

## Code Administrator Consultation Response Proforma

### CMP357 'To improve the accuracy of the TNUoS Locational Onshore Security Factor for the RIIO2 Period'

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 **5pm on 19 January 2021**.

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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### CMP357

#### For reference the Applicable CUSC (charging) 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 \*; and*
- Promoting efficiency in the implementation and administration 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.**

CMP357 Standard Consultation questions		
1	Do you believe that the CMP357 Original Proposal, WACM1 or WACM2 better facilitates the Applicable (Charging) Objectives?	Only WACM 1. The other options try to introduce a false degree of accuracy to what appears not to be a fully accurate calculation. As the very least, there are questions about the form of regression being undertaken when calculating the Security Factor. If the factor is expressed to 1 decimal place, as has been the custom for the last 17 years, the question over the regression is no longer an issue as both options calculate a factor of 1.8. This then allows a more considered modification to assess the security factor calculation, along with other elements which have also been frozen for this price control for a fuller review (ie. the Expansion Constant and Factors, plus the zoning methodology). Indeed to take a different approach for this issue would be unduly discriminatory as the issues are the same (doubt over the calculation and a need for a more considered approach). This works against competition. WACM1 is slightly better than the baseline only in as much as improves certainty for next year slightly helping efficiency of the arrangements.
2	Do you support the proposed implementation approach?	Only for WACM1
3	Do you have any other comments?	No thank you.