

Code Administrator Consultation Response Proforma**CMP413: Rolling 10-year wider TNUoS generation tariffs**

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 18 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:	Hugh Boyle	
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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 checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input 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 Panel or the industry for further consideration)

For reference the Applicable CUSC (charging) Objectives are:

- a. 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;
- b. 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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution(s) better facilitates:
		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
		WACM1 <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		<p>ACO(a): Providing assurances to Users of the transmission system on their future TNUoS liability is essential. It is inconceivable that existing and potential Users are faced with an uncertain cost projection on the TNUoS liability. Providing a centralised forecast will better facilitate competition and ensure a level playing field for all Users.</p> <p>ACO(b): Networks charges would align with / be based on transmission owner's investment plans.</p> <p>ACO(c): The ESO has a responsibility to ensure that Users TNUoS contributions reflect the use of system charging methodology and the licence conditions of the Transmission businesses. Providing longer term tariffs will reflect expected developments on the transmission system.</p> <p>Additionally, the Strategic Spatial Energy Plan (SSEP) which seeks to make clearer the overall geographic requirements for the energy system, will be a useful guide on where the network will actually be built over the coming decades. However, without an accompanying market signal, i.e. longer-term TNUoS tariffs, this will not enable generators to make an informed decision on</p>

		<p>where to site and will have limited value. Subsequently, it will be challenging to deliver the SSEP ambition of cheaper transmission costs for generators and consumers of electricity.</p> <p>ACO(e): Users need 'useful' signals as identified within the scope of the 2022 TNUoS Task Force set out by Ofgem. Providing a longer-term central forecast of TNUoS tariffs will be more efficient for Users.</p>
2	Do you have a preferred proposed solution?	<p><input checked="" type="checkbox"/>Original <input type="checkbox"/>WACM1 <input type="checkbox"/>Baseline <input type="checkbox"/>No preference</p> <p>The Original proposal protects Generators from unpredictable tariffs. The Cap and Collar is then designed to provide a realistic range with only overall net breaches then being recovered from demand. The WACM1 alternative of re-socialising breaches to the cap and collar amongst a relatively small charging base simply compounds risk to Generators, although it is better than Baseline</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>There is an urgent requirement to provide certainty and predictability of future TNUoS liabilities, especially to generators that are developing projects now in order to support the Government's objective to decarbonise the power system by 2035 and, in the longer-term, to meet Government's Net Zero target.</p>
4	Do you have any other comments?	<p>There are several streams of activity that are being taken forward, including the imminent publication of the ESO's transitional Centralised Strategic Network Plan (CSNP) as well as Ofgem's pending policy paper and 'call for input' in spring 2024 on Strategic Transmission Charging among other related works. All of these, whilst maybe with merit, will deliver solutions at some undefined point in the future. The bulk of the investment in low carbon generation is required now and in fact has already been undertaken with a considerable amount of risk.</p> <p>EDF also notes and welcomes the recent second REMA consultation which acknowledges the existing state of volatile and difficult to predict TNUoS tariffs. Hundreds of billions of investment to deliver net zero is due over the coming decades and the REMA consultation recognises the current lack of an effective siting signal to enable this.</p>

	<p>CMP413 is aligned with the scope of the second REMA consultation and would support investment decisions being taken now and in the near future.</p> <p>Therefore, an expedient decision and advancement of this modification proposal is crucial. At the same time, the key elements of any other related reforms to make TNUoS methodology fit for purpose should be treated with urgency and implemented alongside this proposal to enable a more effective solution.</p>
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