

**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](mailto: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](mailto:terri.puddefoot@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details	
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<b>Which best describes your organisation?</b>	<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 checked="" type="checkbox"/> Interconnector	<input 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:**

- 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:
		<div>Original</div> <div> <input type="checkbox"/>A           <input type="checkbox"/>B           <input type="checkbox"/>C           <input type="checkbox"/>D           <input type="checkbox"/>E         </div>
		<p>We do not believe the proposed solution is positive against any of the Applicable Objectives. The proposal is essentially to reduce the locational signal for storage in the Year Round background, whereas we believe increasing it may well be more cost reflective.</p> <p>The imports compared with exports from storage technologies occur against very different network background flows and both exacerbate and mitigate against constraints to different degrees, both varying temporally and locationally. We think to net off use of the network in this way, and essentially zeroing out Year Round Charges by way of a floor, over simplifies the impact that storage has on transmission network costs.</p> <p>Whilst the analysis provided in support of this modification appeared to conclude that storage north of the B6 boundary would net reduce constraints costs, this does not seem to be consistent with LCP Delta's analysis for DESNZ in their Long Duration Energy Storage Consultation released in January 2024. The latter study concluded that <i>"locating more LDES in England and Wales is likely to bring more benefits to the locational elements of the system than locating LDES in Scotland"</i> suggesting that in fact the opposite conclusion is true. The LDES study stated <i>"Through the modelled scenarios</i></p>

		<p><i>the system costs of locational constraints decrease by up to £1.7bn if 10GW of LDES are located in England. Conversely, with 10GW of LDES located in Scotland, locational balancing system costs could increase by up to £0.7bn.”</i></p> <p>We would highlight that the supporting analysis provided also does not consider any geographical variations across England and Wales.</p> <p>In zones where Year Round charges are currently negative, the incentive signal would be lost.</p> <p>In our view, further details of the modelling approach and assumptions need to be provided to explain the discrepancies in the analytical reports, to illustrate the GB-wide geographical variations and to show the drivers and sensitivities of offsetting import and export impacts on transmission investment requirements to demonstrate that any solution is enduring.</p>
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference
		We do not support the Original. We think a deeper dive into supporting analysis with wider scope is required by the Storage TNUoS Sub-Group.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		We do not support the modification.
4	Do you have any other comments?	None