

CUSC Modification Proposal Form

CMP352: Correction to 'Revised Indicative Annual TNUoS charge' formulas in Appendix 2 of CUSC Section 3.

Overview: Point 5 and 8 of Appendix 2 in CUSC Section 3 document the formulas by which the Revised Indicative Annual TNUoS Charge is calculated. These formulas do not work mathematically to deliver the intent of the formula and therefore these formulas need to be revised so that the arithmetic works.

Modification process & timetable



Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: **Low impact**

Suppliers who wish to use the 'Revised Indicative Annual TNUoS charge' provisions of Appendix 2 of CUSC section 3.

Proposer's recommendation of governance route	The Proposer recommends that this modification should be subject to Fast Track Self-Governance. The Panel will consider the Proposer's recommendation and determine the appropriate route.
--	--

Who can I talk to about the change?	<p>Proposer: Grahame Neale, National Grid ESO Grahame.neale@nationalgrideso.com Phone: 07787 261 242</p>	<p>Code Administrator: Ren Walker Lurrentia.walker@nationalgrideso.com Phone: 07976 940 855</p>
--	--	--

Contents

- [What is the issue?](#)
- [What is the solution?](#)
- [What is the impact of this change?](#)

- When will the change take place?
- Interactions
- Acronyms, key terms and reference material

What is the issue?

Should a Supplier experience a significant increase in the amount of Demand (from its Customers) which may affect its Demand Forecast and its Demand Forecasting Performance, it may request a revision (to its Demand Forecasting Performance) as per CUSC 3.23.7 and 3.23.8. Point 5 and 8 of Appendix 2 in CUSC Section 3 documents the formulas by which these revisions (the Revised Indicative Annual TNUoS Charge) are calculated should a Supplier wish to use a revised Deemed NHH Forecasting Performance (which is in-turn used in the Annual TNUoS Charge calculation).

Due to a typographical error, these formulas (in point 5 and 8) do not work mathematically to deliver the intent of the formula and therefore these formulas need to be revised so that the arithmetic works. As an example, the variable $RD_{NHH,p}$ is a percentage and $IA_{NHH,p}$ is a £ value, which cannot be added directly to a percentage.

Why change?

The formulas need to be revised so that the arithmetic of these formulas is aligned with the intent.

What is the proposer's solution?

Remove the typographical error by revising the formulas as follows;

“

5. The **Revised Indicative Annual HH TNUoS charge**, $RIA_{HH,m}$ shall be derived as follows:

$$\cancel{RIA_{HH,m}} = \min \left(\max \left(\frac{DUA_{HH,p}}{DUB_{HH,p}} - \frac{DSA_{HH,p}}{DSB_{HH,p}}, 0 \right) * RD_{HH,p} + IA_{HH,m}, IA_{HH,p} \right)$$

$$RIA_{HH,m} = \min \left[\left(1 + \left[\max \left(\frac{DUB_{HH,p}}{DUA_{HH,p}} - \frac{DSB_{HH,p}}{DSA_{HH,p}}, 0 \right) * RD_{HH,p} \right] \right) * IA_{HH,m}, IA_{HH,p} \right]$$

Where:

...

8. The **Revised Indicative Annual NHH TNUoS charge**, $RIA_{NHH,m}$ shall be derived as follows:

$$\cancel{RIA_{NHH,m}} = \min \left(\max \left(\frac{DUA_{NHH,p}}{DUB_{NHH,p}} - \frac{DSA_{NHH,p}}{DSB_{NHH,p}}, 0 \right) * RD_{NHH,p} + IA_{NHH,m}, IA_{NHH,p} \right)$$

$$RIA_{NHH,m} = \min \left[\left(1 + \left[\max \left(\frac{DUB_{NHH,p}}{DUA_{NHH,p}} - \frac{DSB_{NHH,p}}{DSA_{NHH,p}}, 0 \right) * RD_{NHH,p} \right] \right) * IA_{NHH,m}, IA_{NHH,p} \right]$$

Where:”

For the avoidance of doubt, the variables in the calculation will not change meaning.

Draft legal text

See Proposed Solution heading

What is the impact of this change?

Justification for Fast Track Self-Governance

The Proposer recommends that this Modification follows the Fast Track Self-Governance procedure as the changes meet the required criteria as the Modification is required as a result of factual change, including but not limited to:

- i) Updating names or addresses;
- ii) Correcting minor typographical errors;
- iii) Correcting formatting and consistency errors, such as paragraph numbering, or;
- iv) Updating out of date references to other documents or paragraph

The Self-Governance criteria is met as the modification is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC’s governance procedures or the CUSC’s modification procedures

For information, Fast Track Self-Governance – Guidance

- Rectify internal inconsistencies
- Remove outdated (or redundant) information;
- Correct typographical errors in the CUSC; or
- Further development / detail existing processes or code arrangements (without introducing new requirements upon code parties which significantly impact business practices or systems).

Proposer’s Assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	None: This modification has no impact on the

	Act or Transmission License
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Positive: Ensures that Suppliers are correctly (not over or under) securitised against their TNUoS liability.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None: This modification has no impact upon compliance with the Electricity Regulation
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive: This modification ensures that the CUSC is fit for purpose and functions as designed
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

Impact of the modification on the stakeholder / consumer benefit categories

Proposer's assessment:

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	None: This modification has no impact
Lower bills than would otherwise be the case	Positive: Ensures that Suppliers are correctly (not over or under) securitised against their TNUoS liability.
Benefits for society as a whole	Positive: Ensures that Suppliers are correctly (not over or under) securitised against their TNUoS liability.
Reduced environmental damage	None: This modification has no impact
Improved quality of service	Positive: Ensures that Suppliers are correctly (not over or under) securitised against their TNUoS liability.

When will this change take place?**Implementation date:**

This modification will be implemented 5 working days after the appeals window closes, providing no objections have been raised.

Implementation approach:

No changes to systems or processes required.

Interactions

No interactions with any industry codes, significant code reviews or other ongoing industry changes.

Acronyms, key terms and reference material

Acronym / key term	Meaning

Reference material:

1. CUSC Section 3 - <https://www.nationalgrideso.com/document/91356/download>