

**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).

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?	On balance yes, although as we comment below, this is the only decision which could be taken due to the process adopted for updating the parameters. Clearly, such a large and short notice jump in the size of the locational differential would be unwelcome and could act against competition in wholesale and retail markets. Nevertheless, it would seem to be the case that the marginal cost of network investment is increasing and this should be reflected in the methodology in some way. In the meantime, maintaining the present levels and adjusting for inflation, while an enduring solution can be found, seems appropriate.
2	Do you support the proposed implementation approach?	Yes.
3	Do you have any other comments?	It appears this particular modification is needed because data was not provided soon enough by the network companies and at the October TCMF it seemed that data was still outstanding from one network company. It has been known for the whole of this existing price control period, that the parameters would be recalculated at this time. Whilst not all of the data would have been available until recently, most of it could have been provided sooner and an idea of what might arise would have emerged earlier, perhaps giving time for a more robust solution to be developed. For instance, if there is concern that the data set was too small, this could have been addressed by including some of the more recent projects from the previous price control. Hopefully these are lessons which can be learnt for next time, or considered as part of any modification pursued to address current concerns.