

CUSC Code Administrator Consultation Response Proforma**CMP353 'Stabilising the Expansion Constant and non-specific Onshore Expansion Factors from 1st April 2021'**

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 by **2pm on 19 November 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Paul Mullen paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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For reference the applicable CUSC 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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and*
- e. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Do you believe that CMP353 Original solution facilitates the Applicable Objectives?	<p>Yes, we believe the proposal better facilitates the Applicable CUSC Objectives as follows;</p> <ul style="list-style-type: none"> a) Positive – Use of the calculated RIIO2 Expansion Constant (and associated Expansion Factors) may lead to a detrimental effect on competition between users due to a significant and sudden shock to locational signals compared to the current RIIO1 Expansion Constant. b) Neutral c) Positive - As it would allow further work to be completed in this area without applying costs to Generators and Demand that may not ultimately best meet this objective. d) Neutral e) Positive - As this is a simple change to stabilise the Expansion Constant and Expansion Factors it will result in an improved efficiency in and understanding of the methodology.
2	Do you support the proposed implementation approach?	<p>Yes, we believe this is the only viable implementation date to ensure the changes are effective before RIIO2 commences.</p>
3	Do you have any other comments?	<p>We have the following comments that we'd like to make on the substance of the proposal;</p> <ul style="list-style-type: none"> • There is a minor typographical error within the legal text where EC was used in the proposal instead of the full Expansion Constant term that will be needed for the legal text to be inserted into the CUSC. • The intention of CMP353 is a short-term solution to provide short-term certainty to industry participants whilst we work with industry to develop a longer-term solution. • If any changes to the enduring approach are required, these will be brought forward via a separate modification to the relevant

		<p>industry code(s) and discussed in industry forums such as TCMF.</p> <ul style="list-style-type: none">• These longer-term solutions should be focused on the Expansion Constant/Factor calculations, however, there may be merit in considering other parts of the methodology alongside this review.• Whilst methods other than RPI indexation exist, we believe this is the most prudent solution as it is a continuation of the existing methodology and allows this modification to progress on urgent timescales. If other forms of indexation were to be discussed, this modification would be at a far higher risk of not being implemented in time for finalising 2021/22 TNUoS tariffs. We do not have any objections to other indexation methodologies in principle and are happy to discuss there as part of an enduring solution.
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