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Dear Trisha,

**Authority decision to send back Connection and Use of System Code (CUSC) Modification Proposal CMP379 'Determining TNUoS demand zones for transmission – connected demand at sites with multiple Distribution Network Operators (DNOs).'**

On 9 September 2021, National Grid ESO raised CUSC Modification Proposal (CMP) 379 ('Determining TNUoS demand zones for transmission – connected demand at sites with multiple Distribution Network Operators (DNOs)'). The CUSC Panel subsequently submitted a Final Modification Report (FMR)<sup>1</sup> to us on 8 March 2023. We have decided that we cannot form an opinion on CMP379 based on the FMR submitted and we therefore direct that the FMR is revised and resubmitted.

**Context**

The FMR for CMP379 came to us ("the Authority"<sup>2</sup>) for a decision on 8 March 2023. We note that the Proposal is intended to update Section 14 of the CUSC to clarify how the Transmission Network Use of System (TNUoS) demand zones and therefore TNUoS demand tariffs and charges should be determined for transmission-connected demand users who connect at the boundaries of multiple DNO areas.

The reason we have decided to send back the Proposal is that we are unable to form an opinion on it due to an inconsistency between the proposed solution (as described in the FMR) and the corresponding legal text. Our reasons are set out in more detail below.

**Reasons for send back**

The FMR presents the 'Proposer's solution' on page 4 of the document. It suggests that where a Grid Supply Point (GSP) connects to and feeds multiple DNO networks, the DNO

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<sup>1</sup> [CMP379 Final Modification Report I National Grid ESO](#)

<sup>2</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

with the highest local net demand value at that GSP (determined by the DNO 'week 24' demand forecast data used within the transport model) should be classed as the 'predominant DNO' for that GSP. Subsequently, if a transmission connected demand user is then connected to this GSP, the solution suggests that it is assigned (for TNUoS tariff and invoicing purposes) to the demand zone associated with the 'predominant DNO' at the site. This 'predominant DNO' approach is also proposed in the CMP379 CUSC Modification Proposal Form<sup>3</sup> and the Code Administrator's Consultation<sup>4</sup>.

Nevertheless, at page 5 of the FMR, the report mentions that the Proposer decided to amend their original solution. At a Workgroup meeting, the ESO was asked to consider the use of an alternative methodology using an average (i.e. rather than assigning a user based on the 'predominant DNO' approach, TNUoS charges would instead be reflective of the average of the zonal prices used for each demand zone/GSP Group). The ESO and Workgroup members agreed that this was a more effective solution. Consequently, the legal text reflects this amended proposal.

The Code Administrator Consultation was published on the 4<sup>th</sup> of January 2023 and proceeded on the basis of the 'predominant DNO' solution, with the accompanying legal text being that for the amended 'weighted average' solution.

Owing to this discrepancy, it is unclear to us whether Workgroup voting proceeded on an understanding that the solution was the 'predominant DNO' solution or 'weighted average' solution. Further, we consider industry may not have been appropriately consulted on the amended Proposal. We also have insufficient clarity as to the intention of the Proposer and the comments of voting parties in respect of this CUSC Modification Proposal. This has prevented us from being able to form an opinion as to its relative merits.

We expect the Code Administrator and the CUSC Panel to actively identify such inconsistencies in future given the administrative burden associated with a send-back procedure which could otherwise have been avoided.

## **Direction**

In view of these deficiencies in the FMR and associated annexes, we cannot properly form an opinion on the Proposal.

We consider it necessary that the solution is clarified and the legal text updated as necessary to reflect that position. Once clarified, we expect further Code Administrator Consultation to be carried out and for a further FMR to be prepared. After addressing these issues, the CUSC Panel should re-submit it to us for decision as soon as practicable.

Yours sincerely,

Harriet Harmon

Head of Electricity Transmission Charging, Energy Systems Management & Security  
Duly authorised on behalf of the Authority

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<sup>3</sup> [CUSC Modification Proposal Form](#).

<sup>4</sup> [Code Administration Consultation](#).