regarded as undesirable by all participants and led to CMP353 being approved as a stop-gap.
(d) protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees	Neutral N/A
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	Neutral N/A
(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	Neutral N/A

(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	Neutral N/A
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Proposer's assessment against the STCP change requirements ¹	Proposer's assessment
(a) the amendment or addition does not impair, frustrate or invalidate the provisions of the Code	Requirement met
(b) the amendment or addition does not impose new obligations or liabilities or restrictions of a material nature on Relevant Parties which are not subsidiary to the rights and obligations of the Relevant Parties under the Code	Requirement met
(c) the amendment or addition is not inconsistent or in conflict with the Code, Transmission Licence Conditions or other relevant statutory requirements	Requirement met
(d) the Relevant Party Representatives deem that the amendment or addition is appropriate to support compliance with the Code	Requirement met

When will this change take place?

Implementation date

Implementation timelines in line with CUSC modifications CMP315 & CMP375

CMP315/375 solutions	STCP changes required
CMP315 – Original Proposal	STCP14-1
CMP375 – Original Proposal	STCP14-1
CMP375 – WACM2	STCP14-1

It is recommended by the Code Administrator that the STC Panel give advanced approval to implement the corresponding STCP changes to facilitate the CMP315/375 solution decided by the Authority.

¹ STCP changes may only be made if they meet the requirements in Section B, 7.3.2

Interactions

- | | | | |
|--|---|--|-------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input checked="" type="checkbox"/> CUSC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other | |

This Proposal is required as a follow-on from CUSC modifications CP315 & CMP375

Panel Determination

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
PM	Procedure Modification
CUSC	Connection and Use of System Code
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
EC	Expansion Constant
EF	Expansion Factor
NETS	National Electricity Transmission System
TO	Transmission Owner
TNUoS	Transmission Network Use of System

Reference material

- CMP315 <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp315-tnuos>
- CMP375 <https://www.nationalgrideso.com/document/194606/download>