Code Administrator Consultation Response Proforma

CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies.

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 by **5pm** on **27 November 2023**. 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 cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Nitin Prajapati	
Company name:	National Grid Electricity System Operator	
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Phone number:	0779 0970 158	
Which best describes your organisation?	☐Consumer body ☐Demand ☐Distribution Network Operator ☐Generator ☐Industry body ☐Interconnector	☐Storage ☐Supplier ☐System Operator ☐Transmission Owner ☐Virtual Lead Party ☒Other

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:

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 *; 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.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions			
1	Please provide your assessment for the proposed CMP411 solution against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution better facilitates:	
		Original	☒A ☐B ☒C ☐D ☒E
		In our assessment we believe the original proposal better facilitates applicable objective (a) as the introduction of Anticipatory Investment (AI) principles will effectively reduce the risk of the initial generator paying higher TNUoS charges if it were to undertake AI. This effectively encourages AI, removes risk for the initial generator and allows it to connect more easily, and enables the subsequent generator to connect, both of which in turn better facilitate competition. The original proposal will better facilitate applicable objective (c) as it will implement Ofgem's policy decision on AI into the section 14 charging methodology. It also reflects the improved approach where appropriate to new offshore connections that aims to reduce long term whole system costs compared to a "piecemeal" approach to each connection as the application to connect is made. Finally, objective (e) is better facilitated as the proposed solution prescribes the calculative approach to recover AI costs. The modification also provides clarity on the treatment of AI to the industry.	
2	Do you have a preferred proposed solution?	☒Original ☐Baseline ☐No preference	

		The proposed solution outlined in the original proposal will enable the AI costs to be recovered by the appropriate users aligned to Ofgem's policy decision on AI. The solution ensures AI costs will be recovered by the subsequent generator once they are connected. This enables cost reflectivity as the AI costs are associated with assets that will be utilised by the subsequent generator.
3	Do you support the proposed implementation approach?	☒Yes ☐No
		We believe the implementation approach, especially from a calculative perspective, will enable the AI Cost Gap to be recovered by subsequent generation, in line with the proposed solution. The use of a new and distinct tariff will ensure the entirety of the AI Cost Gap will be recovered by the Subsequent generator which is aligned to the AI Policy decision from Ofgem.
4	Do you have any other comments?	No further comments.