

CUSC Modification Proposal Form

CMP377: Clarification of Section 14 BSUoS Charging Methodology

Overview: Modification to provide clarity on how the BSUoS charging methodology is described in Section 14 of the CUSC. The four areas being addressed are: Covid-19 cost recovery calculations, capitalisation of defined terms in CMP373 legal text, clarifying storage import terminology and general housekeeping.

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, Generators

Proposer's recommendation of governance route

Standard Governance modification to proceed to Code Administrator Consultation

Who can I talk to about the change?

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What is the issue?

In recent times there have been many code modifications (CMP281, CMP345, CMP350, CMP360, CMP373) leading to legal text changes in the BSUoS section of Section 14 of the CUSC. Following this suite of changes and subsequent stakeholder feedback on the clarity of the BSUoS charging methodology, it is prudent to raise a modification to ensure complete clarity of the legal text while keeping aligned with the outcomes of these previously mentioned modifications.

There are four independent issues which each require a minor change to the wording used to describe them in Section 14 of the CUSC. These changes are not substantive but would aid clarity in understanding the BSUoS charging methodology. These four issues are: updating Covid-19 calculations, housekeeping changes following approval of CMP373 ('Deferral of BSUoS billing error adjustment'), wording around the exclusion of storage imports from BSUoS costs, and general housekeeping.

Updating Covid-19 calculations

BSUoS recovery in Financial Year 2021/22 related to deferred Covid-19 costs has been agreed to be recovered equally from each Settlement Period in the Financial Year. This is following Code Modifications CMP345 ('Defer the additional Covid-19 BSUoS costs') and CMP350 ('Changes to the BSUoS Covid Support Scheme').

However, the current BSUoS charging methodology in the CUSC doesn't fully reflect the agreed approach for how Covid-19 costs are recovered. This is due to the fact the BSUOSCOVID term in Paragraph 14.30.10 is written such that it is being volume weighted when it shouldn't be, since the agreed approach is to recover Covid-19 costs equally across each Settlement Period. This term was introduced to Paragraph 14.30.10 as part of CMP360 ('Aligning Section 14 of the CUSC 'Balancing Services Use of System Charging Methodology' to the licence changes introduced by RIIO-2 in respect of the 'System Operator Revenue Restriction').

Housekeeping changes following CMP373 decision

The ESO received feedback in [the decision letter from CMP373](#) that there is currently inconsistency in the capitalisation of defined terms, such as Financial Year and Settlement Period. There is also an instance where 'scheme year' is used when it should read Financial Year. One other phrase which needs housekeeping is replacing the word 'due' with 'payable', when describing the charges being recovered as part of BSUoS under recovered costs. This Modification would seek to make this consistent and align with other Codes and the Licence, however CMP373 will be implemented on 1 October 2021.

Storage imports being excluded from BSUoS costs

The wording in Section 14 around the subtraction of storage imports from BSUoS costs could lead to a misunderstanding by the reader. This is because different data sources may hold storage imports as positive or negative values. Therefore, subtraction of storage imports could be interpreted as either increasing or decreasing BSUoS costs depending on what data source is being considered. This charging methodology was agreed following CMP281 ('Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities').

General housekeeping changes

Finally, there are a handful of housekeeping changes this modification would seek to make. This is the alignment of terms used in Section 14 to Section 11 defined terms. The terms in question here are BSUoS Charges and NETS.

Why change?

By updating Section 14 of the CUSC to remove this ambiguity, it will be clear to all parties how BSUoS Covid Costs are being recovered and how storage imports are removed from BSUoS charges. The suggested housekeeping changes ensure consistency which makes the document more easily understood.

The proposed changes wouldn't change the intent of any of the mods discussed above or the current processes implemented by the ESO. Instead, these changes would clarify the previously agreed charging methodology.

What is the proposer's solution?

The proposed solution is to update Section 14 of the CUSC to bring clarity to these issues without altering their intent as agreed in the reference CUSC mods. This would be achieved by:

- a) moving the BSUoS COVID term in Paragraph 14.30.10 outside of the square brackets, so it isn't being volume weighted. The explanation for this term can then be moved from Paragraph 14.30.16 to 14.30.10, and 14.30.16 can subsequently be removed from the CUSC. These changes would make the Covid-19 cost recovery calculations within Section 14 consistent with the agreed approach from CMP345 and CMP350.
- b) updating Paragraphs 14.30.16, 14.30.19 and 14.31.8 so that Financial Year and Settlement Period are used and capitalised. Updating the definition of BSUoS 20/21 Under Recovered Costs so it reads 'payable instead of 'due'.
- c) updating the definitions of Gross Demand BM Unit Volume and Transmission Connected Site BM Unit Metered Volume in Paragraph 14.31.8.
- d) revising instances where the text should read BSUoS Charges but doesn't currently, and the same for where the text should read NETS but doesn't currently.

Draft legal text

To be sent as attachment.

What is the impact of this change?

Proposer's assessment against CUSC Charging Objectives

Relevant Objective	Identified impact
(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;	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.

(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);	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.
(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;	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive This Modification provides clarity on how BSUoS is charged, ensuring consistent understanding of the system charging methodology for all parties involved.
*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).	

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.
Lower bills than would otherwise be the case	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.

Benefits for society as a whole	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.
Reduced environmental damage	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.
Improved quality of service	Neutral This Modification has no material impact on the content of the CUSC; it only clarifies the previously agreed legal text.

When will this change take place?

Implementation date

As soon as is reasonably practicable.

Date decision required by

As soon as is reasonably practicable.

Implementation approach

Updates made to legal text in Section 14 as per attached file.

Proposer's justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation

This Modification won't have any material effect on any CUSC parties as it only clarifies existing rules in the CUSC, and it does not change how the ESO bills BSUoS Charges.

Interactions

- | | | | |
|--|---|---|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> EBGL Article 18
T&Cs ¹ | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other |

This modification has no interactions with other codes, industry documents, modifications or industry projects.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBGL	Electricity Balancing Guideline
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Reference material

- None

¹ If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.