

## CUSC Modification Proposal Form

# CMP288: Explicit charging arrangements for customer delays and backfeeds

**Overview:** To introduce explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User initiated delay to the Completion Date of the works, or to facilitate a backfeed.

## Modification process & timetable

1	<b>Proposal Form</b> 12 February 2018
2	<b>Workgroup Consultation (1)</b> 11 January 2019 – 31 January 2019
2	<b>Workgroup Consultation (2)</b> 21 March 2022 – 11 April 2022
3	<b>Workgroup Report</b> 16 June 2022
4	<b>Code Administrator Consultation</b> 04 July 2022 – 25 July 2022
5	<b>Draft Final Modification Report</b> 18 August 2022
6	<b>Final Modification Report</b> 09 September 2022
7	<b>Implementation</b> 10 days following decision

**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: Electricity Transmission Owners; Developers requiring new generation, interconnector or demand connections.

Low impact: Parties paying TNUoS.

<b>Proposer's recommendation of governance route</b>	Standard Governance modification with assessment by a Workgroup	
<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Kenneth Doyle <a href="mailto:Kenneth.Doyle@nationalgrideso.com">Kenneth.Doyle@nationalgrideso.com</a> 07814 062030	<b>Code Administrator Contact:</b> Jennifer Groome <a href="mailto:Jennifer.Groome@nationalgrideso.com">Jennifer.Groome@nationalgrideso.com</a> 07966130854

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## What is the issue?

There are currently no explicit charging arrangements to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of transmission works undertaken early due to a User requested delay to the Completion Date of the works or backfeed.

Section 14.4 of the CUSC provides for one-off charges to be recovered by the SO where the transmission licensee is required to carry out one-off works. The charging methodologies do not explicitly state that costs incurred as a result of a delay to a contracted Completion Date or a backfeed requested by a customer are included in these charges.

Section 14.15 (e.g. 14.15.130) states the total amount to be recovered through TNUoS. Additional TO costs resulting from delays or backfeed provision are recovered through TNUoS. No mechanism currently exists within the CUSC to ensure these costs are funded by the requesting party instead of being recovered through TNUoS.

## Why change?

There are two types of cost a TO may incur upon a delay in a customer's Completion Date or provision of a backfeed:

- i) Incremental costs – additional one-off costs that occur as a direct result of the customer request (e.g. site demobilisation and remobilisation costs); and
- ii) Financing costs – additional costs required in financing spend for additional years due to works being undertaken earlier than they would, should the request not be made. TNUoS paying parties also face additional financing costs as a result of the Totex Incentive Mechanism (TIM).

The CUSC already allows for the SO to recover non-standard incremental costs incurred by TOs as a result of a customer's request via a One-Off Charge. However, the CUSC wording does not explicitly state that this includes the recovery of the above TO costs.

## What is the proposer's solution?

It is proposed that Section 14.4 of the CUSC is amended to explicitly state that incremental costs and financing costs incurred by a TO as a result of a delay can be recovered via a one-off charge. This would add transparency to the existing arrangements, helping Users understand any potential liabilities.

This will result in a relatively simple change to section 14 which clarifies that this is a cost pass through as per each TO's Charging Statement (i.e. NGESO will not alter or change these values calculated by TOs).

ESO will not decide the methodology nor do the calculation but will facilitate discussions regarding calculation errors on a case-by-case basis (including use of existing charging dispute provisions if required).

## Draft legal text

To be developed at Workgroup phase.

## 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>Positive</b>  The proposal removes additional financing costs related to individual customer delays and backfeeds, which removes a potential cross-subsidy between CUSC parties.
(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>Positive</b>  The proposal ensures that the cost of delays and provision of backfeeds is reflected in charges made to the party causing the cost.
(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>Neutral</b>
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b>
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	<b>Positive</b>  Including explicit charging arrangements for one-off incremental costs improves transparency of the CUSC arrangements.

\*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).

By directing financing costs away from TNUoS paying parties (which are in turn funded by consumers) to the delaying parties, should result in a slight reduction in consumer bills.

## When will this change take place?

### Implementation date

10 working days after following a decision by the Authority, as the charging arrangements proposed relate to one-off charges, and adjustments to TNUoS Recovery Requirements in subsequent years' charges.

### Date decision required by

As soon as possible.

### Proposer's justification for governance route

Governance route: Standard Governance modification with assessment by a Workgroup

## Interactions

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

We do not believe that there are any cross-code impacts from this Proposal.

Whilst the change will adjust the total amount to be recovered via TNUoS, it does not affect how the resulting amount is recovered from CUSC parties.

## 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
EBR	Electricity Balancing Regulation
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
TNUoS	Transmission Network Use of System
TO	Transmission Owner
TIM	Totex Incentive Mechanism
SO	System Operator

### Reference material

- None provided.

<sup>1</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 Electricity Balancing Guideline (EBR – 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.