

**Code Administrator Consultation Response Proforma****CMP413: Rolling 10-year wider TNUoS generation tariffs**

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 18 March 2024**. 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 [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details	
<b>Respondent name:</b>	James Knight	
<b>Company name:</b>	Centrica	
<b>Email address:</b>	James.knight3@centrica.com	
<b>Phone number:</b>	07557613126	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input checked="" 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** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration)

**For reference the Applicable CUSC (charging) Objectives are:**

- a. 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;
- b. 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 solution(s) against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution(s) better facilitates:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM1 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>Whilst we are sympathetic to the underlying issue of tariff predictability, we do not believe the Original Proposal better facilitates any of the relevant objectives. It will result in long-term tariffs being fixed within a range which is based on a forecast and methodology that is wholly unsuitable for this purpose.</p> <p>The resulting tariffs and signals will inevitably be non-cost reflective (negative against objectives b and c) and so will lead to inefficient outcomes (negative against objective a). The additional complexity the proposal introduces into the CUSC also makes it negative against objective e.</p> <p>It is our understanding that in a scenario where uncapped TNUoS rates increase, the adjustment tariff increases to comply with the limiting regulation before the additional shortfall created by the capped rates is applied. This leads to TNUoS revenue recovery from Generation reducing further than necessary to comply with the limiting regulation.</p> <p>We believe that WACM1 better facilitates objective b when compared to the Original Proposal, but not when compared to the Baseline. WACM1 recovers the cross-subsidy resulting from any excess/shortfall of revenue from capped generator tariffs from a non-locational</p>

		adjustment to generation tariffs, as opposed to recovery through demand tariffs in the Original, and so limits any negative impact on cost reflectivity to generation tariffs.
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference
		We do not support implementation of the Original or WACM1
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		We do not support implementation.
4	Do you have any other comments?	<p>Given the timescales to commercial operation for new projects highlighted in the consultation, we don't consider the Original Proposal or WACM1 can provide any credible level of predictability for the purpose of making a final investment decision for a new project that will take ~10 years to get to commercial operation and then operate for 20-25 years.</p> <p>It seems that the main benefit in terms of predictability will be the narrower caps and collars that will apply to existing sites in the near term.</p>