nationalgridESO

TNUoS Guidance for New Suppliers

December 2018

Introduction

We've developed this guidance to help prospective or newly registered electricity suppliers understand Transmission Network Use of System (TNUoS) charges, and what you are required to do under the Connection and Use of System Code (CUSC).

Who are we calling a 'new supplier'?

Prospective or newly registered electricity suppliers.

Every electricity supplier that has;

- domestic customers, **or**
- customers who are likely to take half-hourly metered demand over the Triads,

must pay Transmission Network Use of System (TNUoS) charges under the current Charging Methodology.

What are the regulatory requirements for new suppliers?

One of the conditions in the electricity supply licence states that **you must 'be a party to and comply with the Connection and Use of System Code' (the CUSC)**. This is the contractual framework that regulates use of the National Electricity Transmission System.

Our Connections Team will help you to locate the CUSC accession agreement and other documents that form the contractual arrangements with us. [1]

TNUoS Charging and Supplier Forecasts

When do I need to start paying TNUoS charges?

As soon you are ready to begin using the transmission system.

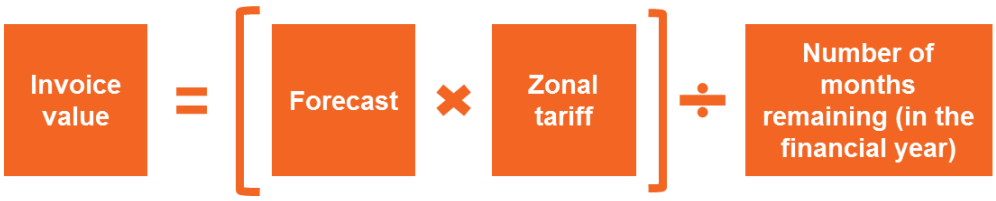
This will usually be around the time you start **Controlled Market Entry** with Elexon. Our TNUoS charging team will get in touch with you shortly after you have signed contracts to discuss billing and credit monitoring.

How are TNUoS charges calculated?

TNUoS charges are based on the supplier forecast of half-hourly (HH) 'Triad' demand [2] and non half-hourly (NHH) consumption. [3]

The TNUoS charging team at National Grid ESO will provide an excel form [4] for you to enter your HH and/or NHH forecast. The form will list the BM Units you registered with Elexon.

This forecast will form the basis of your **initial** TNUoS invoice, calculated as follows:



[1] The CUSC; Code Documents\Schedules to the CUSC: https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc?code-documents
[2] See Guidance: What are Triads? https://www.nationalgrideso.com/charging/charging-policy-and-guidance
[3] NHH chargeable consumption is the 6 settlement periods between 16:00 and 19:00 each day of the year
[4] See Appendix 1

When will I receive the first invoice and when do I need to pay?

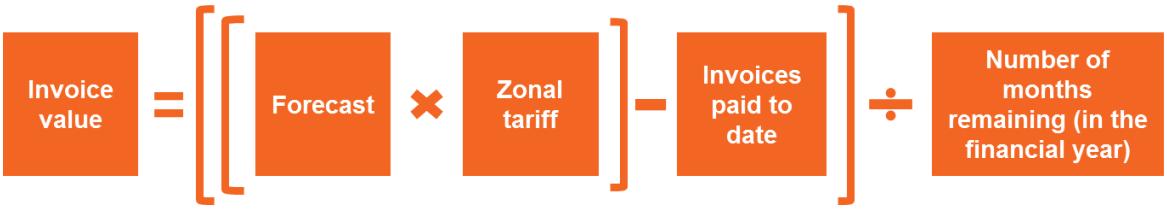
Your completed demand forecast must be emailed to the demand.submissions@national grid.com mailbox by 10th of the month. It is then validated before being loaded into our billing system where it will be included in the next monthly billing cycle. Invoices are dated 1st of the month with 14 day payments terms i.e. payable on 15th of the month.

Key Note 1: It is essential that invoices are paid on time to avoid late payment charges and to avoid the need to place additional security with National Grid.

My business is growing fast; do I need to increase my TNUoS demand forecast?

You should submit a revised forecast whenever there is a significant change in your customer portfolio, or to reflect seasonal changes in demand. Your revised forecast must reach us by 10th of the month for inclusion in the following month billing cycle.

In the example below the supplier has increased its customers and submitted a revised forecast in June.



Key Note 2: It is essential to re-forecast whenever there a significant change in consumption to avoid building up a large reconciliation invoice and consequent Forecasting Performance Error.

The above examples concern NHH meters but what about HH meters?

The principle for calculating the invoice values is the same as in the examples above but remember: **you must begin forecasting Triad demand as soon as you sign contracts with HH metered sites.**

I've heard that National Grid monitors supplier forecasts. How does that work?

National Grid regularly monitors supplier forecasts using a combination of settlement metering and modelling (described in section 14.28 of the CUSC) and we will contact you if your forecast is significantly different to what we're expecting. Sometimes it's because your customers have not renewed their contracts, or you may have run a successful marketing campaign and not updated your forecast. The problem can usually be solved by an email or a telephone call but on rare occasions we may exercise our right to invoice based on our own forecast.[5]

Forecasting your TNUoS usage accurately is important; it can have a serious effect on the amount of security required in the following financial year.

[5] The CUSC, Section 3, clause 3.12.3 (validation of demand forecasts)

Reconciliation of Demand Charges

Every financial year is reconciled twice, as follows:

1. The **initial reconciliation** is carried out in June and looks back over the previous financial year (1 April – 31 March). Using the latest available settlement metering data provided by Elexon we re-calculate the value of TNUoS charges and compare this with the value of invoices issued. The difference between the these is the reconciliation amount.

2. The **final reconciliation** is carried out 14 months after the end of the financial year using Elexon's final settlement metering data (this is the RF run). The value of the year's TNUoS charges is re-calculated and compared with the initial reconciliation. The difference between the these is the reconciliation amount.

Reconciliation Invoices/credits are issued in the autumn with 30-day payment terms.

Frequently Asked Questions

Q. Do I have email the demand forecast form to a mailbox? Can't the demand forecast be uploaded via a portal?

A. We're working on it! Currently we can only accept demand forecasts on the existing excel form but we developing a portal that will introduce a self-service arrangement.

Q. Where can I find more information on credit monitoring and forecasting performance?

A. We're publishing another guidance document shortly. (In the meantime you can find the information in the CUSC, Section 3)
https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc?code-documents

Q. Where can I find more information about how National Grid monitors supplier forecasts?

A. That's in the CUSC also: Section 14.

Q. What happened when BSC Mod P272 ended?

A. BSC Mod P272 directed NG to charge Measurement Classes E, F and G as NHH. The resulting CUSC Mod CMP241 gave suppliers the opportunity to elect to have these Measurement Classes charged as HH provided they notified NG prior to October 2015. P272 (CMP241 ended on 31st March 2017).

The modification was superseded by BSC Mod P339 (CUSC Mod CMP266) effective 1st April 2017 (until 31st March 2020). NG has been directed to charge Measurement Classes F and G as NHH (using an SF adjustment at the initial demand reconciliation and an RF adjustment at the final reconciliation).

Appendix 1

TNUoS Demand Forecast Form

DEMAND FORECAST SUBMISSION
Used for Calculating 2018/19 Monthly TNUoS Charges

Company Name: (drop-down list) → Z_EXAMPLE LIMITED

Company Registered No: 10000000

Contact Name:

BM Unit Identifier	Demand Tariff Zone	Forecast HH Triad Gross Demand (kW) *(see note 2 below)*	Forecast HH Triad Embedded Export (kW) *(see note 3 below)*	Forecast NHH Energy (kWh) *(see note 4 below)*
2__AEXAM000	Eastern			
2__BEXAM000	East Midlands			
2__CEXAM000	London			
2__DEXAM000	North Wales and Mersey			
2__EEXAM000	Midlands			
2__FEXAM000	Northern			
2__GEXAM000	North West			
2__HEXAM000	Southern			
2__JEXAM000	South East			
2__KEXAM000	South Wales			
2__LEXAM000	South Western			
2__MEXAM000	Yorkshire			
2__NEXAM000	Southern Scotland			
2__PEXAM000	Northern Scotland			

Selecting the company name at the top of the form will automatically populate the supplier's registered BM Units. The forecast values can be entered in the three columns:

You will need to provide the following information:

- **HH Gross Demand at Triad**
  This is the forecast average gross **demand** for your contracted half-hourly customers, aggregated at each BM Unit (rounded to the nearest kW)
- **HH Gross Exports at Triad**
  This is the forecast average gross **exports** for your contracted half-hourly customers, customers aggregated at each BM Unit (rounded to the nearest kW)
- **NHH consumption**
  This is the forecast sum of settlement periods 16:00 to 19:00, every day of the financial year (or remainder of the year if you connect after 1st April) aggregated at each BM Unit for your contracted customers

See below example (Appendix 2)

Appendix 2

TNUoS Demand Forecast Form

DEMAND FORECAST SUBMISSION

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Company Name: (drop-down list) → Z_EXAMPLE LIMITED

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2__AEXAM000	Eastern	45	100	25,000
2__BEXAM000	East Midlands	90	90	20,000
2__CEXAM000	London	200	75	45,000
2__DEXAM000	North Wales and Mersey	50	45	10,000
2__EEXAM000	Midlands	75	10	45,000
2__FEXAM000	Northern	45	30	15,000
2__GEXAM000	North West	35	30	30,000
2__HEXAM000	Southern	10	0	15,000
2__JEXAM000	South East	15	0	45,000
2__KEXAM000	South Wales	75	5	5,000
2__LEXAM000	South Western	0	0	2,500
2__MEXAM000	Yorkshire	0	0	2,500
2__NEXAM000	Southern Scotland	5	120	10,000
2__PEXAM000	Northern Scotland	0	180	5,000

We hope you've found this guidance document useful. If you have any further questions, please get in touch.

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