

**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.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

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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>We are unclear as to whether the modification proposal better meets the CUSC objectives.</p> <p>The modification has been raised to avoid the potential for significant and material changes to transmission tariffs at short notice. We recognise the need to avoid unexpected changes to locational transmission tariffs. However:</p> <ul style="list-style-type: none"> <li>• The review of the expansion constant is a key feature of the CUSC charging methodology and the industry has been anticipating this change for some time;</li> <li>• The industry has also been expecting a change to generation charging zones either by application of the current methodology or as a result of implementation of CUSC modification CMP324/325; and</li> <li>• The Ofgem decision on CMP324/325 has effectively delayed changes to the generation charging zone methodology and is in part driven by the issues associated with the review of the expansion constant.</li> </ul> <p>The delay to the review of the expansion constant adds considerable uncertainty for users. It will result in non-cost reflective tariffs for at least the next charging year and this is compounded by the application of the fixed 27 generation TNUoS zones for that year. Delay itself creates costs and risks for users.</p> <p>We are concerned that we may still see a material and significant change to TNUoS generation transmission tariffs from April 2022 if a new expansion constant and associated zoning methodology is applied from this date. This would follow a potentially very significant change from April 2021 depending on which, if any, version of CMP 317/327 is approved. Such volatility in charges cannot be beneficial to consumers due to the risk element that inevitably feeds through into costs.</p>
2	Do you support the proposed	Given the Ofgem decision on CMP324/325 which references a requirement for the ESO to review the

	implementation approach?	expansion constant in the context of the zoning methodology we can see that there is little alternative to the implementation approach.
3	Do you have any other comments?	CMP353 has been raised as short notice to address specific problems that the ESO has identified with the review of the expansion constant. It is unfortunate that these issues have been revealed so late in the process. It is also unfortunate that further uncertainty and volatility is now inevitable as the impact of the different elements relating to charges including (but not limited to) the Transmission Generator Residual (CMP317/327), the expansion constant, zoning and RIIO-2 can only be guessed at. Any impact assessment of these various changes needs to be considered as a whole rather than piecemeal since each has a fundamental effect on each of the others.