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Code Administrator Consultation Response Proforma

CMP444: Introducing a cap and floor to wider generation 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 cust.team@nationalenergyso.com by **5pm on 14 March 2025**. 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 cust.team@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Tony Diccico	
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Email address:	Anthony.diccico@esb.ie	
Phone number:	07780438290	
Which best describes your organisation?	<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 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)

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For reference the Applicable CUSC (charging) Objectives are:

- a) *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;*
- b) *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 C11 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 and the ISOP business**;*
- 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.*

* See Electricity System Operator Licence

**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 solutions against the Applicable Objectives?	Mark the Objectives which you believe the proposed solutions better facilitates:
		Original <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM1 <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM2 <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM3 <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM4 <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM5 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E

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		WACM6	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		WACM7	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		Click or tap here to enter text.	
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> WACM7 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference	
		<p>CMP444 was raised by the NESO, at Ofgem's request, to try to resolve a clear defect, highlighted by the ESO's 10-year TNUoS tariff forecast in September 2023. This showed, that given the necessary transmission network investment to meet the UK's decarbonisation objectives, TNUoS charges in Northern GB would reach a level that would deter investment in the very renewable generation required to meet those objectives. CMP444 is designed to introduce a temporary cap and floor to TNUoS charges until an enduring solution is introduced. My view is that CMP444 Original, and any alternatives developed by the WG, must deliver an effective cap and a realistic floor. I believe that several of the WACMs (WACMs 1, 2, 3, 4 & 6) do deliver an effective cap and floor, and offer a better solution than the Baseline. WACMs 5 & 7, however, do not offer a better solution than the Baseline in my view. On balance, I believe that WACM1 is the best</p>	

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		<p>solution - it offers a clear rationale for the creation of a cap and floor, using an appropriate statistical evaluation, based on deciles, rather than standard deviations. Capping and flooring wider TNUoS charges using the 90th and 10th deciles, produces an appropriate range of values and addresses the identified defect. I believe that WACM1 facilitates competition in the generation of electricity and therefore meets CUSC Objective a). It also leads to a more cost-reflective and fairer recovery of costs for connection of assets to the National Electricity Transmission System and therefore meets CUSC Objectives b), c) and e).</p> <p>Click or tap here to enter text.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We support the proposed implementation approach and the proposed implementation date of April 2026. We understand that the proposed cap and floor does not require NESO to change its TNUoS forecasting approach or timetable and is able to be implemented by April 2026. We strongly support the intention to introduce this intervention to ensure market certainty ahead of the likely CfD Allocation Round 7 (AR7) bid submission window.</p>
4	Do you have any other comments?	<p>We acknowledge that long-term uncertainty around how charges will develop may increase costs for generators and create barriers to investment, ultimately risking the delivery of a clean power system by 2030 through Contracts for Difference ("CfDs") or merchant investments and reinvestments.</p>

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5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
		Click or tap here to enter text.