

**CUSC Modification Proposal Form**

# CMP410: Payment Timescales for Monthly Payments

**Overview:** This CUSC modification updates payment timescales for monthly payments where invoices are issued late.



**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** on all CUSC Signatories and the ESO

<b>Proposer’s recommendation of governance route</b>	Self-Governance modification to proceed to Code Administrator Consultation
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<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Nick George <a href="mailto:nick.george@nationalgrideso.com">nick.george@nationalgrideso.com</a> 07973 915455	<b>Code Administrator Contact:</b> Paul Mullen <a href="mailto:paul.j.mullen@nationalgrideso.com">paul.j.mullen@nationalgrideso.com</a> 07794537028
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## What is the issue?

In accordance with CUSC 6.6.1 / 6.6.2, the ESO normally issues invoices for TNUoS (including LDTEC/STTEC) and Connection charges on the 1<sup>st</sup> calendar day of each month, with payment due on the 15<sup>th</sup> calendar day of the same month. However, in the unlikely event that the invoices were to be issued late (e.g. due to an unexpected billing system failure), then under CUSC 6.6.1 the payment due date jumps to the 15<sup>th</sup> calendar day of the following month.

The ESO requires the revenue from TNUoS and Connection charges to make payments to the TOs, OFTOs and other parties. Such a disproportionate delay in receipt of the revenue would cause problems in making the payments to the TO, OFTOs etc.

## Why change?

The ESO is moving to a new billing system, and thus has been reviewing its business continuity plans. The system is designed with reliability in mind, and with enhanced support in case of issues. It continues to be the ESO's intent always to issue invoices on the 1<sup>st</sup> calendar day of the month. However, there is always a risk of a short unplanned system outage, and if this was to occur at the time of invoices being issued, it is possible that invoices could be slightly delayed, for example a day late, which could result in customers delaying payment of their invoices by up to a month.

The largest proportion of TNUoS and Connection charge revenue is paid to TOs and OFTOs, and under STC Section E paragraph 4.3, payment is due by the 16<sup>th</sup> calendar day of the month (or, if later, 15 days from dispatch of invoice).

In order to ensure TOs, OFTOs and other parties can be paid on time, ESO proposes to amend CUSC to better align with STC, such that a one day's delay in issuing invoices would only result in one day's delay in the payment due date, not a whole month.

Note it is not possible for the ESO to issue invoices early, as this would cause VAT issues, as it changes the month in which the VAT liability arises.

## What is the proposer's solution?

ESO proposes that CUSC 6.6.2 is amended, as per the legal text below with changes shown in red text.

## Legal text

6.6.2 **Users** shall pay **Connection Charges** and/or **Use of System Charges** and the **STTEC Charge** and the **LDTEC Charge** and due to **The Company** under the **CUSC** and/or each **Bilateral Agreement** and/or as otherwise notified to the **User** where there is no **Bilateral Agreement**, in accordance with the **CUSC** and/or the **Charging Statements** in the following manner:

- (a) in the case of recurrent monthly charges and the **STTEC Charge** and the **LDTEC Charge** on the later of:
  - (i) 15th day of the month to which the invoiced charges relate; and in which ~~The Company's invoice therefor was despatched (if despatched on the first day of that month) or, in all other cases, on the 15th day of the month following the month in which~~

- (ii) the 14<sup>th</sup> day following the day that The Company's invoice ~~therefor~~ was despatched

unless, in any such case, the said date is not a **Business Day** in which case payment shall be made on the next **Business Day**;

**What is the impact of this change?**

<b>Proposer's assessment against CUSC Non-Charging Objectives</b>	
<b>Relevant Objective</b>	<b>Identified impact</b>
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	<b>Positive</b> This will help ensure that the ESO is able to make payments to other parties as required by its licence.
(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;	<b>Neutral</b> No impact on competition
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b> No impact
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive</b> This will ensure the collection of charges is not disproportionately delayed in the event of a small delay in issue of invoices.
*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.	

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	<b>Neutral</b>
Lower bills than would otherwise be the case	<b>Neutral</b>
Benefits for society as a whole	<b>Neutral</b>
Reduced environmental damage	<b>Neutral</b>
Improved quality of service	<b>Positive</b> This change will help ensure there are no delays in making payments to TOs, OFTOs and other parties.

**When will this change take place?**

**Implementation date**

16 May 2023

**Date decision required by**

CUSC Panel on 31 March 2023

**Implementation approach**

N/A

**Proposer’s justification for governance route**

Governance route: Self-Governance modification to proceed to Code Administrator Consultation

This is an administrative modification that has minimal materiality and therefore meets Self-Governance criteria. Given that the changes are immaterial a Workgroup should not be necessary and propose this goes straight to Code Administrator Consultation.

**Interactions**

- Grid Code
- European Network Codes
- BSC
- EBR Article 18 T&Cs<sup>1</sup>
- STC
- Other modifications
- SQSS
- Other

No interaction on other Codes.

**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
ESO	Electricity System Operator
LDTEC	Long Duration Transmission Entry Capacity
OFTO	Offshore Transmission Owner
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
STTEC	Short Term Transmission Entry Capacity
T&Cs	Terms and Conditions
TO	Transmission Owner

**Reference material**

- None

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<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.