

**Workgroup 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](mailto:cusc.team@nationalgrideso.com) by **5pm on 27 MARCH 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](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Ryan Ward	
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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 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 Workgroup, 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 Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitate the Applicable Objectives?	<p>Mark the Objectives which you believe the Original 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><b>Objective A, C &amp; D – Neutral</b></p> <p><b>Objective B – Positive</b></p> <p>The proposed modification will better facilitate against Objective B. By implementing the proposal, the existing ESO Transport and Tariff (TNT) model will be able to accommodate the projected growth in flexible generation and integrate the adjustment into users' transmission tariffs.</p> <p><b>Objective E – Positive</b></p> <p>The inclusion of a lower limit for the variable generation scaling factor mitigates the short-term risk of negative scaling factors. Such a risk could potentially break the current TNT model. As such, the CMP424 proposal better facilitates Objective E compared to the existing arrangements.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>The implementation date of 1<sup>st</sup> of April 2025 seems reasonable.</p>
3	Do you have any other comments?	N/A

4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the <a href="#">Workgroup Consultation</a> Section) <input checked="" type="checkbox"/> No  N/A
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Specific Workgroup Consultation questions		
5	Do you agree with the proposed floor of 10% for the variable scaling factor?	The suggested minimum threshold of 10% seems reasonable. It closely corresponds to the variable scaling factor of 8%, which was recently calculated as part of the wider tariff setting process.
6	Do you agree with the principles of a short-term fix? If not, why, and what other solution would you suggest?	<p>A short-term fix is essential to maintain the current methodology's suitability for future adjustments.</p> <p>However, there is wider concern around the adequacy of the existing TNT model. Concerns related to the predictability, volatility, and signal strength continue to be of concern for many users, particularly in the context of the future net zero network.</p>
7	Would you prefer the 10% minimum is introduced and persists from the point at which the tariff calculation stops working i.e., the variable scaling factor turns negative noting this issue is already having an impact on the Five Year Review of TNUoS tariffs?	No, as the change has a negligible impact in user's tariffs. It would be sensible to incorporate the change into the methodology sooner rather than later. Waiting until the current system breaks to then implement the change is unlikely to be of benefit to system users.