

CUSC Modification Proposal Form		
<div><h3>CMP438: Clarification of Illustrative Example of a TNUoS Demand Reconciliation</h3><p><b>Overview:</b> This modification is to make some minor clarifications and corrections to the Connection and Use of System Code (CUSC) paragraph 14.25, which provides an illustrative example of a Transmission Network Use of System charge (TNUoS) demand reconciliation. It does not affect users' charges.</p></div>		<div><h4>Modification process &amp; timetable</h4><div><div>1</div><div>Proposal Form 10 June 2024</div></div><div><div>2</div><div>Code Administrator Consultation 09 July 2024 - 30 July 2024</div></div><div><div>3</div><div>Draft SG Final Modification Report 15 August 2024</div></div><div><div>4</div><div>Final SG Modification Report 27 August 2024</div></div><div><div>5</div><div>Appeals Window 04 September 2024 - 25 September 2024</div></div><div><div>6</div><div>Implementation 03 October 2024</div></div></div>
<p><b>Status summary:</b> The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</p>		
<p><b>This modification is expected to have a: Low impact</b></p> <p>Suppliers, Embedded Generators, Electricity System Operator (ESO)</p>		
<p><b>Proposer's recommendation of governance route</b></p>	<p>Self-Governance modification to proceed to Code Administrator Consultation</p>	
<p><b>Who can I talk to about the change?</b></p>	<p><b>Proposer:</b></p> <p>Nick George nick.george@nationalgrideso.com 07973 915455</p>	<p><b>Code Administrator Contact:</b></p> <p>Claire Goult Claire.goult@nationalgrideso.com 07938 737807</p>

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## What is the issue?

The TNUoS demand reconciliation process is described in CUSC Section 3.13.4 - 3.13.8 and CUSC Section 14.17.23 - 14.17.31. CUSC Section 14.25 provides an illustrative example of a TNUoS demand reconciliation.

Improvements to CUSC Section 14.25 could be made to provide better clarity:

- The sub-section illustrating the initial demand reconciliation of Transmission Demand Residual (TDR) charges does not actually show a reconciliation, by comparing the original billed amount against the latest calculated charge.
- CUSC Section 3.13.6(b) requires that interest is applied to the demand reconciliation process generally (which can be a credit or a charge). However, in the example in CUSC Section 14.25, the sub-section illustrating the initial demand reconciliation of TDR charges does not expressly mention interest.
- There are some minor amendments required to CUSC Section 14 which are unlikely to have any material effect.

This modification does not change the charging methodology, it just provides a clarification of the illustrative example of the billing process.

This issue was presented at the Transmission Charging Methodology Forum on 4 April 2024.

## Why change?

CUSC Section 14.25 is intended to help Users understand how the TNUoS demand reconciliation process is performed. It is currently not as clear as it could be in supporting parties to understand how the process is applied. This solution provides clarity to Users on the TNUoS demand reconciliation process, avoiding potential questions and disputes.

## What is the proposer's solution?

Updates are required to CUSC Section 14.25 to address the issues described above. Here is a summary of the changes:

- At the start of Section 14.25, where it illustrates the initial monthly billing during the charging year, an example has been added for TDR billing, which was missing previously (it only illustrated HH and NHH billing previously).
- Update to the paragraphs dealing with the TDR element of the initial demand reconciliation, so that it actually illustrates a reconciliation (i.e. by taking the difference in charge from latest site count data compared to that used for within-year billing).
- Inclusion of a statement that interest is applied to the TDR reconciliation amount in the initial demand reconciliation.
- Update to the paragraphs dealing with the final demand reconciliation, again so they illustrate the effect of a further update to TDR site count data.
- Corrections to a few items in the original text e.g.:
  - the total in the last column of the first table in Section 14.25 was wrongly shown as £297,000 when it should have been £285,000.
  - the latest Embedded Export quantity in the initial demand reconciliation said 700kW in the text but 500kW was used in the formula.

Note the values in this section are purely illustrative – the absolute values do not matter, it is most important they are used consistently through the illustrative example.

**Draft legal text**

See Annex 1.

**What is the impact of this change?****Proposer's assessment against CUSC Charging Objectives**

<b>Relevant Objective</b>	<b>Identified impact</b>
(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>Neutral</b>  No impact
(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>Neutral</b>  This modification does not change the charging methodology, it just provides a clarification of the billing process.
(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>  No impact
(d) 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
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	<b>Positive</b>  This solution provides clarity to users on the TNUoS demand reconciliation process, avoiding potential questions and disputes.

\*\*The Electricity Regulation referred to in objective (d) 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> No impact
Lower bills than would otherwise be the case	<b>Neutral</b> No impact
Benefits for society as a whole	<b>Neutral</b> No impact
Reduced environmental damage	<b>Neutral</b> No impact
Improved quality of service	<b>Neutral</b> No impact

When will this change take place?

**Implementation date**  
03 October 2024

**Date decision required by**  
Given the overarching obligation in CUSC Section 3.13.6 to apply interest, and CUSC Section 14.25 is included for illustrative purposes. The earlier it can be approved, the earlier CUSC Section 14.25 can be clarified to help Users.

**Implementation approach**  
No changes required to systems or process. The ESO will be applying interest in the initial demand reconciliation in June 2024, as per the proposal.

**Proposer’s justification for governance route**  
Governance route: Self-Governance modification to proceed to Code Administrator Consultation

This is a minor non-material change to a paragraph that provides an illustrative example of a TNUoS demand reconciliation. It does not amend the main provisions relating the TNUoS demand reconciliation process which are set out elsewhere in CUSC.

Interactions

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

No interactions

<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.

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
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TDR	Transmission Demand Residual
TNUoS	Transmission Network Use of System charge
T&Cs	Terms and Conditions

Annexes

Annex	Information
Annex 1	Legal Text