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Code Administrator Consultation Response Proforma

CMP444: Introducing a cap and floor to wider generation TNUoS charges

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 cust.team@nationalenergyso.com by **5pm** on **14 March 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 cust.team@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Alun Rees	
Company name:	ENGIE	
Email address:	alun.rees@engie.com	
Phone number:	07779 401 798	
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 checked="" 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*)

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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 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 solutions	Mark the Objectives which you believe the proposed solutions 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

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	against the Applicable Objectives?	WACM2	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM3	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM4	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM5	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM6	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM7	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		Please refer to answer to question 4	
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> WACM7 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference	
		Please refer to answer to question 4 Click or tap here to enter text.	
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
		Please refer to answer to question 4	
4	Do you have any other comments?	ENGIE believes that the introduction of a robust cap and floor to TNUoS charges is needed as an	

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		<p>important temporary measure pending the fundamental reform of TNUoS that is needed as part of REMA. Whilst the nature of TNUoS reform would be very different in a reformed national vs zonal scenario, both scenarios would nevertheless involve a fundamental overhaul.</p> <p>In the reformed national REMA scenario, DESNZ has indicated that TNUoS would become the principal locational investment signal. To be an effective locational investment signal, the charges should be known at the point of investment (i.e. the point at which location is chosen) for the expected life of the asset. In a reformed national market therefore, TNUoS would likely be different for otherwise identical assets built in the same location at different times.</p> <p>Pending TNUoS reform as part of REMA, the cap and floor is needed as a temporary measure to protect the interests of current and future UK consumers by decarbonising GB's electricity supply at lowest cost. Specifically, it is needed to:</p> <ul style="list-style-type: none"> a) Ensure sufficient and efficient carbon-free generation to meet the UK's clean power targets, including to ensure sufficient competition and consumer value via CfD Allocation Round 7 (AR7); and b) Pay due respect to the basis on which past investments have been made. <p>As to the appropriate level of the cap, it should be set at a level that best achieves (a) and (b) and set out above. Regarding (b), an option would be to benchmark the cap against a "reference generator". In practice the reference generator could be that worst impacted by projected TNUoS increases vs</p>
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		<p>what it could reasonably have foreseen at the point at which it made its investment decision.</p> <p>In considering CMP 444, the CUSC needs to fully acknowledge the nature of competition that operates in the GB electricity market today, including the proportions of renewable generation that compete via CfD auctions.</p> <p>We hope that the CUSC principles align to the objective of decarbonising the power system at lowest cost to consumers, which is best met via a robust but temporary cap and floor pending fundamental reform as part of REMA. If the CUSC proves incapable of delivering this, it adds to the case for fundamental reform of the transmission charging regime sooner rather than later.</p>
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p> <p>Click or tap here to enter text.</p>