

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 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 or cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Kate Livesey	
Company name:	Drax	
Email address:	Kate.livesey@drax.com	
Phone number:	07596865152	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> 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"/> 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☐ 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);*

- 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?	Mark the Objectives which you believe the Original Solution facilitates:
		Original <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>At this time it's difficult to conclude if CMP393 alone will provide a material incentive for greater investment in storage and deliver the associated benefits to the wider energy system, but it may be complementary to the broader reform of TNUoS being undertaken via the Taskforce and in the future as part of REMA (the Review of Electricity Market Arrangements).</p> <p>The Cornwall Insight report (Annex 4) assessing CMP393 states that there may be benefits brought by the modification for storage developers and the system, but there are other material considerations when deploying storage assets that are likely to have a far greater influence over location than any signals/incentives provided through CMP393. The modification may therefore benefit from further analysis of how it would better facilitate the applicable objectives.</p> <p>We're not wholly convinced that this modification will have a positive impact on Charging Objective (a), as the resulting changes to TNUoS tariffs may only have a marginal impact on the decisions of storage operators. We suggest CMP393 may have a neutral impact on this objective, since there are already many incentives present that encourage competition in storage deployment.</p> <p>CMP393 may have a positive impact on Charging Objectives (b) and (c), based on the analysis provided by Cornwall Insight, which shows that the change may better reflect the burden and cost that storage presents to the transmission system, both in terms of initial connections and ongoing operations.</p> <p>We also view CMP393 to have a neutral impact on Charging Objective (e). Whilst the modification may provide a benefit to storage operators and the system, we recognise that this benefit may be relatively small and it may alternatively be more efficient to achieve (if not enhance) those benefits, as well as provide greater locational signals more generally, through a more holistic review of TNUoS charges.</p>

2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If CMP393 is deemed to provide sufficient benefit to warrant implementation, we agree it should be implemented according to the proposed timeline.
3	Do you have any other comments?	We have no further comments at this time.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No At this time we don't wish to raise an Alternative.

Specific Workgroup Consultation questions

5	Do these potential options better facilitate the charging objectives than the original proposal and if so, why?	<input type="checkbox"/> Yes <input type="checkbox"/> No It's challenging to conclude whether the potential options listed will better facilitate the charging objectives compared to the Original. Further development of these options is required to fully understand the reasoning for introducing each alternative, the defect being addressed, and the benefits to the whole energy system.
6	Should Storage ALF be floored at zero?	<input type="checkbox"/> Yes <input type="checkbox"/> No As per our response to question 5, the potential alternative of flooring the Storage ALF needs to be further developed before we can opine.
7	Would CMP393 disincentivise storage from locating in the south?	<input type="checkbox"/> Yes <input type="checkbox"/> No The CMP393 Original Proposal may introduce a significant saving for storage assets locating in the north of Great Britain, whilst bringing a very marginal increase in TNUoS for storage in the south. This may go some way to introduce a locational signal that would encourage greater development of storage assets in the north, and simultaneously disincentivise some development in the south. However, there are other significant factors that storage developers will consider prior to deployment, and so we recognise this signal may be relatively weak.
8	Should storage have its own generation classification for TNUoS?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No At this time we can't see how this potential alternative would solve the perceived defect. As per our response to

		question 5, this alternative proposal needs further development before we can provide a full opinion.
9	Should CMP393 apply only to storage or to all generation?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Further analysis of the impact of CMP393 on other forms of generation is required to reach a conclusion.
10	How, if at all, does the proposed methodology interact with demand TNUoS charging?	<input type="checkbox"/> Yes <input type="checkbox"/> No We don't yet have a view on the interaction with demand TNUoS charging of other generators and final demand users. It may be beneficial to further explore this impact as part of future workgroups.
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 type="checkbox"/> Yes <input type="checkbox"/> No There is a small likelihood that pumped storage assets may ascertain a more negative ALF as a result of the CMP393 Original Proposal if, for example, there is significant rainfall and subsequent surface water run-off into reservoirs. At this time we anticipate this to be a small effect, but for completeness the workgroup should consider exploring potential differences between pumped storage and batteries. We note that some of the potential alternatives may remove any such concern, e.g., flooring ALFs, which should be recorded as part of future cost:benefit analyses of alternative options.