

Email to: TNUoS.queries@nationalgrideso.com

1st December 2020

Dear Rebecca,

The Locational Onshore Security Factor

EDF is the UK's largest producer of low carbon electricity. We operate low carbon nuclear power stations and are building the first of a new generation of nuclear plants. We also have a large and growing portfolio of renewable generation, including onshore and offshore wind, as well as coal and gas stations and energy storage. We have around five million electricity and gas customer accounts, including residential and business users. EDF is committed to building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

In this letter, we are responding to the ESO's consultation on the Locational Onshore Security Factor.

We agree that CUSC does not call for rounding of this parameter (or of any other). Historic practice has been to round the security factor to one decimal place, but this hasn't been done for any other parameters, accuracy being otherwise retained.

We believe that cost reflectivity is best served by not rounding the charging parameters. You suggest using eight decimal places; that is sufficient accuracy to be effectively, not a rounded number (the 9th decimal and onwards will have no material effect, and would comprise spurious accuracy). Using only 1 or 2 decimal places on a number not that far from unity, is clearly inaccurate.

We note that you highlight that other participants referred to the debate about the correct and accurate cost-reflective value of the expansion constant. We look forward to taking part in a debate soon about what that value should be and expect that the industry can arrive at a proper conclusion on that. No parameter should be "tilted" to "make up" for any alleged deficiency in another; each should be applied as the correct and true value, the best it can be identified.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact me on 07752 987992.

Yours sincerely

Paul Mott

Senior Adviser – Electricity Market Arrangements