

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:	Grahame Neale
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Phone number:	07787 261 242

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 checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input checked="" type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>A - Clarity in the development of the EC and its likely direction of travel will provide more certainty to Users' of their costs in future years.</p> <p>B - Amending the EC will allow the charging methodology to better account for developments in the costs of the NETS.</p> <p>C - Amending the EC will allow the charging methodology to better account for developments in the costs of the NETS.</p> <p>E - This modification will remove the temporary EC methodology and implement an enduring solution.</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input 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 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 type="checkbox"/>D</td> <td><input checked="" type="checkbox"/>E</td> </tr> </table> <p>We believe the rationale for CMP375 is the same as described above for CMP315</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input 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 type="checkbox"/> D	<input checked="" type="checkbox"/> E			
3	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>Please see our response to Q12.</p>						
4	Do you have any other comments?	<p>National Grid ESO remains committed to progressing these modifications as efficiently as possible such that an optimum solution is found by the workgroup to progress towards FMR and Ofgem decision. A key milestone for the workgroup is receipt of relevant information from the TO's and until this is received and analysed then this remains a clear risk to progression. It is also key that any solution recommended by the workgroup provides a sensible baseline upon which further enhancements can be built on within any future TNUoS Taskforce discussions and we think the Workgroup should be mindful of the scope of the taskforces when considering the solution that it moves forward with for CMP315/375.</p>						
5	Do you wish to raise a Workgroup	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>						

	Consultation Alternative Request for 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.	We agree that the Expansion Constant (and Expansion Factor) calculations should be reflective of the works undertaken on the transmission system. Given the historic change in the balance of works undertaken (from new asset build to replace/reinforcing existing assets), we believe that both CMP315 and CMP375 will capture any changes to this balance of works.
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 understanding is that the original intent (i.e., when the concept was created in 1992) of the Expansion Constant and Expansion Factors more closely aligns to the interpretation proposed under CMP315. However, since then and over time, the industry's interpretation of this has shifted to be more closely aligned to CMP375. Therefore, we believe the CMP375 interpretation is closer to what is intended today and should be progressed in the shorter term.
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 have sympathy with the view that the calculations should be forward looking and believe this should be an area of discussion within the TNUoS Taskforce. However, given the current scope of CMP315 and CMP375, as well as the workgroup's desire to progress quickly, we believe this option may be better progressed via the taskforce.
9	CMP315 and CMP375 Originals propose using the last 10 years historical data	There are multiple different approaches that could be considered,

	<p>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>	<p>each of which will have benefits. We believe retaining the current approach of utilising 10 years data will be sufficient and allow implementation in an early year.</p> <p>If a later than 2023/2024 implementation was to be progressed, then a longer range could be considered although the length of this would be dependent on the relevance to current/future investment and consideration of practicality.</p>
10	<p>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.</p>	<p>Based on our current understanding of the solutions we believe the prioritised list of data items required from the Transmission Owners should be sufficient.</p>
11	<p>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>	<p>We note that LCP's approach of including non-circuit works within circuits is a possible approach, however based on internal discussions with the relevant teams, this would be more difficult and less transparent than creating proxy circuits.</p> <p>Complexity would also arise in such a change as a methodology would be needed to determine how the non-circuit works would be allocated to circuits and industry would have to place confidence in the model and analysis and indeed that this new input positively contributed towards a locational signal.</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>On balance and considering all the milestones and dependencies, we are concerned that an April 23 implementation date is at considerable risk. National Grid ESO remains motivated to facilitate change which would further facilitate the relevant objectives but also there is the need to balance the feasibility of identifying and delivering an effective solution within what is now a short time period. We would, therefore, suggest that the</p>

	<p>workgroup also consider April 2024 as an implementation date for the reasons below:</p> <ol style="list-style-type: none">1. The current implementation approach requires very quick progress by the workgroup which may not be possible due to dependencies of receiving and analysing data prior to identifying an optimum solution. It could be prudent, therefore, to plan for an April 2024 implementation date. This would avoid creating a further risk where the date is needed to be revised later in the change process.2. Linked to the above, based on current timescales it would not be possible for NGESO to publish draft tariffs to reflect April 2023 implementation for these modifications. Given the potentially significant commercial impact of these modifications, we believe it would be prudent to give as much notice of tariffs as possible. If 2023 remains as the preferred implementation date it could be possible to provide an 'informal' update between draft (Oct 2022) and final tariffs (Jan 2023), this may result in additional work for NGESO that all market participants may not benefit from, given only those involved in and following progression of CMP315/375 are likely to fully understand and benefit from this. <p>As of writing, NGESO are still able to implement for April 2023 (noting the above risks/issues) and are keen to seek other industry views on implementation (23 vs 24).</p>
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