

## CUSC Modification Proposal Form

# CMP369: Consequential changes to Section 14 of the CUSC as a result of the updated definitions introduced by CMP368.

**Overview:** This modification has been raised to give effect to the Authority determination within the CMP317/327 decision published 17 December 2020, whereby TNUoS Charges payable by 'Large Distributed Generators' and their associated volumes (MWh) are to be removed from the calculation determining compliance with Regulation 838/2010 (the 'Limiting Regulation') range and charges for pre-existing assets associated with local circuits and substations are to be included.

To facilitate the change, this modification proposes to update the legal text relating to 'Generation Output' detailed in the tariff setting methodology within Section 14.14.5 and the Ex-Post Reconciliation within Section 14.17.37 of the CUSC to align with the updated definitions introduced by CMP368. It also proposes to update the GCharge element within the legal text to align with the definitions introduced via CMP368 to facilitate the removal of 'Large Distributed Generators' charges from the compliance calculation as directed by the Authority.

## Modification process & timetable

- 1 • **Proposal form**  
• 14 April 2021
- 2 • **Workgroup Consultation**  
• 7 May 2021 - 17 May 2021 (5pm)
- 3 • **Workgroup Report**  
• 26 May 2021 (9am)
- 4 • **Code Administrator Consultation**  
• 1 June 2021 - 14 June 2021 (5pm)
- 5 • **Draft Code Modification Report**  
• 17 June 2021
- 6 • **Final Code Modification Report**  
• 30 June 2021
- 7 • **Implementation**  
• 1 April 2022

**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: High impact on those CUSC Users who pay TNUoS charges**

<p><b>Proposer's recommendation of governance route</b></p>	<p>This modification should be treated as Urgent and be assessed by a Workgroup jointly held with CMP368 under a timetable agreed with the Authority, who will make the decision on whether it should be implemented.</p> <p>The Proposer considers that this issue if not urgently addressed may cause a party to be in breach of any relevant legal requirements and therefore meets Ofgem's Urgency Criteria (c) i.e. NGENSO, for the purpose of assessing compliance with the Limiting Regulation in the context of setting limits on the annual charges paid by Generators must use the correct definition of Generation Output and Generator charges within the calculation and ensure that the correct definition of Charges for Physical Assets Required for Connection is used in all charge setting calculations.</p> <p>Ofgem's decision to approve CMP317/327 specified that changes to the CUSC should be brought forward and allow implementation in April 2022. To enable this NGENSO require a decision by 31 August 2021 in order to use the correct components within the calculation to allow draft tariffs to be produced for the 2022/23 charging year. Clarity of the components within the calculation is also important to give confidence to industry of NGENSO's ongoing compliance with the Limiting Regulation and an appropriate corrective mechanism.</p> <p>NGESO considers it unlikely that this date can be met without the proposal following an Urgent timeline</p> <p>It is necessary for this modification to progress and be approved alongside CMP368 which will create new definitions to be used in the charging methodology to align the treatment of Large Distributed Generators with Ofgem's direction given in the decision for CMP317/327 and ensure that Charges for Physical Assets Required for Connection are properly taken into account. Progressing these modifications alongside each other will enable alignment in terms of the definitions used within the calculations.</p>	
<p><b>Who can I talk to about the change?</b></p>	<p><b>Proposer:</b> James Stone, National Grid ESO</p> <p><a href="mailto:James.Stone@nationalgrideso.com">James.Stone@nationalgrideso.com</a></p> <p>Phone: 07971002704</p>	<p><b>Code Administrator Chair:</b> Paul Mullen</p> <p><a href="mailto:Paul.j.mullen@nationalgrideso.com">Paul.j.mullen@nationalgrideso.com</a></p> <p>Phone: 07794537028</p>

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## What is the issue?

To maintain compliance with Regulation 838/2010 (the Limiting Regulation), NGENSO must ensure that the annual average transmission charge for all Generators must be within a range of €0-2.50/MWh.

As part of the approval<sup>1</sup> by the Authority on 17 December 2020 of the CMP317/327 Original Proposal, the Authority expected those TNUoS Charges payable by 'Large Distributed Generators' and their associated volumes (MWh) to be removed from the calculation determining compliance with the range. In addition, the Authority directed that pre-existing assets should not be considered as Charges for Physical Assets Required for Connection.

This modification has been drafted to give effect to this direction and to refer to the definitions introduced in CMP368 which introduce definitions of these terms.

### Why change?

Following the Authority's approval of CMP317/327 'Original Proposal', changes to the CUSC TNUoS charging methodology from 1 April 2022 are now required to ensure alignment with the Authority's decision to remove from the calculation determining compliance with the range the TNUoS Charges payable by 'Large Distributed Generators' and their associated volumes. To facilitate this, Section 14 of the CUSC needs to be updated to ensure that Generation Output, Generator charge variables and the definition of Charges for Physical Assets Required for Connection used within the methodology for assessing compliance with the Limiting Regulation are aligned with the definitional changes introduced by CMP368.

## What is the proposer's solution?

Propose to update the definition of 'GO' and 'GOa' (used within the calculation detailed within Section 14.14.5 and 14.17.37 of the CUSC for the purpose of compliance with the Limiting Regulation) to align with the definition of GB Generation Output introduced by CMP368.

Additionally, propose to update the legal text relating to 'GCharge' (used within the same calculations and sections of the CUSC) to adopt the definitions of 'Forecast Transmission Generator TNUoS Charges' and 'Actual Transmission Generator TNUoS Charges' also introduced via CMP368.

This will then allow NGENSO to facilitate the Authority's CMP317/327 decision by removing from the calculation determining compliance with the range those volumes and charges associated with Large Distributed Generators and to take into account charges for pre-existing assets in tariff setting and any ex-post reconciliation processes.

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<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2020/12/cmp317327\\_decision\\_171220.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/12/cmp317327_decision_171220.pdf)

This Proposal will affect the overall level that Generators and Suppliers pay for their Transmission Network Use of System (TNUoS) charges by incorporating the definitions within CMP368 thereby altering the amount that the Adjustment Tariff for Generators and residual charge for Suppliers recovers.

### Draft legal text

Changes to Section 14.14.5 vii.) viii.) of the CUSC as follows (changes shown in red text):

GO = Forecast **GB Generation Output** ~~for generation liable for Transmission charges (i.e. energy injected into the transmission network in MWh)~~ for the charging year.

GCharge (Forecast) = ~~The total forecast TNUoS revenue to be recovered from Generators in the charging year minus Charges for Physical Assets Required for Connection.~~ **Forecast Transmission Generator TNUoS Charges**

Changes to Section 14.17.37 i) of the CUSC as follows:

GO<sub>A</sub> = Actual **GB Generation Output** ~~generator output~~ in the previous charging year

GCharge (Actual) = **Actual Transmission Generator TNUoS Charges** ~~Actual charges to Generators in the previous charging year.~~

### 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;	<b>None</b>
(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);	<b>None</b>
(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;	<b>Positive:</b> allows NGENSO to take account of developments driven by the Authority's CMP317/327 decision

(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Positive:</b> ensures compliance with Regulation 838/2010 which was introduced via EU Regulation 2009/714
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	<b>Positive:</b> updates Section 14 of the CUSC to align with changes introduced via CMP368.
*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).	

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	<b>None</b>
Lower bills than would otherwise be the case	<b>None</b>
Benefits for society as a whole	<b>None</b>
Reduced environmental damage	<b>None</b>
Improved quality of service	<b>None</b>

## When will this change take place?

### Implementation date:

This modification proposal should be implemented on the 1 April 2022.

### Date decision required by:

A decision is required by 31 August 2021 as this will allow the definitions proposed within CMP368 to be adopted by NGENSO when setting tariffs for the 2022/23 charge year.

### Implementation approach:

NGESO will use the definitions within CMP368 thereby altering the amount that the Adjustment Tariff for Generators and residual charge for Suppliers recovers from April 2022.

## Interactions

There is an interaction between this modification and CMP368 which looks to update the CUSC to establish the definition of 'GB Generation Output' and define the Generator charges used within the compliance calculation. This is required by NGENSO for the purpose of compliance with the Limiting Regulation. As such we recommend that these Proposals progress alongside each other to ensure alignment in terms of the definitions used within the calculations.

This modification is not expected to impact on the EBGL Article 18 T&Cs<sup>2</sup>

## Acronyms, key terms and reference material

Acronym / key term	Meaning
CUSC	Connection and Use of System Code
EBGL	Electricity Balancing Guideline
GO	Generation Output
NGESO	National Grid Electricity System Operator
TNUoS	Transmission Network Use of System

### Reference material:

[https://www.ofgem.gov.uk/system/files/docs/2020/12/cmp317327\\_decision\\_171220.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/12/cmp317327_decision_171220.pdf)

<sup>2</sup> 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.