

Changes to section 14 of the CUSC are proposed as follows (please note that additions are shown in **blue and underlined**, deletions are shown in **red with strikethrough**):

CUSC - SECTION 14

14.15 Derivation of the Transmission Network Use of System Tariff

The Expansion Constant

14.15.68	This process is carried out for each voltage onshore, along with other adjustments to take account of upgrade options, see 14.15.73, and normalised against the 400KV overhead line cost (the expansion constant) the resulting ratios provide the basis of the onshore expansion factors. The process used to derive circuit expansion factors for Offshore Transmission Owner networks is described in 14.15. 7880 .
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Offshore Circuit Expansion Factors

14.15.81	<p>In the first year <u>that the offshore transmission assets are transferred to the Offshore Transmission Owner</u> of connection, the offshore circuit expansion factor would be calculated as follows:</p> $\frac{CRevOFTO1}{L \times CircRat} \div \text{Onshore 400kV OHL Expansion Constant}$ <p>Where:</p> <p>CRevOFTO1 = The offshore circuit revenue in £ for Year 1 L = The total circuit length in km of the offshore circuit CircRat = The continuous rating of the offshore circuit</p>
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14.15.84	<p>Prevailing OFFSHORE TRANSMISSION OWNER specific expansion factors will be published in this statement <u>The Company's Statement of Use of System Charges which is available from the Charging website</u>. These shall be recalculated at the start of each price control period using the formula in paragraph 14.15.7482. For each subsequent year within the price control period, these expansion factors will be adjusted by the annual Offshore Transmission Owner specific indexation factor, <i>OFTOInd</i>, calculated as follows;</p> $OFTOInd_{t,f} = \frac{OFTORevInd_{t,f}}{RPI_t}$ <p>where:</p>
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	$OFTOInd_{t,f}$	=	the indexation factor for Offshore Transmission Owner f in respect of charging year t ;
	$OFTORevInd_{t,f}$	=	the indexation rate applied to the revenue of Offshore Transmission Owner f under the terms of its transmission licence in respect of charging year t ; and
	RPI_t	=	the indexation rate applied to the expansion constant in respect of charging year t .

Section 14.18 Generation charges

Embedded Transmission Use of System Charges “ETUoS”

14.18.25	The ETUoS charges are a component of Use of System charges levied on offshore generators whose offshore transmission connection is embedded in an onshore distribution network. The charge relates to the provision and use of the onshore distribution network.
14.18.26	The main purpose of ETUoS charges is to pass through the charges that are levied by the DNO on the NETSO to the offshore generator(s). This charge, known as the ETUoS_{DNO} charge , reflects the charges levied by the DNO for the costs of any works on and use of the DNO network in accordance with the DNO’s charging statements and will include, but is not limited to, upfront charges and capital contributions in respect of any works as well as the ongoing and annual Use of System charges for generation connected to the distribution network.
14.18.27	In the case of some relevant transitional offshore generation projects, ETUoS will also be used to pass through historic DNO capital contributions forming part of the Offshore Transmission Owner tender revenue stream, this is known as the ETUoS_{OFTO} tariff . i) The ETUoS_{OFTO} tariff shall be the ratio of the Offshore Transmission Owner revenue (£) associated with DNO capital contributions and the Transmission Entry Capacity (TEC) of the generation connected to the offshore substation.

ii) In the year of asset transfer to the OFTO, the ETUoS_{OFTO} tariff would be calculated as follows:

$$\frac{DNRevOFTO1}{TEC}$$

Where:

DNRevOFTO1 = The offshore revenue associated to DN capital contributions, in £, for Year 1
TEC = the Transmission Entry Capacity of the generation connected to the offshore substation

iii) In all subsequent years, the ETUoS_{OFTO} tariff would be calculated as follows:

$$\frac{AvDNRevOFTO}{TEC}$$

Where:

AvDNRevOFTO = The annual offshore revenue associated to
DN capital contributions averaged over the remaining years of the National Electricity Transmission System Operator (NETSO) price control, in £
TEC = the Transmission Entry Capacity of the generation connected to the offshore substation

iv) ETUoS_{OFTO} tariffs shall be reviewed at the start of every onshore price control period. For each subsequent year within the price control period, these shall be inflated in the same manner as the associated Offshore Transmission Owner Revenue.

14.18.28

The specific nature of the ETUoS_{DNO} charge and the payment profile for these will depend upon the charging arrangements of the relevant DNO and reference should be made to the relevant DNO's charging statement. In terms of applicable transitional offshore generation projects the ETUoS_{OFTO} payment profile will be consistent with the recovery of the Offshore Transmission Owner revenue stream, and paragraph 14.18.27.

14.18.29

Where a DNO's charge relates to more than one offshore generator, the related ETUoS_{DNO} charge will represent a straight pass through of the distribution

	charge specific to each relevant offshore generator. Where specific information is not available, charges will be pro-rated based on the TEC of the relevant offshore generators connected to that offshore network.
14.18.30	Invoices for ETUoS _{DNO} charges shall be levied by The Company on the offshore generator as soon as reasonably practicable after invoices have been received by The Company for payment such that The Company can meet its payment obligations to the DNO. The initial payments and payment dates will be outlined in a User's Construction Agreement and/or Bilateral Agreement.
14.18.31	As the ETUoS _{DNO} charges reflect the DNO charges to The Company, such charges will be subject to variation when varied by the DNO. Where the User disputes regarding the ETUoS _{DNO} charge please note that this will result in a dispute between The Company and DNO under the DCUSA.