Code Administrator 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 by **5pm** on **15 December 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 Andrew Hemus Andrew.Hemus@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Jacqueline Wilkie	
Company name:	SSEN Transmission	
Email address:	Jacqueline.wilkie@sse.com	
Phone number:	077214 32716	
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 CMP315 solution against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution better facilitates:	
		Original	☐A ☐B ☐C ☐D ☐E
		We do not support the proposal CMP 315: we do not believe it meets (a) (b) (c) (e) as the costs are not reflective of current costs, the methodology is complex and it is still unclear on specific data requirements from TOs which could add an administrative load. The use of current TNUoS methodology does not support effective competition due to the difference in North-South charges. The proposal is based significantly on past historic costs which are not reflective of current levels of investment and are not forward-looking. This is particularly relevant given the current period of higher inflation and rising costs, for instance, related to the large infrastructure works in the North of Scotland. The use of ten years of historic data, with exponential smoothing applied, will take time to filter through and reflect the rise in current costs. Analysis comparing the difference in forward looking and historic charges would be good to have seen the impact. We agree that broadening the scope of works to be included in the costs, such as re-conductoring or reinforcement (where capacity is added) is more reflective of the investments in the current network.	

<table>
<tr><td></td><td></td><td>However, if the aim of the methodology is to consider costs that add incremental capacity, there is concern on whether costs related to life-extension of assets fall under this banner.

Given the original concern which prompted CMP353, (the rise in tariffs), the rise in costs above the baseline for those regions in the North of Scotland are still large. (Figure 1 at end of document, section of a graph from an Annex consultation response). The original concerns still stand.

There is additional complexity (LCP document) in how the non-circuit assets are treated in the methodology in order to align the with the T&T model. The calculations were demonstrated from limited open source data : any additional requirements on the TO would add administrative burden and require STC mods to be in place.

It is not clear what data is required for the ‘project by project cost approach’.

Although exponential smoothing of the data will reduce the step change in tariff (which caused mod CMP353 to come into being), there is a concern that the period of ten years will prevent the current rise in costs being filtered through in a timely manner.</td></tr>
<tr><td rowspan="4">2</td><td rowspan="4">Please provide your assessment for the proposed CMP375 solutions against the Applicable Objectives?</td><td>Mark the Objectives which you believe the proposed solutions better facilitates:</td></tr>
<tr><td>Original ☐A ☐B ☐C ☐D ☐E</td></tr>
<tr><td>WACM2 ☐A ☐B ☐C ☐D ☐E</td></tr>
<tr><td>We do not support the proposal 375 or WACM2: we do not believe they meet (a) (b) (c) (e) as the costs are not reflective of current costs, the methodology is complex and it is still unclear on specific data requirements from TOs which could add an administrative load. The use of current TNUoS methodology does not support effective competition due to the difference in North-South charges.

The proposal is based significantly on past historic costs which are not reflective of current levels of investment and are not forward-looking. This is particularly relevant given the current period of higher inflation and rising costs, for instance, related to the large infrastructure works in the North of Scotland. The use of ten years of historic data, with exponential smoothing applied, will take time to filter through and reflect the rise in current costs. Analysis comparing the difference in forward</td></tr>
</table>

		looking and historic charges would be good to have seen the impact. We agree that broadening the scope of works to be included in the costs, such as re-conductoring or reinforcement (where capacity is added) is more reflective of the investments in the current network. However, if the aim of the methodology is to consider costs that add incremental capacity, there is concern on whether costs related to life-extension of assets fall under this banner. Given the original concern which prompted CMP353, (the rise in tariffs), the rise in costs above the baseline for those regions in the North of Scotland are still large. (Figure 2 at end of document, section of a graph from an Annex consultation response). The original concerns still stand. CMP 375 Original is preferable to CMP315 as the scope of works covered in CMP375 does not include the Non-Circuit reinforcements. This removes some of the complexity in the methodology and treatment of assets in the calculation. However, the comments related on historic costs are equally valid for both CMP315/375 and even more so for WACM2.
3	Do you have a preferred proposed solution?	☐CMP315 Original ☐ CMP375 Original ☐WACM2 ☒Baseline ☐No preference
		Until the questions related to the cost reflectivity and analysis of the models relating to historic and forward-looking data are presented with a comparison of their impact on tariffs, the view is to maintain the baseline. None of the three mods solve the problem of the increase in charges in the North of Scotland varying from £2.32 £/kW to £21.59 £/kW depending on technology and region (Figures 1 and 2 at end). Changes to TNUoS methodology may be needed.
4	Do you support the proposed implementation approach?	☐Yes ☒No
		Additional data to be provided by the TO in order to undertake additional calculations was not clarified and, for WACM2, seem to relate to a ‘selected’ basket of works.

		There will be an additional administrative burden placed on the TO for this data collection.
5	Do you have any other comments?	• We are concerned on the complexity in the EC calculations by including non-circuit elements in the scope of Works (CMP315). • Additional data has not being formalised and provides administrative burden on the TO. • Further analysis should be undertaken regarding the time range for data analysis and the comparison on tariffs between forward looking data and historic data.

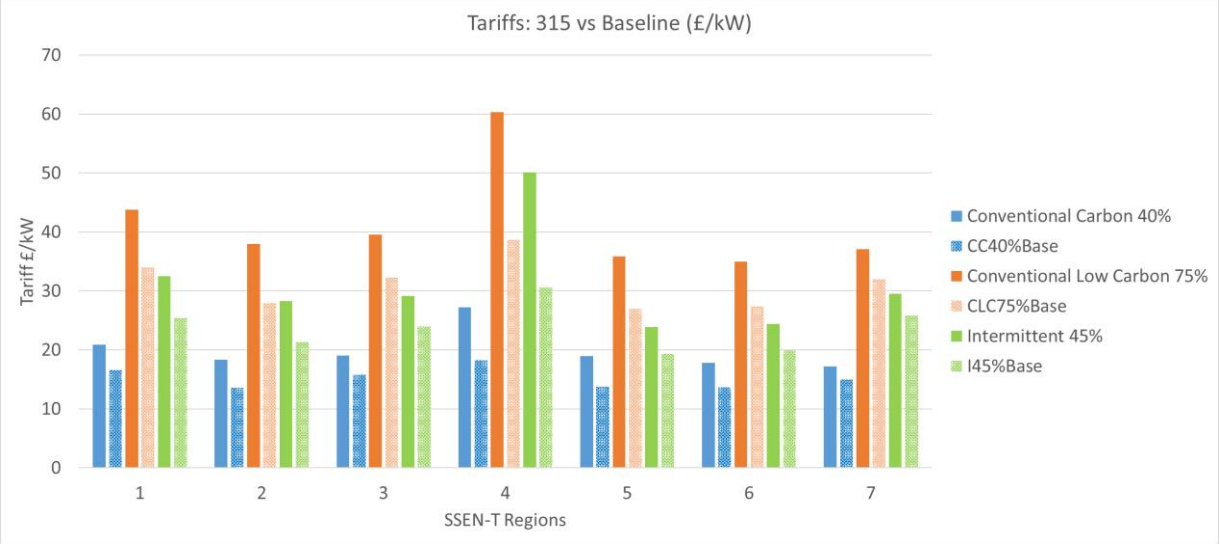

Figure 1: Comparative costs of June23/24 tariffs : CMP315 vs Baseline (Annex 9 consultation response)

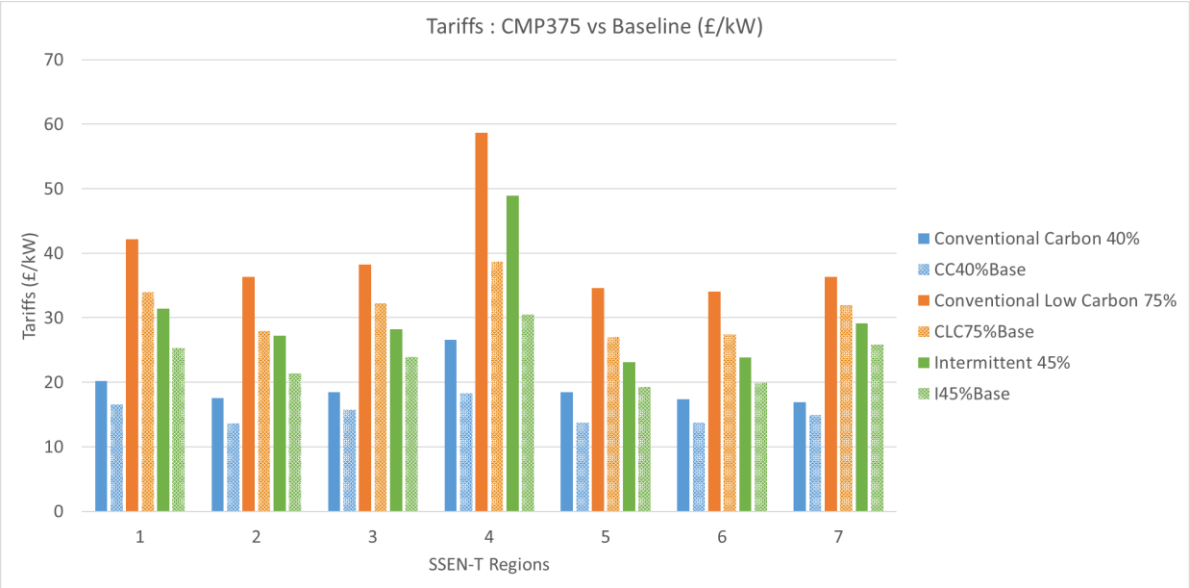

Figure 2 Comparative costs of June23/24 tariffs : CMP375 vs Baseline (Annex 9 consultation response)