






CUSC Modification Proposal Form		At what stage is this document in the process?												
<h1 style="color: #00a651;">CMP325</h1> <p style="color: #00a651;">Mod Title: Rezoning – CMP324 expansion</p>		<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #00a651; color: white; border-radius: 5px;">01</td> <td style="background-color: #00a651; color: white; border-radius: 5px;">Proposal Form</td> </tr> <tr> <td style="border-radius: 5px;">02</td> <td style="border-radius: 5px;">Workgroup Consultation</td> </tr> <tr> <td style="border-radius: 5px;">03</td> <td style="border-radius: 5px;">Workgroup Report</td> </tr> <tr> <td style="border-radius: 5px;">04</td> <td style="border-radius: 5px;">Code Administrator Consultation</td> </tr> <tr> <td style="border-radius: 5px;">05</td> <td style="border-radius: 5px;">Draft CUSC Modification Report</td> </tr> <tr> <td style="border-radius: 5px;">06</td> <td style="border-radius: 5px;">Final CUSC Modification Report</td> </tr> </table>	01	Proposal Form	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification Report	06	Final CUSC Modification Report
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<p>Purpose of Modification: The ESO has written a Cusc Modification Proposal (CMP) (324) to alter the manner in which rezoning is carried out within Section 14 of CUSC. This CMP proffers an alternative defect, better enabling the issue to be explored by a Workgroup</p>														
	<p>The Proposer recommends that this modification should be: assessed by a Workgroup with Ofgem decision</p> <p>Further, the Proposer believes this CMP should be amalgamated by the Panel with CMP324 such that the two CMPs can be assessed together in one Workgroup.</p> <p>This modification was raised 7 October 2019 and will be presented by the Proposer to the Panel on 25 October 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>													
	<p>High Impact: Generators liable for TNUoS</p>													

Contents																			
1	Summary	4																	
2	Governance	4																	
3	Why Change?	5																	
4	Code Specific Matters	5																	
5	Solution	5																	
6	Impacts & Other Considerations	5																	
7	Relevant Objectives	6																	
8	Implementation	6																	
9	Legal Text	6																	
10	Recommendations	7																	
Timetable																			
<p>The Code Administrator recommends the following timetable: <i>(to be agreed following 1st Workgroup)</i></p> <table border="1"> <tbody> <tr> <td>Initial consideration by Workgroup</td> <td>dd month year</td> </tr> <tr> <td>Workgroup Consultation issued to the Industry</td> <td>dd month year</td> </tr> <tr> <td>Modification concluded by Workgroup</td> <td>dd month year</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>dd month year</td> </tr> <tr> <td>Code Administration Consultation Report issued to the Industry</td> <td>dd month year</td> </tr> <tr> <td>Draft Final Modification Report presented to Panel</td> <td>dd month year</td> </tr> <tr> <td>Modification Panel decision</td> <td>dd month year</td> </tr> <tr> <td>Final Modification Report issued to the Authority</td> <td>dd month year</td> </tr> <tr> <td>Decision implemented in CUSC</td> <td>dd month year</td> </tr> </tbody> </table>		Initial consideration by Workgroup	dd month year	Workgroup Consultation issued to the Industry	dd month year	Modification concluded by Workgroup	dd month year	Workgroup Report presented to Panel	dd month year	Code Administration Consultation Report issued to the Industry	dd month year	Draft Final Modification Report presented to Panel	dd month year	Modification Panel decision	dd month year	Final Modification Report issued to the Authority	dd month year	Decision implemented in CUSC	dd month year
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 **Any questions?**


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Proposer Details

Details of Proposer: (Organisation Name)	National Grid ESO
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Harriet Harmon National Grid ESO 079711180392 Harriet.harmon@nationalgrideso.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Eleanor Horn National Grid ESO 07966186088 Eleanor.horn@nationalgrideso.com
Attachments - No	

1 Summary

Defect

14.15.37 of CUSC requires that the ESO establishes generation charging zones to be used during each price control period; the next price control period for transmission commences on 1st April 2021.

14.15.42 of CUSC details how zones are determined. There are currently 27 generation charging zones. Applying the current CUSC methodology to zoning for the next price control period will result in approximately 50 zones, changing again in 3-5 years based on the shorter duration of the next price control period. This is likely to lead to significant investment uncertainty and tariff disturbances for TNUoS-liable generation.

The methodology in CUSC underpinning the approach to rezoning should be changed such that it provides a greater degree of certainty in long-term investment signals.

What

14.15.42 - 14.15.45 relate to generation zoning. In practice, zones are set by reference to the expansion constant & expansion factors, the security factor and the output of the nodal Transmission Network Use of System (TNUoS) tariff. To be classed as a single zone, the total marginal cost of (generation connecting at) each node should be within +/-£1.00/kW across the zone. This value is not index-linked.

The above paragraphs should be changed such that there is a new methodology underpinning zoning. CMP324 seeks to change the same paragraphs and provisions but restricts the potential solutions by stating that the zones should be aligned across demand and generation, and that they should be fixed. This precludes what would be valid alternatives from being raised.

Why

The Proposer believes that locational TNUoS tariffs should reflect the relative Long Run Marginal Cost (LRMC) of the building and maintenance of the transmission system, and that tariffs should therefore provide long-term investment signals to the parties connecting. Whilst tariffs do change year-on-year, it is likely that maintaining the status quo in relation to rezoning will lead to greater volatility in Generator TNUoS than would occur if the methodology underpinning zoning were more likely to lead to fairly static zones over the longer term.

How

The Proposer of this CMP agrees with the proffered solution under CMP324.

2 Governance

Justification for Normal Procedures

It would not be appropriate for this modification to proceed without a Workgroup. There are multiple potential solutions to the Defect, and the Proposer is of the view that its proffered solution would have a material

effect on generation users which should be discussed within a Workgroup environment. An Authority decision is needed owing to the potential effect on users' charges.

Requested Next Steps

This modification should be assessed by a Workgroup, but the Proposer requests that the Panel agree that this CMP should be worked on jointly with CMP324 such that the two are assessed by the same Workgroup.

3 Why Change?

The Proposer believes that locational TNUoS tariffs should reflect the relative LRMC of the building and maintenance of the transmission system, and that tariffs should therefore provide long-term investment signals to the parties connecting. Whilst tariffs do change year-on-year, it is likely that maintaining the status quo in relation to rezoning will lead to greater volatility in Generator TNUoS than would occur if the methodology underpinning zoning were more likely to lead to fairly static zones over the longer term.

4 Code Specific Matters

Technical Skillsets

Familiarity with Generator TNUoS arrangements including current zoning approach

Reference Documents

CMP324

5 Solution

The Proposer believes that the solution in CMP324 is preferable but has raised this CMP to ensure a Workgroup can fully assess the modification and any alternative approaches.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No, this CMP is affected by the Access and Forward-Looking Charges SCR but does not affect it.

Consumer Impacts

Demand TNUoS tariffs are not affected by this CMP. The effect on consumers is arguably similar to that under CMP324 but this CMP enables additional solutions which may lead to an approach to zoning which provides greater consumer benefits than that CMP.

7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

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 – this CMP will provide greater long-term certainty to Generator Users through more static zones
(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);	None
(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;	None
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None (against the baseline however this is incrementally better than CMP324 given it allows a Workgroup to develop multiple solutions)

*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).

8 Implementation

This CMP should be implemented on 1 April 2021.

9 Legal Text

None has been provided by the Proposer on the basis that multiple approaches to rezoning can deliver a valid solution.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to refer this CMP to a Workgroup, specifically the same Workgroup as is assessing CM324.