

**Workgroup Consultation Response Proforma****CMP393: Using Imports and Exports to Calculate Annual Load Factor for Electricity Storage**

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](mailto:cusc.team@nationalgrideso.com) by **5pm** on **02 June 2023**. 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 [jessica.rivalland@nationalgrideso.com](mailto:jessica.rivalland@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

| Respondent details                             | Please enter your details  |  |
|--|--|--|
| <b>Respondent name:</b>                        | Paul Jones   |  |
| <b>Company name:</b>                           | Uniper UK  |  |
| <b>Email address:</b>                          | paul.jones@uniper.energy   |  |
| <b>Phone number:</b>                           | 07771 975 782  |  |
| <b>Which best describes your organisation?</b> | <input type="checkbox"/> Consumer body<br><input type="checkbox"/> Demand<br><input type="checkbox"/> Distribution Network<br><input type="checkbox"/> Operator<br><input checked="" type="checkbox"/> Generator<br><input type="checkbox"/> Industry body | <input type="checkbox"/> Interconnector<br><input type="checkbox"/> Storage<br><input type="checkbox"/> Supplier<br><input type="checkbox"/> Transmission Owner<br><input type="checkbox"/> Virtual Lead Party<br><input type="checkbox"/> Other |

**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:**

- 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 Workgroup Consultation questions |  |  |
|---|--|--|
| 1   | Do you believe that the Original Proposal facilitates the Applicable Objectives?                 | <p>Mark the Objectives which you believe the Original Solution facilitates:</p> <p>Original <input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E <input type="checkbox"/>F <input type="checkbox"/>G</p> <p>A key issue with the original solution is that it introduces a negative ALF to reflect that some of the energy in storage systems is lost as heat etc. A storage facility is only providing a useful benefit in terms of the avoidance of constraints if the power which it stores at times of high network congestion can be deferred for use at times of lower congestion. Internal energy losses should not be credited in this respect. Storage systems with higher levels of internal losses would receive extra credit, which seems to create a perverse incentive.</p> |
| 2   | Do you support the proposed implementation approach?   | <p><input type="checkbox"/>Yes<br/><input type="checkbox"/>No</p> <p>We have no comment</p>  |
| 3   | Do you have any other comments?  | The alternatives which floor the ALF at zero would appear to remove the above tendency of the original solution to reward less efficient storage systems.  |
| 4   | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | <p><input type="checkbox"/>Yes<br/><input checked="" type="checkbox"/>No</p> <p>Click or tap here to enter text.</p>   |

| Specific Workgroup Consultation questions |   |  |
|---|---|--|
| 5   | Do these potential options better facilitate the charging objectives than the original proposal and if so, why? | <p><input checked="" type="checkbox"/>Yes<br/><input type="checkbox"/>No</p> <p>Flooring the ALF at zero would represent an improvement over the original proposal for the reasons outlined in our responses to questions 1 and 3.</p> |
| 6   | Should Storage ALF be floored at zero?  | <p><input checked="" type="checkbox"/>Yes<br/><input type="checkbox"/>No</p> <p>As above.</p>  |
| 7   | Would CMP393 disincentivise storage   | <p><input checked="" type="checkbox"/>Yes<br/><input type="checkbox"/>No</p>   |

|    |  |  |
|----|--|--|
|    | from locating in the south?  | It will reduce incentives in the south or anywhere with relatively low year round charges.   |
| 8  | Should storage have its own generation classification for TNUoS?   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><p>Possibly. Storage is in effect a net demand site which is treated as generation for charging purposes. Therefore, a specific charge to reflect storage's particular impact on the network may be a more appropriate approach to take.</p>   |
| 9  | Should CMP393 apply only to storage or to all generation?  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><p>There is an argument for removing demand locational charges from generation sites, but applying the CMP393 principles to all generation sites in respect of generation charges is not obvious at the moment.</p>  |
| 10 | How, if at all, does the proposed methodology interact with demand TNUoS charging?   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><p>It does expose the differences in locational charging between generation and demand, in that demand charging is very much based around peak considerations rather than year round conditions. It perhaps should be considered whether locational demand charges based purely on triad are indeed suitable longer term.</p> |
| 11 | Does the proposed solution have any materially different impact on battery storage compared to pumped storage that should be considered (While taking into account the proxy nature of TNUoS)? | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No<br><p>This appears to be connected with the fact that pumped storage has a greater negative ALF than battery storage. The problems with negative ALFs have been identified in our answers to previous questions. Flooring the ALF at zero would remove this issue.</p>  |