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Code Administrator Consultation Response Proforma

CMP418: Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer

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@nationalenergyso.com by **5pm** on **19 February 2025**. 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@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Giulia Licocci	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input 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 (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:

- 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

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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 C11 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 and the ISOP business*;*
- 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.*

* See Electricity System Operator Licence

**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 against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution better facilitates:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		<p>A – POSITIVE - Lower charges would reduce financial barriers for future offshore wind developers, potentially enabling offshore wind to better compete with other sources of generation.</p> <p>It mitigates the revenue opportunity that onshore Generators can receive through providing voltage control service that is unavailable to offshore Generators, even though both parties are exposed to the cost and installation of DRCE. Ultimately the change proposed creates a parity of approach with regards to reactive power compensation costs between onshore and offshore generators.</p> <p>E- POSITIVE - A more equitable allocation of costs that takes better account of OFTOs and offshore</p>

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		Generators mandatory requirements under the Grid Code improves the overall cost-reflectivity of the system charging methodology. It ensures that OFTOs, onshore, and offshore Generators treatment is aligned in respect of mandatory reactive power requirements.
2	Do you believe that the amendments have met the deficiencies of the Send Back letter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No As outlined in the table in the last page of the updated FMR, the technical differences between onshore and offshore network were clarified, the consumer assessment was updated to provide a lot more clarity, and various other elements were included in the FMR as opposed to different annexes to provide clarity. The legal text was also updated and a sequential modification will be raised on the DRCE definition, as requested.
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
4	Do you have any other comments?	n/a