

**CUSC Workgroup Consultation Response Proforma****CMP357 'To improve the accuracy of the TNUoS Locational Onshore Security Factor for the RIIO2 Period'**

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 8 January 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation, please contact [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

Respondent details	Please enter your details
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**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 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);*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and*
- Promoting efficiency in the implementation and administration of the system charging methodology.*

*\*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 regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

<b>CMP357 - Standard Workgroup Consultation questions</b>		
1	Do you believe that the CMP357 Original Proposal or the potential alternative options better facilitates the Applicable Objectives?	<p>We do not believe that CMP357 Original Proposal better meets Applicable Objectives (b). A Locational Security Factor based on 8 decimal places introduces spurious accuracy to the calculation of transmission tariffs.</p> <p>We note that recent changes to the CUSC baseline following implementation of CMP345 will enables the ESO to determine the locational factor and to set the number of decimal places as part of the publication of transmission charging statements.</p>
2	Do you support the proposed implementation approach for CMP357?	We do not support implementation of CMP357
3	Do you have any other comments?	<p>The underlying rationale for the Locational Security Factor is that it enables the “secured” requirements of the transmission network to be reflected into locational transmission charges. This is achieved by a modelling exercise which compares nodal MWkm derived from an “unconstrained” network and nodal MWkm derived from a “secured” network, which takes into account the additional network requirements under certain fault conditions (the worst credible contingency). The modelling exercise contains within it a number of simplifying assumptions (including scaled generation for the year-round background). The locational Security Factor therefore is an approximation of the additional network requirements to meet “secured” conditions. This approximation is reflected in the current Locational Security Factor which is based on one decimal place.</p> <p>Although the analysis work presented by NGESO has been calculated to a large number of decimal places this is not representative of the degree of accuracy of the inputs to the calculation and therefore increasing the decimal places in the security factor does not improve the cost reflectivity of the tariffs compared with the baseline.</p>

4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	We do not wish to raise a working group alternative.
<b>Specific Workgroup Consultation Questions</b>		
5	Do you have any further analysis/evidence to support your conclusions under Question 1?	We do not have any further analysis/evidence to support our conclusions under Question 1.
6	Will the CMP357 Original Proposal or the potential alternative options impact on your business. If so, how?	Revised locational tariffs derived under CMP357 will impact on our business.