

Workgroup Consultation Response Proforma**CMP315:** TNUoS Review of the expansion constant and the elements of the transmission system charged for and**CMP375:** Enduring Expansion Constant & Expansion Factor Review

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 **5pm on 17 May 2022**. 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 Paul Mullen Paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

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;*

- 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.*

**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 Workgroup Consultation questions								
1	Do you believe that the CMP315 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>CMP315 would increase the number of options available in the calculation of the expansion constant (EC) and expansion factors (EF) to better reflect how new capacity is “created” and how much it costs the transmission network owners to do so.</p>	Original	<input type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E
Original	<input type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E			
2	Do you believe that the CMP375 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input checked="" type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>As with the answer the question 1 above – however we believe CMP375 better facilitates these objectives than CMP315.</p> <p>A variant of CMP375 which considers forward looking data will be presented as an alternative WACM – we believe this would improve alignment with stated objectives further.</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E
Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> E			
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>The current TNUoS methodology and does not reflect the reality of network development, User connections or cost recovery mechanisms by transmission network owners.</p> <p>These proposals are a step in the right direction, in addition to being cost reflective and reducing the over collection of network charges, the methodology should include provisions for self-correction.</p>						
4	Do you have any other comments?	<p>It would aid engagement if real life examples could be presented showing the differing outcomes for the status quo, CMP315, CMP375 and any alternative provisions being considered by the working group.</p>						
5	Do you wish to raise a Workgroup Consultation Alternative Request for	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>A variant of CMP375 which considers forward looking data will be presented as an alternative WACM – we believe this would improve alignment with stated objectives further.</p>						

	the Workgroup to consider?	Click or tap here to enter text.
		Click or tap here to enter text.

Specific Workgroup Consultation questions		
6	Do you agree with the CMP315 and CMP375 Proposers' conclusions that the Expansion Constant should also include circuit reinforcement, non-circuit works, and life extension works in addition to new circuit build? Are there any other reinforcement types that should be included? Please provide justification for your response.	<p>Yes, this is a basic requirement for the methodology to be cost reflective.</p> <p>This is an opportunity to incorporate innovations in the design and planning of transmission networks into the charging methodology.</p>
7	CMP315 and CMP375 have different proportions of each reinforcement type in the basket for the calculation of the Expansion Constant because the Proposers have different interpretations as to what the Expansion Constant should represent. Which one of these interpretations do you agree with, or do you have a different approach? Please provide justification for your response.	<p>We believe that CMP 375 better reflects the growth of NETS.</p> <p>Increasing reinforcement options in the EC methodology basket, will allow a more comprehensive view of the incremental costs of transporting a MW/km. This in turn should improve the cost reflectivity of TNUoS.</p>
8	A Workgroup Member has also suggested an alternative approach to establish the forward-looking marginal cost over a realistic 5–10-year time horizon. Do you agree with this interpretation, or would you suggest a different approach? Please provide justification for your response.	<p>Yes, we do agree with the proposed alternate approach. TNUoS should consider the techniques and technologies that are expected to be used over the next 5-10 years.</p>
9	CMP315 and CMP375 Originals propose using the last 10 years historical data when calculating the Expansion Constant/Expansion Factors. Do you agree with this approach or are there alternative approaches to consider? Please provide justification for your response.	<p>The combination of using historic data and only considering new build 400kV circuit cost has skewed TNUoS tariffs considerably. It is important to ensure that the final option adopted by this working group resolves this issue.</p>
10	Do you agree with the list of data items, the ESO require from Transmission Owners to calculate the Expansion	<p>Yes, we agree with the list of data items. It is important that data provided by the TOs is clear, specific, and transparent.</p>

	Constant. Please provide justification for your response.	
11	In their analysis, Lane Clark, and Peacock (LCP) have provided an alternative implementation approach proposing non-circuit build to be allocated to existing circuits and thereby included within the EFs rather than creating proxy circuits (as proposed by the CMP315 and CMP375 Original). Do you have any thoughts on this, and do you agree with LCP's proposal for reinforcement factors? Please provide justification for your response.	<p>We believe that the LCP approach is the best option presented, as it is appropriately forward-looking, deliverable, and suitably averaged.</p> <p>The proposed "allocation to existing circuits" of non-circuit reinforcements better reflects how incremental capacity is delivered, and better reflects the difference from a counterfactual scenario of no investment made. By contrast, a proxy circuit approach sharpens the locational signal even when no additional capacity has been made available, which we believe is not cost reflective.</p>
12	To achieve implementation by 1 April 2023, the Workgroup understand that it will not be possible under the current timeline to include the new EC/EFs in the draft TNUoS tariffs for 2023/2024. Do you support this and, if so, in the absence of draft TNUoS tariffs for 2023/2024, what detail will you need ahead of final TNUoS tariffs being published?	<p>It is in the interests of transmission network users to resolve the defects identified by these modifications in time for 1 April 2023.</p> <p>While we understand that NGESO may not be able to include the updated values in the initial draft TNUoS tariffs, we would expect NGESO to provide an update to tariffs at the earliest opportunity.</p>