

**CUSC Code Administrator Consultation Response Proforma****CMP353 'Stabilising the Expansion Constant and non-specific Onshore Expansion Factors from 1<sup>st</sup> April 2021'**

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 **2pm on 19 November 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Paul Mullen [paul.i.mullen@nationalgrideso.com](mailto:paul.i.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

| Respondent details      | Please enter your details  |
|-------------------------|--|
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**For reference the applicable CUSC 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);*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 \*; and*
- Promoting efficiency in the implementation and administration of the use of the system charging methodology.*

*\*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

**Please express your views in the right-hand side of the table below, including your rationale.**

| Standard Code Administrator Consultation questions |  |  |
|--|--|--|
| 1  | Do you believe that CMP353 Original solution better facilitates the Applicable Objectives? | <p>Yes.</p> <p>The advance notice of the significant unexpected change locational element of the charges is not long enough to pass through these changes to customers in tariff setting.</p> <p>The investments on which the Expansion Constant (EC) and Expansion Factor (EF) values are based do not truly reflect the current drivers of network investment. This solution stabilises these values at the RIIO-1 value plus inflation until further notice. This gives time to ensure that the impacts of changing the EC and EF values on locational charges are fully understood and the changes accurately reflect drivers of network investment.</p> |
| 2  | Do you support the proposed implementation approach?                                       | <p>Yes.</p> <p>We support the proposed implementation approach. The extra time available to understand the effect on the locational signal can also be used to review the methodology by which the EC and EF are set to avoid this kind of situation in the future.</p> <p>We believe that in the future any substantial changes to the EC and EFs should be given with a longer warning notice so that any impact on locational cost signals can be reflected in tariff setting.</p>  |
| 3  | Do you have any other comments?  | <p>The need for this code modification raise questions about the validity of the transport model as a tool for reflecting the costs of the network. The approach to the TCR and Access and forward looking charges SCR has meant that the transport model will not be reviewed in any meaningful way in either of the charging reforms. We think this may leave TNUoS falling between the gaps of reform and lead to suboptimal cost calculation and charge recovery for transmission.</p>   |