

Code Administrator Consultation Response Proforma

CMP424: Amendments to Scaling Factors used for Year Round TNUoS Charges

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 22 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 cusc.team@nationalgrideso.com

| Respondent details | Please enter your details | |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Respondent name: | Hector Perez | |
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| Phone number: | +44 7386 687336 | |
| 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 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 type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input checked="" type="checkbox"/>E</p> <p>Positive B</p> <p>As the growth of renewable energy deployment, especially wind and battery storage, is forecasted to grow in GB, it is becoming more certain that the current SQSS methodology would generate negative Scaling Factors. It is acknowledged 'as-is' that this will result in breaking the tariff model, impacting the CUSC process to establish the Year Background tariffs, raising challenges with cost reflectivity and wider functionality of the tariff model.</p> <p>The proposal ensures the existing tariff model would be able to accommodate the projected growth in flexible generation.</p> <p>Positive E</p> <p>By amending negative Scaling Factors approach, the proposal would mitigate the short-term risk of negative Scaling Factors. The change would continue to reflect the transmission costs by technology types currently established within the SQSS and CUSC methodologies.</p> |
| 2 | Do you have a preferred proposed solution? | <input checked="" type="checkbox"/> Original <input type="checkbox"/> Baseline <input type="checkbox"/> No preference |

| | | |
|---|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | As the impact on tariffs is minimal and the current CUSC process cannot work with negative Scaling Factors, the Original proposal is a preferred solution. |
| 3 | Do you support the proposed implementation approach? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | | The implementation date of April 2025 appears to be reasonable. |
| 4 | Do you have any other comments? | The solution should be implemented as soon as reasonably possible, as it risks breaking the current tariff model if Negative Scaling Factors were to show. Precedent should be placed on implementation to ensure that future NGESO forecasts are reflective of this change. |