

CUSC Alternative and Workgroup Vote

CMP315: TNUoS Review of the Expansion Constant and the elements of the transmission charged for and

CMP375: Enduring Expansion Constant & Expansion Factor Review

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) Vote on which of the options is best.

Terms used in this document

Term	Meaning
Baseline	The current CUSC (if voting for the Baseline, you believe no modification should be made)
Original	The solution which was firstly proposed by the Proposer of the modification
WACM	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

The Applicable CUSC Objectives (Charging) 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);

- 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 *; and
- e) Promoting efficiency in the implementation and administration of the system charging methodology.

*The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

Workgroup Vote

Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative CUSC Modifications.

The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.

Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original proposal then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

“Y” = Yes

“N” = No

“-“ = Neutral (Stage 2 only)

“Abstain”

Workgroup Member		CMP375 Alternative 1 (LCP) – NOA data to set Expansion Constant, Basket of technologies using Business Plan data to apply proportions 5 December 2022
Name		
Alan Currie		Y
Ander Madariaga		Y

ESO

Damian Clough	Y
Graham Pannell	Y
Graz Macdonald	Y
Lauren Jauss	Y
Matthew Paige-Stimson	N
Niall Stuart	Y
Nick Sillito	N
Paul Mott	Y
Paul Jones	N
Ryan Ward	Y
Simon Lord	Y
Tom Steward	Y
WACM? <i>CMP375 WACM1 (11 Yes, 3 No) – however, agreed at meeting on 2 May 2023 not to take this forward</i>	

Workgroup Member		CMP375 Alternative 2 (LCP)	
		2 May 2023	
Name			
Alan Currie		Y	
Damian Clough		Y	
Grace March		Y	
Graz Macdonald		Y	
Helen Snodin		Y	
Joshua Logan		Y	
Lauren Jauss		N	
Matthew Paige-Stimson		N	
Michelle Macdonald Sandison / Harriet Eckweiler		N	
Nick Sillito		N	
Nicolas Lescal		Y	

Paul Mott	N
Paul Jones	N
Ryan Ward	Y
Simon Lord	Y
Tom Steward	N
Tony Diccico	Y
WACM?	WACM2 (10 Yes, 7 No)

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Alan Currie - Ventient Energy						
CMP315 Original	N	N	N	-	-	N
CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y
<p>Voting Statement: Strengthening an already strong/overpowering signal negatively impacts effective competition in the generation and supply of electricity (a) which based upon the tariff analysis is seen to be the case for all outcomes. It has been apparent that through the request of cost data from TO's, the cost data has risen significantly from 2021/22 values, overwhelming the outcome of the Tariff Analysis which must be highlighted to the Authority for review, especially given the workgroup were not permitted to review this data.</p> <p>After much debate over what should and shouldn't be included within the expansion constant costs basis there is one fundamental difference between 375 original, WACM 2 and 315. 375 & WACM2 consider incremental growth of the NETS which the</p>						

expansion constant is meant to represent as was confirmed by the ESO through the workgroup sessions.

315 considers the whole NETs, as this is the case 315 seeks to not only alter the calculation of the expansion constant but also the meaning and representation of the expansion constant.

Historical investment cost data from TO's that has been fundamental to this review for sense checking outcomes of the principal led discussions has been late coming and then materially impacted, overwhelmed, the outturn of tariff analysis compared to the methodology changes alone. A full understanding of this data has not been provided to the workgroup.

Although supporting 375 and WACM2 with WACM2 stated as best option under this review it is clear that a holistic review of TNUoS is required and that the pricing data provided by the TO's be reviewed further as to why such a large jump in costs is now being reported.

The outcomes of 315, 375 original and WACM2 tariff analysis do not result in a more overall cost reflective position for the TNUoS Charge (b) and will have the result of exacerbating an existing cost reflectivity problem. Expensive project costs in the south will increase the expansion constant slope and result in Southern Generators seeing a more negative TNUoS position while Northern Generators will see an increased TNUoS Charge.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Damian Clough - SSE Generation Ltd.						
CMP315 Original	N	N	N	-	-	N
CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y
Voting Statement: My voting is based on comparing the solutions against the current baseline. Although the workgroup has been long and arduous, I cannot say with conviction that we are providing the optimum solutions to the Authority, just solutions which are incrementally better than the baseline. The lack of availability of data and the less than transparent nature of the process to then turn this data into the various Expansion Constants and Factors, makes it						

extremely difficult for Industry Parties to propose new or innovative solutions or even have confidence around those proposed.

CMP315: The original solution is an admirable attempt to increase cost reflectivity. However it also changes the intent of the TNUoS charging methodology from the “incremental cost of investment” to replacement cost and therefore it goes outside the scope of the defect, and attempts to change other parts of the methodology. Therefore there can only be one response to the question over whether this proposal is better than the baseline and that is no. The Workgroup process has probably underplayed this fundamental point. The rest of my comments around CMP315 could therefore be argued as unnecessary.

Including Substation costs in an attempt to be more cost reflective, can actually achieve the opposite impact depending on which side of the substation you may locate, especially for demand. It would be better to look at a separate charge as opposed to trying to pry substation costs into the existing Expansion Constants/Factors, or consider whether those costs are Operational, and an economic and efficient choice made by the TO's.

The two solutions for **CMP375** are better than the current baseline and recognise that short term blips in costs due to external factors which may themselves be short term should not affect and have as much impact on a long term cost reflective signal as they would under the baseline.

However it must be noted that any significant rises in the Expansion Factors and Constants even if justifiable based on actual costs further exacerbates and exaggerates existing features of the charging structure which may not be cost reflective or creating unintended consequences. I have therefore compared the solutions against the existing baselines. But from a wider perspective could making one element of the charging structure more ‘cost reflective’ from an overall perspective actually make TNUoS charges less ‘cost reflective’

For example negative charges for certain Generators will increase. Are they actually decreasing costs and flows by connecting and generating in that location.

The already negative adjustment factor ‘Generator Residual’ will become more negative and further reward Generators some of whom may only Generate sporadically but receive this benefit based on Capacity.

Local Circuit Charges which are classed as ‘connection charges’ will be heavily impacted by the existing EC and EF's as well under the proposed solutions. Is it right that an asset built for a specific Generator years ago, sees their charges heavily impacted by a recent expensive scheme on the Wider System potentially hundreds of miles away, years later than when their local assets were built.

Is rolling over and inflating the existing EC/EF's therefore a better holding position to take from an overall wider perspective, definitely when considering some of the other work being done as part of the TNUoS taskforce?

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Grace March - Sembcorp						

CMP315 Original	Y	Y	Y	-	-	Y
CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	N	Y	-	-	Y

Voting Statement:

CMP315 and CMP375 Original improve cost-reflectivity as they include more of that assets that the TOs pay before and are required for the energy flows described in the T&T. This suggests the mathematical values are closer aligned to aligned to the real spend and cost to the network, so sending a more cost reflective signal. I believe that CMP315 is closer to modelling the physical network so is more positive against ACO (b) than CMP375 Original and is the main reason why I support CMP315 as best overall (Baseline, CMP315, CMP375 Original, CMP375 WACM2). Whilst CMP375 WACM2 brings in more elements than the baseline, and so could be viewed as more cost-reflective, the 'expected basket' of works is very reliant on the accuracy of TO's information and best views of required network development and so adds an element of forecast risk: there is a risk that the basket becomes non-representative as network requirements change quickly over the coming years, meaning that either cost-reflectivity is weakened or changes to the methodology are required – this could be a new source of volatility in TNUoS tariffs that Users would have limited visibility or expectation of. The increased use of historic data (up to 30 years) will limit the applicability of the data set as a 'forward-looking' charge further than the baseline already does. It would reduce the risk of sudden changes to the EC/EF (as was avoided by CMP353) but this risk is sufficiently mitigated by the other proposals. In balance, CMP375 WACM2 is therefore negative against ACO (b). This makes CMP375 WACM2 still an improvement against the baseline, but significantly less preferable than CMP375 Original.

All options better reflect the distribution of the actual total spend of TOs and so are positive against ACO (c).

Whilst the solutions proposed do add complexity to the CUSC charging arrangements, the transparency of information (e.g. between TOs and ESO) is on par with the baseline, as is the breakdown of the calculations to get to the EC/EF. I believe these proposals are therefore neutral against ACO (e).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Graz Macdonald – Waters Wye						

CMP315 Original	Y	Y	Y	-	-	Y
CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y

Voting Statement: The CMP315 proposal is most positive against CUSC objectives a, b, and c, though each of the proposals and alternative are better than the baseline. Expanding the scope of works used in the calculation of the expansion constant will provide a more robust and cost reflective view of the locational aspect of TNUoS costs – this will have a clearly beneficial impact on Objective A, enabling competitive fairness between parties in different geographical locations and more accurately reflecting the impact of their investment decisions on the transmission network overall. The smoothing factors will enable more foresight of costs (for generators) and therefore reduce risk premia in pricing and have a beneficial impact on the sale of electricity, as per Objective A. Furthermore, utilisation of a more complete and wider data inputs will ensure fair and complete coverage of costs in the EC, taking an improved account of the investment that TOs are undertaking making an improvement against Objectives B and C.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Joshua Logan - Drax						
CMP315 Original	-	Y	-	-	-	Y
CMP375 Original	-	Y	-	-	-	Y
CMP375 WACM2	-	Y	-	-	-	Y

Voting Statement:

We support efforts to improve the cost-reflectivity of TNUoS charges, providing they give a meaningful signal and don't have a negative impact on competition.

On balance, we do believe all options are likely to better facilitate the Applicable Objectives.

Applicable Objective (b) – Positive

Following the implementation of CMP353, the Expansion Constant and Expansion Factors were fixed (albeit with inflation applied annually), and are not updated to reflect the cost of transmission works. All of the proposals use actual TO project cost data to derive the Expansion Constant and Factors, as such, all the proposals are likely to result in more cost-reflective tariffs when compared to the baseline.

Applicable Objective (a) – Neutral

Whilst overall we have rated the proposals as neutral against Applicable Objective (a), the impact on competition, particularly in the long-term, is unclear. There is uncertainty over the impact of these proposals on individual generators local circuit charges, and the materiality of the impact on wider TNUoS charges at different locations over the long-term is unknown. This lack of forecastability, and the potential for significant differentials in locational charges, could have a negative impact on competition. That said, compared to the current baseline, we still believe the proposals to be neutral on Applicable Objective (a).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Claire Hynes - RWE Supply & Trading GmbH						
CMP315 Original	Y	Y	Y	-	Y	Y
CMP375 Original	Y	Y	Y	-	Y	Y
CMP375 WACM2	N	N	N	-	Y	N

Voting Statement: CMP375

It is important that the expansion constant calculations include a statistically significant amount of data and that the methodology does not deliver a volatile tariff from year to year. The design of the smoothing with a 5 year half life is a good methodology for providing a degree of protection against unrepresentative outlying data points incorporating the impact from multiple asset classes. However, it is worth considering that it also delays the impact of cost reflective EC methodology updates in future. In addition, the MWkm weighting of projects is largely lost for future years, and this is an improvement that could be considered for a further modification.

The development of this mod has been particularly hindered by access to real data, and could have progress much more quickly had this been readily available. The degree of volatility is still unknown and may need to be addressed subsequently.

CMP315

All the above and:

It is important that locational signals are cost reflective, and I consider that the asset classes proposed to be newly included have been carefully reviewed and determined to be necessary for development of MWkm of capacity. Therefore, they should be included in the expansion constant calculations.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Richard Woodward - NGET						
CMP315 Original	-	-	-	-	-	N
CMP375 Original	-	Y	-	-	N	N
CMP375 WACM2	-	N	N	-	N	N

Voting Statement: Whilst some of the over-arching proposals have merit, e.g. CMP375 original, there are aspects of each of the revised methodologies which could erode cost reflectivity of charges when applied practically. This includes incorporating historic cost data into the updated methodologies (and consequential changes to STC data requirements for the Onshore TOs) in place of current cost data. Finally, we do not believe a compelling case for change has been made for any of the proposals, particularly in relation to end consumer benefits. Consequentially, we believe the baseline is ultimately the best option.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
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Michelle Macdonald Sandison - SSENT						
CMP315 Original	-	Y	-	-	N	N
CMP375 Original	-	Y	-	-	N	N
CMP375 WACM2	-	-	-	-	N	N
Voting Statement: No voting statement provided.						

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Nicolas Lescal - Ocean Winds						
CMP315 Original	N	N	N	-	-	N
CMP375 Original	Y	Y	-	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y
Voting Statement: No voting statement provided.						

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Nick Sillito - Peak Gen						
CMP315 Original	Y	Y	Y	-	-	Y
CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	N	Y	-	-	N
Voting Statement:						
(a) <i>Facilitates competition</i> . All three proposals better meet this objective by providing clear and stable network pricing, whilst at the same time increasing the cost reflective nature of the pricing. This gives demand and generation a						

stable network cost base to making investment decisions against. Clarity in pricing should lead to lower cost of capital and hence facilitate competition.

- (b) *Cost reflective pricing.* All three proposals improve cost reflectivity of network pricing, albeit 375WACM2 weights reinforcements by a basket of planned future works and therefore does not reflect “the costs ... **incurred by transmission licensees** in their transmission businesses” (emphasis added) (CUSC objective), hence does not meet the objective as specified. CMP 315 goes further than CMP 375 by including more TO assets in the calculation of TNUoS charges (eg 400/275 kV transformers are included) and therefore better meets this objective than CMP 375.
- (c) *Reflects developments in the TO’s bushiness.* All three proposals meet this objective by increasing the classes of network reinforcements used by the TOs (for example reconductoring) however 315 goes further than both 375 and 375 WACM2 by including a wider range of reinforcements (such as quad boosters).
- (d) *Compliance with the Electricity Regulation.* None of the proposals impact this area
- (e) *Efficient system charging methodology.* None of the proposals impact this area (note that all three proposals keep the structure of charges the same so there is no impact in generators’ and suppliers’ systems)

CMP 315 and 375 both better meet the overall CUSC objective. CMP375WACM2 meets objectives (a) and (c). However, its failure to meet objective (b) means that overall, it does not overall better facilitate the CUSC objectives.

For the reasons stated above CMP 315 better meets the objectives than CPM 375

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Paul Mott - ESO						
CMP315 Original	Y	Y	Y	-	Y	Y
CMP375 Original	Y	Y	Y	-	Y	Y
CMP375 WACM2	-	N	Y	-	Y	N
Voting Statement:						
<p>a. As regards objective a, facilitation of effective competition, CMP315 does this better than baseline, as baseline. The existing baseline, based on CMP353, has “held back” and prevented the naturally-due increase in the expansion constant due to the supra-inflationary increases in the cost of labour and materials re: new transmission builds towards the end of the last decade. CMP375 does so too. As to the WACM,</p>						

the way it builds up to 30 years of historic data being averaged in to the calculation per asset class, seems likely to not reflect recent changes in costs. Given that all three variants on offer, 315, 375 and WACM2, already offer careful smoothing-in of new data to avoid the sort of circumstance that led to the need for CMP353 being passed as a temporary measure, the WACM seems too languid. Cost-reflectivity, stability and simplicity/elegance are a “trilemma”/compromise all of their own in charging, but the WACM deviates too far from cost reflectivity and currency of data used. I rate the WACM as neutral on (a) compared to baseline.

b. As to cost-reflectivity of charges: clarity in the development of the EC and its likely direction of travel from these mods will provide more certainty to users of their costs in future years. But again, the WACM deviates much too far from cost reflectivity and currency of data used. I rate the WACM as marginally negative against (b) compared to baseline.

c. As to developments in transmission businesses, amending the EC will allow the charging methodology to better account for developments in the costs of the NETS. 315 and 375 both achieve this strongly, and the WACM does so weakly.

d. As to Europe, all are neutral

e. As to promoting efficiency in the implementation and administration of the system charging methodology, the two original modifications will remove the temporary EC methodology, which was an unfortunate but necessary artifice, and implement an enduring solution. The smoothing in calculation is fairly simple for the ESO’s TNUoS tariff calculation team to do. I do not consider it either necessary or proportionate to (as per CMP315) try to take account of the expansion costs of non-circuit elements; that adds complexity to tariff calculation to very little net effect. Nonetheless 315 does better facilitate e. So, just, does the WACM, although it requires more data to be gathered from the TOs, namely business plan data to determine the basket of works new build length ratios which may gradually become less valid as more and more new circuit build activity is undertaken by CATOs (which will not produce the business plans, or annual updates to the same, that TOs do) than TOs. TOs may be undertaking a good deal less new circuit build than CATOs do, if the CATO approach succeeds, so the basket of works calculation may be undertaken using a less-complete, less representative set of forward-looking plans.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Robert Longden - Cornwall Energy						
CMP315 Original	Y	Y	Y	-	-	Y
CMP375 Original	Y	Y	Y	-	-	Y

CMP375 WACM2	Y	N	Y	-	-	N
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Voting Statement:

The Expansion Constant (and factors) are a fundamental component of the TNUoS framework. As such it is important that the parameters are robust and appropriate. CMP 315, CMP 375 (Original) and CMP 375 (WACM2) all seek to provide a comprehensive way forward and each has its merits, compared with the Baseline.

CMP 375 (WACM2) proposes to use up to 30 years of historic data. The Expansion Constant is meant to provide a forward-looking signal and although it is important to reflect past investment, 30 years of data is excessive.

The application of the weighting/smoothing methodology in each of the three solutions is important in determining the balance between costs incurred over time, in the overall outcome.

The weighting methodology used for CMP 375 is calculated as a weighted average of cost data based on a set of expected works (a “basket of works”). Given the unavoidable changes that occur between “expected” and “outturn”, the “depth” of available forward-looking data and the potentially significant impacts on the EC and factors, this does not represent a robust way forward.

CMP 375 Original provides a reasonable way forward. However, its treatment of Non-Circuit Reinforcements by the creation of ‘proxy circuits’ to capture substations in the Transport & Tariff (T&T) model is a “second best” option when compared to that of CMP 315.

As such, CMP 315 is the preferred option.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
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Ryan Ward - Scottish Power Renewables (UK) Limited

CMP315 Original	N	N	N	-	-	N
CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y

Voting Statement: The workgroup has faced the continual challenge to obtain the data necessary to carry out the supporting quantitative analysis on the proposals. As a result, this often kept the discussions at a principles level. It would be fair to say this has impacted the ability to fully assess each of the options.

CMP315:

Objective A – Negative

The principle behind CMP315 will result in a higher EC and drive more inefficiency being introduced within the current TNUoS signal. CMP315 further increases the strength of the North to South gradient. Given the current challenges face with TNUoS, this would not better facilitate competition between generators.

Objective B & C – Negative

CMP315 does not reflect the current TNUoS charging methodology that is intended to represent the 'incremental cost of investment' and instead reflects the cost of all network developments (including substations). This results in an EC which is not aligned with the existing charging methodology. The result of this will cause less cost reflective charging signals that do not represent how the transmission network is developing.

CMP375 & CMP375 WACM2:

Objective A, B, C – Positive

Both 375 & 375 WACM2 follow the principle which reflects an EC that is incremental in nature and designed to reflect the NETs growth. Recognising both options increase the EC, which is not desired, but as driven by the right fundamentals could be argued to better facilitate competition between generators.

Objective B & C – Positive

CMP 375 & CMP375 WACM 2 are more cost reflective of how the current network is being developed. CMP375 WACM2 is the preferred option as it accounts for forward-looking costs elements and as a result offering a charge that could be more cost reflective of what is actually being built.

Again, it is worth highlighting that due to the limited data available the vote has been conducted primarily on a principles basis

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Simon Lord - Engie						
CMP315 Original	N	N	N	-	-	N

ESO

CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y

Voting Statement: We do not support 315 as it includes nonlocational elements. These elements are needed for all connection and are not affected by the location of generator connections. We do not believe they are a differentiator between connection points. The difference between CMP 375 and its alternative are relatively small and only reflect the forward-looking element of the charge. On balance we prefer CMP 375 as in the longer term it is likely to deliver a greater level of stability.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Tom Steward - RWE Renewables						
CMP315 Original	Y	Y	Y	-	Y	Y
CMP375 Original	Y	Y	Y	-	Y	Y
CMP375 WACM2	N	N	N	-	Y	N

Voting Statement: Although I have some reservations about the methods of smoothing leaving historic data in the ECs indefinitely, 315 and 375 both offer an improvement on the baseline in that they update the ECs to reflect recent costs of developing the network – as is the intention. WACM2 however uses the business plan as an input, which it's acknowledged misses potentially significant amounts of TO expenditure delivered through the reopeners, and also potentially includes investments which do not ever get made. It can therefore not be said to be cost reflective, nor supportive of competition, nor take proper account of the developments of the TO businesses.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Tony Diccio - Inch Cape Offshore Ltd						
CMP315 Original	N	N	N	-	-	N

CMP375 Original	Y	Y	Y	-	-	Y
CMP375 WACM2	Y	Y	Y	-	-	Y

Voting Statement: My overall comments are that the level of TNUoS charges in Scotland and the North of England are already too high and do not act as effective signals to locate generation in those areas. Most of the new generation in those areas is off-shore wind – it is locating there because these areas have the best wind resources in Great Britain.

The level of TNUoS charges is not the primary consideration when choosing where to locate this new generation. However, the current levels of TNUoS charges are starting to deter investment and if they increase further, this will only make this situation worse. I believe that as **CMP315** reflects the costs of all network development, including substation costs it will lead to higher Expansion Constants than the Baseline and will thus increase TNUoS charges. I do not believe that CMP315 is reflective of the true costs incurred by the transmission licensees and will mean that expensive project costs in the South of GB will increase the slope of TNUoS charges and will result in generators located in the north of GB paying more and southern-based generators being paid more through more negative charges. Therefore, CMP315 will just lead to a wealth transfer between northern and southern generation and so will not facilitate effective competition (CUSC Applicable Objective a)) or be cost-reflective (CUSC Applicable Objective b)). It will also not properly take account of developments in the transmission licensees' transmission businesses and so does not meet CUSC Applicable Objective c) either. I believe that CMP315 will have no effect with respect to CUSC Applicable Objectives d) (Compliance with EU Electricity Regulation) or e) (Promoting efficiency in the implementation and administration of the system charging methodology).

I believe that **CMP375**, which looks to reflect the costs of the growth of the National Electricity Transmission System (NETS), gives a better outcome than both the Baseline and CMP315. However, I believe that it still may lead to a level of TNUoS charges that is neither appropriate nor desirable as an investment signal for new generation. The **CMP375 Working Group Alternative 2 (WACM2)** is better than both CMP315 and CMP375 as it seeks to reflect the true costs of network development as it better reflects the forward-looking costs. However, it has been difficult to assess the true impact of the CMP WACM2 as the data required for a full assessment has not been available – I would like to see this data made available to enable a full and proper assessment.

Of the 16 votes, how many voters said this option was better than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
CMP315 Original	8
CMP375 Original	14
CMP375 WACM2	9

Stage 2b i – CMP315 Workgroup Vote

Which option is the best? Baseline or CMP315 Original

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Alan Currie	Ventient Energy	Baseline	
Damian Clough	SSE Generation Ltd.	Baseline	
Grace March	Sembcorp	CMP315 Original	a, b, c
Graz Macdonald	Waters Wye	CMP315 Original	a, b, c
Joshua Logan	Drax	CMP315 Original	b
Claire Hynes	RWE Supply & Trading GmbH	CMP315 Original	a, b, c, e
Richard Woodward	NGET	Baseline	
Michelle Macdonald Sandison	SSENT	Baseline	
Nicolas Lescal	Ocean Winds	Baseline	
Nick Sillito	Peak Gen	CMP315 Original	a, b, c
Paul Mott	ESO	CMP315 Original	a, b, c, e
Robert Longden	Cornwall Energy	CMP315 Original	a, b, c
Ryan Ward	Scottish Power Renewables (UK) Limited	Baseline	
Simon Lord	Engie	Baseline	
Tom Steward	RWE Renewables	CMP315	a, b, c
Tony Diccio	Inch Cape Offshore Ltd	Baseline	

Stage 2b ii – CMP375 Workgroup Vote

Which option is the best? Baseline, CMP375 Original, or CMP375 WACM2.

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
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			baseline not applicable)
Alan Currie	Ventient Energy	CMP375 WACM2	a, b, c
Damian Clough	SSE Generation Ltd.	CMP375 WACM2	a, b, c
Grace March	Sembcorp	CMP375 Original	a, b, c
Graz Macdonald	Waters Wye	CMP375 Original	a, b, c
Joshua Logan	Drax	CMP375 Original	b
Claire Hynes	RWE Supply & Trading GmbH	CMP375 Original	b
Richard Woodward	NGET	Baseline	
Michelle Macdonald Sandison	SSENT	Baseline	
Nicolas Lescal	Ocean Winds	CMP375 WACM2	a, b, c
Nick Sillito	Peak Gen	CMP375 Original	a, b, c
Paul Mott	ESO	CMP375 Original	a, b, c, e
Robert Longden	Cornwall Energy	CMP375 Original	a, b, c
Ryan Ward	Scottish Power Renewables (UK) Limited	CMP375 WACM2	a, b, c
Simon Lord	Engie	CMP375 Original	b, c
Tom Steward	RWE Renewables	CMP375 Original	a, b, c, e
Tony Diccico	Inch Cape Offshore Ltd	CMP375 WACM2	a, b, c

Stage 2b iii – CMP315 & CMP375 Joint Workgroup Vote

Which option is the best? Baseline, CMP315 Original, CMP375 Original, or CMP375 WACM2.

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Alan Currie	Ventient Energy	CMP375 WACM2	a, b, c
Damian Clough	SSE Generation Ltd.	CMP375 WACM2	a, b, c

Grace March	Sembcorp	CMP315 Original	a, b, c
Graz Macdonald	Waters Wye	CMP315 Original	a, b, c
Joshua Logan	Drax	CMP375 Original	b
Claire Hynes	RWE Supply & Trading GmbH	CMP315 Original	a, b, c
Richard Woodward	NGET	Baseline	
Michelle Macdonald Sandison	SSENT	Baseline	
Nicolas Lescal	Ocean Winds	CMP375 WACM2	a, b, c
Nick Sillito	Peak Gen	CMP315	a, b, c
Paul Mott	ESO	CMP375 Original	a, b, c, e
Robert Longden	Cornwall Energy	CMP315	a, b, c
Ryan Ward	Scottish Power Renewables (UK) Limited	CMP375 WACM2	a, b, c
Simon Lord	Engie	CMP375 Original	b, c
Tom Steward	RWE Renewables	CMP315	a, b, c
Tony Diccico	Inch Cape Offshore Ltd	CMP375 WACM2	a, b, c

Option	Number of votes for Best Option
CMP315	6
CMP375 Original	3
CMP375 WACM2	5
Baseline	2