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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 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

Respondent details	Please enter your details	
Respondent name:	Als Scrope	
Company name:	Northland Power	
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Phone number:	+44 7309 658733	
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">• The proposal results in charging based on incremental costs, not average costs, as intended by the CUSC (14.14.6 and 14.14.11)• The proposal recognises that the majority of additional network capacity shall be provided via additional circuits, as opposed to increasing the capacity of existing circuits, which are generally already secured by the existing transmission system – hence requiring no additional capacity purely for security purposes.• The proposal addresses the issue of an unjustifiably steep gradient of charges between the North and South of GB, hence enabling a fairer competitive	

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		playing field between regionally distributed generation and additionally ensuring consumers benefit from better CfD strike prices.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Yes, we'd support removal of references to Locational Onshore Security Factor from the CUSC.
3	Do you have any other comments?	<p>We are extremely disappointed to learn that NESO has not been very responsive to the Workgroup's request to provide more information and call on them to increase their collaboration with this Workgroup.</p> <p>We are also worried about the timeline of this CMP and the interaction with the timeline of CMP 444 (TNUoS Cap & Floor). We note that the currently publicly available timelines for both CMPs means that Ofgem will decide on CMP 444 ahead of CMP 432. However, the Ofgem representative himself communicated in the Workgroup that a decision on CMP 432 is expected before the decision on CMP 444. We, therefore, encourage NESO to update the publicly available timelines to reflect this to avoid creating unnecessary uncertainty for the industry.</p> <p>Furthermore, we feel that some of the proposals (e.g. WACMs 5 and 7) for CMP444 do not set the Cap and Floor at viable levels and if one of those get selected for CMP444, then it would be even more critical for CMP432's proposal to be approved to avoid harm to generating projects (operational and in development) in the highest TNUoS zones such as North Scotland.</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 Workgroup Consultation Section) <input checked="" type="checkbox"/> No Click or tap here to enter text.
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation	

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	(EBR) Article 18 terms and conditions held within the Code?	
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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?	<p>It is hard to propose any other numeric value without any further analysis in support. We do believe that a security factor of 1, whilst a simplification, is most appropriate.</p> <p>Moreover, this simplification seems justified further when considering:</p> <ul style="list-style-type: none"> Clean Power 2030 and Strategic Planning whereby generators are instructed where they should locate, and whereby transmission works are being developed on a strategic basis (not for any specific project). That most of the new network reinforcements are HVDC lines, which are likely to offer greater security than the 400kV OHL on which the TNUoS charging model is based. Therefore, when the existing transmission system is already secure and when new transmission assets are expected to offer greater security than conventional OHL transmission assets, it seems unfair to keep the security factor at 1.7.
7	Do you believe price signals should reflect average existing cost, incremental cost, a combination of the 2, or something else?	<p>We agree with the Proposer's view that average costs do not send efficient investment signals. Users cannot respond to sunk costs (which by definition have already happened and are irreversible). Rather, Users can only reflect to incremental costs associated with their connection.</p> <p>This is further supported by the CUSC itself which states that charges should be levied based on incremental rather than average costs (in section 14.14).</p>
8	Do you have a view on whether the SECULF model is appropriate? Is enough information available to market participants?	<p>Because of the reasons outlines in 7 above, since the SECULF results in average rather than incremental costs, we do not think the SECULF model is appropriate. However, we do note the lack of transparency from NESO expressed by the Workgroup so are unable to comment further. We do not feel that enough information is available to Users, particularly regarding this SECULF model.</p>

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