

## Draft Final Self-Governance Modification Report

# CMP438: Clarification of Illustrative Example of a TNUoS Demand Reconciliation

**Overview:** 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.

### Modification process & timetable



**Have 15 minutes?** Read the full [Draft Final SG Modification Report](#)

**Have 30 minutes?** Read the full Draft Final SG Modification Report and Annexes.

**Status summary:** The Draft Final SG Modification Report has been prepared for the determination vote at Panel.

**Panel determination:** The Panel will meet on 23 August 2024 to carry out their determination vote.

**This modification is expected to have a: **Low impact**** Suppliers, Embedded Generators, Electricity System Operator (ESO)

**Governance route** Self-Governance modification which proceeded to Code Administrator Consultation

**Who can I talk to about the change?**

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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 04 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 solution?

### 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.

### Legal text

The legal text for this change can be found in Annex 3.

## 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>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 against the Applicable Objectives

#### Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
a) Improved safety and reliability of the system	<b>Neutral</b> No impact
b) Lower bills than would otherwise be the case	<b>Neutral</b> No impact
c) Benefits for society as a whole	<b>Neutral</b> No impact

d) Reduced environmental damage	<b>Neutral</b> No impact
e) Improved quality of service	<b>Neutral</b> No impact

**Code Administrator Consultation Summary**

The Code Administrator Consultation was issued on the 09 July 2024 closed on 30 July 2024 and received 0 responses.

**Panel Determination Vote**

The Panel will meet on the 23 August 2024 to carry out their determination vote. They will assess whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

**Vote 1:** Does the Original, facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Andrew Enzor, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Andy Pace, Consumers' Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Binoy Dharsi, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

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Panel Member: **Daniel Arrowsmith, ESO Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Garth Graham, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Joe Colebrook, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Joseph Dunn, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

**Panel Member: Kyran Hanks, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

**Panel Member: Paul Jones, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original						
Voting Statement						

**Vote 2 – Which option best meets the Applicable Objectives?**

Panel Member	Best Option	Which objectives does this option better facilitate? (If baseline not applicable).
Andrew Enzor		
Andy Pace		
Binoy Dharsi		
Daniel Arrowsmith		
Garth Graham		
Joe Colebrook		
Joseph Dunn		
Kyran Hanks		
Paul Jones		

**Panel conclusion**

Panel will meet on 23 August 2024 to carry out their determination vote.

**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.

**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 type="checkbox"/> Other |

No interactions.

**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	Proposal form
Annex 2	Self-Governance statement
Annex 3	Legal Text

<sup>1</sup> If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – 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.