

Code Administrator 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 by **5pm on 01 May 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 Teri Puddefoot terri.puddefoot@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Stephen Dale	
Company name:	National Grid ESO	
Email address:	Stephen.dale1@nationalgrideso.com	
Phone number:	Click or tap here to enter text.	
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 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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solution against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution better facilitates:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>National Grid ESO believe the proposal impacts Objectives a,b,c, but we don't believe the proposal better facilitates these objectives.</p> <p>Objective a – ESO recognise storage operators provide valuable capabilities in the market including energy arbitrage and balancing services. The principle for TNUoS in relation to objective (a) is recovery of cost associated provision of capacity on the network, the principle being the methodology to calculate ALFs should be the same for all generators. It is our view there has been no clear evidence presented by the proposer to indicate that storage operators should be treated differently to other generators. It also benefits those storage operators in some regions and penalises others without demonstrating the consumer value in doing so. Therefore, we believe the current methodology should apply to all to avoid unsubstantiated discrimination.</p> <p>Objective b – The storage operator is provided with an assured TEC on the network through which they derive their revenue. Through the proposed methodology, storage operators' ALF may become a negative value to reflect that they take more demand from the NETS than they export, which its proposed would be floored as a zero value. This net value is not reflective of the annual</p>

		<p>load they put onto the transmission system and thus their year-round charges are not calculated in accordance with their use of the system. The current approach in the CUSC recognises that storage is a bidirectional flow by not applying residual demand charges to Storage sites, (the majority of Demand costs) recognising that the participants cover the cost of the connection through the generation charges based on their TEC. Unless the storage site create demand during High Priced Peak Triad periods (highly unlikely) they would not incur any Demand side TNUoS charges. Therefore, we believe the current base line is more reflective of objective (b).</p> <p>Objective c – With respect to this objective we feel that the proposer has highlighted features of the Storage operation that potentially do differ from other generators, but we are not convinced the analysis supports a change to the baseline TNUoS approach. So we view this as neutral</p> <p>.</p>
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference
		Whilst the ESO supports the development of storage as a capability, we do not believe the proposal moves the TNUoS charging baseline forward.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		The ESO view is that the approach to the modification has been appropriate, bringing the defect with a proposed solution, and supporting with analysis.. We believe demonstrating energy storage's value in terms of displacing network reinforcement investment is difficult and the proposals approach to net off generation and demand creates inconsistency in TNUoS charging which are non-reflective of costs of providing the operators with network capacity.
4	Do you have any other comments?	Storage operators require a connection to undertake business, participating in the markets and providing essential services to support the network. Their participation adds value to the network and continued development of storage is important for smoothing out the increasing unpredictability of generation as we move to low carbon solutions and net zero. However the

	<p>provision of the capability to operate via capacity on the network has a cost which is recovered through TNUoS. . Netting off generation with the demand flows (which are greater due to circular losses) would imply their operation does not put any load / requires no capacity on the network. This is clearly not the case and therefore the proposed amendment to TNUoS charges is not reflective of the costs of network provision. Whilst there may be a case for reviewing the approach to TNUoS charges for storage in the wider sense, a number of parameters such as duration and location affect the impact of storage on the network maintenance and investment, and we remain doubtful with respect to the approach of this proposal.</p>
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