

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 [usc.team@nationalenergyso.com](mailto:usc.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:  
[usc.team@nationalenergyso.com](mailto:usc.team@nationalenergyso.com)

Respondent details		Please enter your details	
Respondent name:	Graham Pannell		
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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:

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- 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?	Mark the Objectives which you believe the Original solution better facilitates:
		Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E
		<ul style="list-style-type: none"> <li>a) Removes a distortion which currently over-strengthens the TNUoS locational signal</li> <li>b) Is more cost-reflective than baseline (evidenced in Annex 5 Trident paper)</li> <li>c) Better accounts for how transmission capacity is added in near-term and medium-term TO plans (ref HND and Trident paper)</li> <li>d) Neutral</li> </ul>

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		e) Very marginal efficiency arises with the Original solution in removing the LSF from calculation.
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No <p>Better than baseline, but the Option 2 “set a number to 1.0” allows detailed analysis to justify an improved value; this is <i>marginally</i> preferred over Original solution’s Option 1 “remove it”, hence we have abstained from this question 2.</p>
3	Do you have any other comments?	<p>Agree with the Proposer’s arguments about reflecting incremental impact.</p> <p>CUSC 14 needs a Security Factor appropriate for the incremental impact of users’ decisions, which is different from SECULF calculation.</p> <p>Agree with Proposer to set it to 1.0 in CMP432, to mitigate the worst harms of the current value.</p> <p>There is an argument for a secondary future mod to analyse the potential benefits of a more accurate figure (nearer to 0.7, as per annex 5), which is why we marginally favour the Option 2.</p>
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 <p>Click or tap here to enter text.</p>
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?	Agreed.

## Specific Workgroup Consultation questions

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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?	<p>Trident analysis (Annex 5) indicating a value nearer to 0.7 is compelling.</p> <p>Agree with Proposer to set it to 1.0 in CMP432 (acknowledging the urgency of the Mod), to mitigate the worst harms of the current value.</p> <p>There is an argument for a secondary future mod to analyse the potential benefits of a more accurate figure (nearer to 0.7, as per annex 5), which is why we marginally favour the Option 2 (set the value at 1.0 in CMP432).</p>
7	Do you believe price signals should reflect average existing cost, incremental cost, a combination of the 2, or something else?	<p><b>Incremental.</b> As Proposer has successfully argued.</p> <p>The counter-arguments presented (WG report pp15-18) are largely spurious to the security factor calculation.</p>
8	Do you have a view on whether the SECULF model is appropriate? Is enough information available to market participants?	<p>No material information on SECULF presented.</p> <p>But this is largely irrelevant – CUSC 14 needs a Security Factor appropriate for the incremental impact of users' decisions, which is different from SECULF calculation.</p> <p>Agree with Proposer to set it to 1.0</p> <p>There is an argument for a secondary future mod to analyse the potential benefits of a more accurate figure (nearer to 0.7, as per annex 5), which is why we marginally favour the Option 2.</p>