

CUSC Alternative Form**CMP286 & CMP287: Improve TNUoS predictability through increased notice of the Target Revenue (CMP286) and inputs (CMP287) used in the TNUoS Tariff Setting Process**

Overview: NGESO wish to raise an alternative to the CMP286/287 Original solution, where the relevant costs borne by The Company as defined in the Transmission Licence are not locked down 15 months ahead of the TNUoS tariffs going live. The original solution looks to fix all revenue and demand charging inputs 15 months ahead of the applicable charging year.

Proposer: Nicola White, National Grid Electricity System Operator (NGESO)

Contents

- **What is the proposed alternative solution?**
 - Difference between this and the Original Proposal
- **What is the impact of this change?**
- **When will the change take place?**
- **Acronyms, key terms and reference material**

What is the proposed alternative solution?

NGESO wish to raise an alternative to the CMP286/287 Original solution, where the relevant costs borne by The Company as defined in Transmission Licence are not locked down 15 months ahead of the TNUoS tariffs going live. The original solution looks to fix all revenue and demand charging inputs 15 months ahead of the applicable charging year.

The proposed solution will impact Section 14 (charging section) of the CUSC. Sections impacted within Section 14 for this alternate solution will be the same as the Original solution.

What is the difference between this and the Original Proposal?

The original solution looks to fix revenue and demand charging inputs 15 months ahead of the applicable 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; | Positive/Negative/None: Positive The solution removes the cashflow risk from NGESO. In addition, a like for like comparison can be made between Suppliers and TOs risk premia. The TOs should know more about their future revenue requirements (compared to Suppliers) and therefore should result in a lower risk premia due to a smaller forecasting error. |
| (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); | Positive/Negative/None: Positive For reasons described as (a) |
| (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 | Positive/Negative/None: None |

| | |
|--|--|
| account of the developments in transmission licensees' transmission businesses; | |
| (d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and | Positive/Negative/None: None |
| (e) Promoting efficiency in the implementation and administration of the system charging methodology. | Positive/Negative/None: Negative The solution is more complex and adds more processes into the methodology. |
| *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). | |

When will this change take place?

Implementation date:

As the original solution, 1 December 2023 for 1 April 2025 charging year

Implementation approach:

As the Original solution: the revenue and demand charging inputs would be required to be fixed during Dec-23 for setting tariffs for two charging years Apr-24 and Apr-25. (During Dec-24, revenue and demand charging inputs would be required to be fixed for setting tariffs for charging year Apr-26.) To support implementation, a decision will be required by Ofgem by 31 October 2023. STC Modification and any licence changes will need to be progressed and completed ahead of Dec-23.

Acronyms, key terms and reference material

| Acronym / key term | Meaning |
|--------------------|--|
| CUSC | Connection and Use of System Code |
| NGESO | National Grid Electricity System Operator |
| STC | System Operator Transmission Owner Code |
| TNUoS | Transmission Network Use of System Charges |
| TO | Transmission Owner |

Reference material:

None