

**Code Administrator Consultation Response Proforma****CMP418: Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer**

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 **21 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 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 checked="" type="checkbox"/>A             <input checked="" type="checkbox"/>B             <input type="checkbox"/>C             <input type="checkbox"/>D             <input type="checkbox"/>E         </div>
		<p><b>Objective A – Positive</b></p> <p>The original proposal results in Dynamic Reactive Compensation Equipment (DRCE) costs being socialised as part of the Transmission Demand Residual (TDR). DRCE assets are deployed to support delivering the ESO's voltage control requirement (<math>\pm 10\%</math>), providing wider system benefits for the network.</p> <p>Recovery of the DRCE assets cost via the TDR improves upon status quo arrangements. The proposal helps ensure for equal treatment between onshore and offshore generators and better facilitates competition through a more level playing field. This change will support future offshore wind projects and helps to meet the 2030 offshore wind target of 50GW.</p> <p><b>Objective B – Positive</b></p> <p>A discrepancy exists under the existing arrangements for onshore and offshore generator's treatment of DRCE equipment.</p> <p>The proposal better facilitates against Objective B by ensuring for a fairer and more consistent commercial environment. This change going forward would prevent</p>

		<p>offshore generators being adversely impacted from the inclusion of the DRCE costs within their local circuit tariffs, a tariff which is paid for over the lifetime of the asset.</p> <p><b>Objectives C, D &amp; E – Neutral</b></p>
2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		The original proposal better facilitates against the baseline as set out within Q1 response.
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		An implementation of 1 <sup>st</sup> April 2025 appears reasonable.
4	Do you have any other comments?	N/A