

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:	Damian Jackman	
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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 checked="" type="checkbox"/> Storage <input 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:

- 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?	<p>Mark the Objectives which you believe the proposed solution better facilitates:</p> <p>Original <input checked="" type="checkbox"/>A <input checked="" type="checkbox"/>B <input checked="" type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</p> <p>Click or tap here to enter text.</p>
2	Do you have a preferred proposed solution?	<p><input checked="" type="checkbox"/>Original <input type="checkbox"/>Baseline <input type="checkbox"/>No preference</p> <p>This modification improves flaws in the current TNUOS methodology which unduly penalise storage in Scotland and the north of England whilst also having a minimal effect on other users that pay TNUOS.</p> <p>The proposer has improved the original proposal by including a zero floor for the ALF. This means that all storage that imports more than it generates (like batteries) will be set to zero and therefore removes perverse incentives that could arise from negative ALFs.</p> <p>It also would appear to better align the TNUOS methodology with what are believed to be the current Connection Planning Assumptions (CPA) for storage in that storage is not treated as exporting coincident with high levels of wind output (although the details of the CPAs are not published by NGESO so producing a perfect alignment is not currently possible)</p>

		<p>A better solution could only be achieved if TNUOS is more fundamentally reformed to recognise the effect of flexible demand rather than only considering storage's generation output – and this is very likely not going to happen until REMA is completed and the ESO agrees its CPA methodology with industry - neither of which are likely in the next 1 – 2 years.</p> <p>Therefore in the interim, this proposal removes the immediate undue costs to storage being developed in the north of GB and provides a basis for further work to refine a more cost-reflective charging mechanism for storage.</p>
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4	Do you have any other comments?	<p>This is a simple modification that corrects a distortion in the existing methodology that charges storage a much higher “Wider” tariff component than is justified due to failing to recognise the typical pattern of operation of storage - by which it would be expected to import and export in opposition to the output of most types of weather dependent zero carbon generation.</p> <p>The litmus test of whether storage has an impact on the network is if Ofgem could ever approve spend on new “wider” network reinforcement <i>purely on the basis of adding storage</i>. It should be obvious that building new network is unlikely to ever be justifiable until the MW capacity of installed storage in a specific region is greater than the region's installed capacity of renewable generation – and this scenario is not expected to occur in any region in the near future - if ever.</p> <p>TNUOS charging for storage could be refined further once more operational data of the actual performance of storage with respect to intermittent renewable generation becomes available, but simply holding off implementing any change in the TNUOS methodology until this data is available will add unnecessary delay to the development of assets that are required for the transition to a zero carbon grid.</p>