

**fWorkgroup Consultation Response Proforma****CMP315:** TNUoS Review of the expansion constant and the elements of the transmission system charged for and**CMP375:** Enduring Expansion Constant & Expansion Factor Review

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 17 May 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

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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**I wish my response to be:**

(Please mark the relevant box)

☒ Non-Confidential

☐ Confidential

*Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.*

**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;*

- 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.*

*\*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 Workgroup Consultation questions								
1	Do you believe that the CMP315 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table> <p><b><i>SPR believe CMP315 does not positively build on the status quo and fails to provide a forward-looking cost signal.</i></b></p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E			
2	Do you believe that the CMP375 Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input checked="" type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table> <p><b><i>CMP375 offers improvements to the current approach in respect of cost -reflectivity. The solution recognises that the NETS' expansion is no longer primarily down to new circuit development.</i></b></p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E			
3	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes <input type="checkbox"/>No</p> <p><b><i>Refer to Q6-12.</i></b></p>						
4	Do you have any other comments?	<p><b><i>SPR supports the approach provided by LCP over CMP375.</i></b></p> <p><b><i>LCP approach is forward looking in comparison with what is suggested in the original proposal. LCP's method appears deliverable providing the required data is made available as set out within Annex 4.</i></b></p>						
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p><b><i>SPR are not currently looking to raise an alternative at this time. We recognise and support LCP's offer to develop a WACM in the future along with other interested parties.</i></b></p> <p>Click or tap here to enter text.</p>						

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### Specific Workgroup Consultation questions

6	Do you agree with the CMP315 and CMP375 Proposers' conclusions that the Expansion Constant should also include circuit reinforcement, non-circuit works and life extension works in addition to new circuit build. Are there any other reinforcement types that should be included? Please provide justification for your response.	<p><b><i>SPR agree that the EC should include circuit reinforcement, non-circuit and life extension works. We suggest that such works the TOs &amp; ESO do in delivering network capacity should be captured. This would help better achieve objectives b) and c).</i></b></p> <p><b><i>The CMP375 defect in the system charging methodology was correctly identified and flags that the investment approach to provide additional network capacity &amp; security is no longer primarily driven by new circuit build. Accounting for the change in methodology for how the types of work varies over time would better achieve objective c).</i></b></p> <p><b><i>SMART reinforcement can be included at a later date, when the appropriate data is readily available.</i></b></p>
7	CMP315 and CMP375 have different proportions of each reinforcement type in the basket for the calculation of the Expansion Constant because the Proposers have different interpretations as to what the Expansion Constant should represent. Which one of these interpretations do you agree with or do you have a different approach? Please provide justification for your response.	<p><b><i>SPR agree with the view of CMP375's proposer. The EC/EF calculations should be revised to reflect that the NETS' growth is no longer driven primarily by new circuits.</i></b></p> <p><b><i>The recent Ofgem call for evidence on TNUoS charges states:</i></b></p> <p><b><i>"charges should provide useful signals and should reflect the costs which a party's choices confer on the network."</i></b></p> <p><b><i>User's choices do not impact historic investment on the transmission system. Historic investment should not be included within the charges faced.</i></b></p>

		<p><b><i>Users should be encouraged to connect where it could reduce the need for additional network reinforcement.</i></b></p> <p><b><i>Forward looking signals would better facilitate connections (demand &amp; gen), in areas that would reduce costs incurred by transmission licensees – better facilitating objective b).</i></b></p> <p><b><i>From a system cost perspective, CMP375 would result in sending signals more aligned with the ‘actual’ system cost due to considering incremental works rather than historic investment (CMP315).</i></b></p>
8	<p>A Workgroup Member has also suggested an alternative approach to establish the forward-looking marginal cost over a realistic 5–10-year time horizon. Do you agree with this interpretation or would you suggest a different approach? Please provide justification for your response.</p>	<p><b><i>SPR agree with the alternative approach as it better aligns with objectives b) and c).</i></b></p> <p><b><i>Setting a locational signal based on a forward-looking marginal cost will better align with the objectives and price control approach.</i></b></p> <p><b><i>Following the “basket” approach will increase clarity around setting the charges. Planned future reinforcements should be captured to ensure that a user pays for the service they are provided. If the baskets do not include future reinforcements, there will be a delay between the investment and when they are fed through to charges.</i></b></p>
9	<p>CMP315 and CMP375 Originals propose using the last 10 years historical data when calculating the Expansion Constant/Expansion Factors. Do you agree with this approach or are there alternative approaches to consider? Please provide justification for your response.</p>	<p><b><i>SPR believe that forward-looking data should be incorporated when calculating EC &amp; EF.</i></b></p> <p><b><i>For the input data being used, a minimum time period should be set. It is important that the period is long enough to ensure there is sufficient data available, yet short enough that it is reflective of current changes in costs for system charging.</i></b></p>

		<p><b><i>SPR agree with the “Other WG Member View” on pp13-14, which presents a “basket of technologies &amp; techniques”. The costs of the reinforcement within the baskets should remain fixed for a price control period. Incremental year-on-year changes could be considered providing they sit within an agreed tolerance.</i></b></p>
10	Do you agree with the list of data items, the ESO require from Transmission Owners to calculate the Expansion Constant. Please provide justification for your response.	<p><b><i>SPR question the proposed level of detail within the data request and how the data will be used within the expansion constant calculation.</i></b></p> <p><b><i>SPR recommend simple and efficient data requests to minimise the burden on parties. We feel the LCP approach is clearer, as the data has been mapped to the transmission licensees’ business plans for each price control.</i></b></p> <p><b><i>SPR are of the opinion the LCP data request could be less complex than what is being proposed.</i></b></p>
11	In their analysis, Lane Clark and Peacock (LCP) have provided an alternative implementation approach proposing non-circuit build to be allocated to existing circuits and thereby included within the EFs rather than creating proxy circuits (as proposed by the CMP315 and CMP375 Original). Do you have any thoughts on this and do you agree with LCP’s proposal for reinforcement factors? Please provide justification for your response.	<p><b><i>SPR are of the view that the LCP approach is the best of the three presented and consistent with how current build is accounted for within CMP375.</i></b></p> <p><b><i>The proposed LCP approach better reflects how incremental capacity is currently being delivered. The challenge on the proxy circuit approach is that it does not assign value to capacity enabled from non-circuit build.</i></b></p> <p><b><i>SPR believes that circuit build and non-circuit build that delivers additional capacity should be treated equally when additional capacity is delivered. There is an example of</i></b></p>

		<b><i>non-circuit reinforcement delivering increased capacity within the <a href="#">ETYS 2021</a>. The B6 boundary is stated at 6.4GW, but the limit is currently stated at 6.1GW due to “Thermal constraints on an SGT at Harker s/s”.</i></b>
12	To achieve implementation by 1 April 2023, the Workgroup understand that it will not be possible under the current timeline to include the new EC/EFs in the draft TNUoS tariffs for 2023/2024. Do you support this and, if so, in the absence of draft TNUoS tariffs for 2023/2024, what detail will you need ahead of final TNUoS tariffs being published?	<b><i>SPR would expect NGESO to be able to provide a sensitivity study of the modification at the earliest possible opportunity.</i></b>  <b><i>Noted this may not align with the typical publication timeline.</i></b>