

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
Respondent name:	Paul Jones
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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 type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table> <p>It is too early to say at the moment. In principle, it seems appropriate to explore including other forms of investment, undertaken to upgrade the transmission system, in the calculation of the costs used to calculate the Expansion Constant and Expansion Factors. However, the exact detail around which costs are included and how this is done will determine whether this is better at meeting the relevant objectives than the baseline. Much of this detail still needs to be determined by the workgroup and it is not possible to answer the question until this work is completed.</p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input 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 type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table> <p>Please see our response to question 1 above.</p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E			
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Assuming that the detail can be sorted out in a reasonable timeframe yes. As there is already an interim holding solution in place through the implementation of CMP353, the focus should be on getting any new methodology right rather than rushing to hit a specific deadline.</p>						
4	Do you have any other comments?	Yes, please see our attached paper on how various proposed elements could be incorporated into the expansion constant and expansion factor calculation.						
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>Click or tap here to enter text.</p> <p>Click or tap here to enter text.</p>						

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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.	Yes, we agree that these should be the focus of this modification. Other techniques do not appear to be appropriate for inclusion as we set out in our attached paper.
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.	Our attached paper sets out our proposed approach, but seems to be more closely aligned with the CMP315 proposer's opinion that circuit upgrades and life extension costs should also factor in some of the cost of the original investment on which the upgrade or extension is based.
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.	We do not believe the inclusion of some aspects outlined in this alternative would be appropriate, such as the use of spare capacity, or interruptible access rights and intertrips. We cover this a bit more in the attached paper.
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.	Yes, although there is also a case for data to go back further, if this were to prove helpful in stabilising the Expansion Constant and Factors. Stability in charging is important consideration too.
10	Do you agree with the list of data items, the ESO require from Transmission Owners to calculate the Expansion Constant. Please provide justification for your response.	We are not aware of other items which should be requested, but this is an area that network companies would know more about than system users.
11	In their analysis, Lane Clark and Peacock (LCP) have provided an alternative implementation approach proposing non-	We do not prefer this approach to the proxy circuit approach as it appears to rest on a number of assumptions and an

	<p>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>	<p>approach that results in an outcome which implies that substations are deployed evenly across the network, rather than including them in the model where they actually occur. The proxy circuit approach is more straightforward and would allow substations to be explicitly included in the model in the correct locations on the network.</p>
12	<p>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>	<p>As we mention above, meeting an implementation date of 1 April 2023 should not be a necessity. It would be better to meet a later date and make appropriate changes with better signalling to the market of what this entails. For instance, CMP286/287 is seeking to provide more notice of key TNUoS cost information, so that suppliers are better able to forecast charges ahead of time. Reducing the ability of parties to understand charge changes, as the suggested approach for CMP315/375 implies, would appear to contradict the rationale for CMP286/287.</p>