

**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?	Yes. We understand that CMP353 provides a one-year pause in the process to calculate updated GB locational charges, and that this pause is necessary to enable NG ESO to review and validate the input data and method used to calculate the locational charge.
2	Do you support the proposed implementation approach?	<p>Yes. We support pausing the process for one year. In making its final proposal NG ESO should also set out how it intends to engage with market participants during that year.</p> <p>The purpose of engagement would be to ensure a clear understanding of the materiality of the issues at stake and enable market participants to provide input to the process to develop an appropriate solution.</p>
3	Do you have any other comments?	<p>NG ESO is best placed to determine whether the issue with the calculation of the locational charge was more linked to the input data provided by the transmission owners, or with its model to calculate the locational charge.</p> <p>However, we would like to note the materiality of this issue for market participants, who depending on the outcome of the process may face a locational charge that is 60% higher than the level predicted in NG ESOs last five-year forecast – published in October.</p> <p>As locational charges represent a significant cost for both generation and demand – the implied level of volatility and the lack of predictability of the location transmission charge is a material issue for all types of market participants.</p> <p>This means that market participants should be fully involved in the process of identifying the issues and deciding on an appropriate solution.</p>