

CUSC Code Administrator Consultation Response Proforma**CMP353 'Stabilising the Expansion Constant and non-specific Onshore Expansion Factors from 1st 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 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.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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For reference the applicable CUSC 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 C26 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;*
- d. *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*
- e. *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. If this mod is not passed the cost shock to parties with little advance notice is clearly completely unacceptable, and even the prospect of a change of this magnitude for Suppliers and Generators alike at such short notice is very poor practice. The expectation of baseline CUSC was clearly never that these factors move so much just ahead of a price control review, at such short notice. An 83% increase in the slope needs years, not months, of notice.</p> <p>Positive: Uncertainty in TNUoS tariffs may cause Generators to apply risk premia in their contracts with Suppliers. Reducing this should lead to lower costs to consumers.</p> <p>The unexpected change to the locational costs absent CMP353 could even lead to the failure of parties with significant southern demand or northern generation bias, or single site generators. There would, absent CMP353, be a detrimental effect on competition (objective A) between Users in generation and supply, and on some end consumers.</p> <p>It is vital to allow time for further work to be completed in this area to take account of (objective c) the developments in transmission licensees' transmission businesses including, apparently, such a dramatic increase in transmission system basic elemental costs; we should avoid precipitately applying costs to Generators and Demand that may not ultimately best meet this objective. The ESO has not seemed able to show complete confidence in the data the TOs have given it, meaning that objective b is best achieved by passing CMP353 so that we can be sure the new data is correct. With CMP315 already in progress we believe that that is the best forum to examine the expansion constant/factors. It may be that, depending on the evidence, a WACM is then needed to CMP315 or another mod; that cannot yet be foretold.</p> <p>Passing the mod also assists in meeting objective e, since it is now clear that baseline CUSC has</p>

		very flawed consequences in these unexpected circumstances.
2	Do you support the proposed implementation approach?	Yes, the uncertainty created by the news of the 83% increase in the EF under baseline needs resolution as soon as possible. CMP353 must be determined rapidly. We agree with urgency.
3	Do you have any other comments?	<p>The rules will need changing within this price control to avoid the industry being in this dire situation ever again. The expectation of baseline CUSC was clearly never that the critical EF factor move so much (whether up or down) just ahead of a price control review, at such short notice.</p> <p>The TOs should have given this data in at least draft form to the ESO 2 years ago if it were to change this much, and industry warned. Perhaps the ESO and TOs need to agree a change to the STC so that this situation can never arise again.</p>