

Public

## Workgroup Consultation Response Proforma

### CMP432: Improve “Locational Onshore Security Factor” for TNUoS Wider Tariffs

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@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com) by **5pm** on 07 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:  
[cusc.team@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com)

Respondent details	Please enter your details	
Respondent name:	<a href="#">Paul Jones</a>	
Company name:	Uniper	
Email address:	paul.jones@uniper.energy	
Phone number:	07771 975 782	
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 Workgroup, Panel or the industry for further consideration)

For reference the Applicable CUSC (charging) Objectives are:

## Public

- 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 Workgroup Consultation questions		
1	Do you believe that the Original Proposal and better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original      <input type="checkbox"/>A   <input type="checkbox"/>B   <input type="checkbox"/>C   <input type="checkbox"/>D   <input type="checkbox"/>E</p> <p>No. Please see our additional comments below and in our attachment. We believe this will reduce cost reflectivity and therefore frustrate competition in the wholesale market, working against objectives a), b) and c).</p>
2	Do you support the proposed	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>

## Public

	implementation approach?	We do not believe the modification proposal should be implemented.
--	--------------------------	--

## Public

3	Do you have any other comments?	<p>Yes, we have provided additional comments in an attachment.</p> <p>Our main points are:</p> <ul style="list-style-type: none"> <li>• The current methodology correctly and deliberately mixes forward looking incremental costs with historic averages in a number of places. The CUSC identifies that incremental costs are determined by calculating incremental MWkms on the network. The costs per MWkm are calculated by a mixture of forward looking and historic costs.</li> <li>• This is important as the current methodology seeks to promote efficient incremental signals, with fairness and predictability. It also needs to promote efficient investment and closure decisions, plus efficient use of the existing network.</li> <li>• Security is provided by the meshed nature of the network. It is clear that identified future network investment overall is building a more meshed network which will provide additional security as well as north south transfer capability.</li> <li>• Trying to calculate incremental security provided by single asset investments is inappropriate, both from a stylised calculation perspective and also from looking at the actual network, where it is clear that wider factors influence security. An average approach may be the most realistic option to reflect this. Security is provided by having a combination of assets providing multiple routes to transmit power, not by single assets in isolation.</li> <li>• Attempting to change one element of the model to a pure incremental approach whilst ignoring other elements which use an average approach but work in the opposite direction is inconsistent.</li> </ul>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the <a href="#">Workgroup Consultation</a> Section)</p> <p><input checked="" type="checkbox"/> No</p> <p>We believe that the current treatment is suitable.</p>
5	Do you agree with the Workgroup's assessment that the	Yes.

## Public

	modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	
--	---	--

### Specific Workgroup Consultation questions

6	Do you think there are any other approaches to reflecting the cost of security or is there a value other than 1 or 1.76 that is more appropriate. If you have any supporting evidence, please provide this?	We do not have a suggestion on how else this could be done other than the current approach.
7	Do you believe price signals should reflect average existing cost, incremental cost, a combination of the 2, or something else?	<p>In the context of the current methodology, both. Price signals should reflect incremental cost where possible. However, the current ICRP approach has been adopted in recognition that network charges have to reflect efficient use of the system as well as reflecting new investment. Incremental costs in the context of ICRP are based on the MWkms that are calculated by the model.</p> <p>The cost of the network per MWkm is calculated on the basis of average costs, looking both forwards and historically. There is nothing inconsistent with this approach in the context of depreciating network costs, ensuring fair allocation of network use, plus avoiding unpredictable and volatile charges. Looking at new investment costs by individual investments alone can drive very volatile costs as the costs of different investments can vary significantly.</p>
8	Do you have a view on whether the SECULF model is appropriate? Is enough information	We cannot comment on the Secured Load Flow Model used to calculate the LSF as much of its workings are unknown. We do not have a suggestion as to how it could be improved therefore. More information could arguably be made available on how it works. However, we recognise that it is seeking to

## Public

	available to market participants?	estimate the additional assets used for security so is unlikely ever to be perfect.
--	-----------------------------------	---