

Workgroup Consultation Response Proforma

CMP424: Amendments to Scaling Factors used for Year Round TNUoS Charges

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 27 MARCH 2024**. 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 cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Martin Cahill	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input checked="" type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (*this will be shared with industry and the Panel for further consideration*)

☐ **Confidential** (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration*)

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);

- c. 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.

*The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006

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 Original Proposal better facilitate the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original <input checked="" type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input checked="" type="checkbox"/>E</p> <p>The proposal will ensure a more cost reflective charging approach by ensuring that generators such as CCGTs (which have a variable scaling factor) are modelled as having net positive output. However, the primary aim of the modification is to ensure that the tariff model does not include any negative scaling factors, and functions as intended.</p> <p>A wider review of backgrounds is taking place through the TNUoS Taskforce which could make further changes to scaling factors to improve cost reflectivity. This proposal would not conflict with any further changes, as the general principle that all generation should be scaled using a non-negative factor is fundamental.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>Implementation is straightforward and can be carried out in time for 2025.</p>
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup	<p><input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/>No</p>

	Consultation Alternative Request for the Workgroup to consider?	Click or tap here to enter text.
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Specific Workgroup Consultation questions

5	Do you agree with the proposed floor of 10% for the variable scaling factor?	We feel that is an appropriate amount as it has a low impact on tariffs, as shown by the analysis provided to workgroup. It is logical to retain some positive element (i.e. non-zero) as otherwise the incremental cost impact of certain generation types would not be considered as part of the model.
6	Do you agree with the principles of a short-term fix? If not, why, and what other solution would you suggest?	It is important to introduce a fix in the short term, as wider changes could take a significant amount of time. It is possible that backgrounds work and/or changes to the scaling factors in SQSS could take a number of years.
7	Would you prefer the 10% minimum is introduced and persists from the point at which the tariff calculation stops working i.e., the variable scaling factor turns negative noting this issue is already having an impact on the Five Year Review of TNUoS tariffs?	Our preference would be to introduce immediately for simplicity, as neither approach would introduce large tariff changes.