

CUSC Alternative Form

CMP357 WACM1:

To improve the accuracy of the TNUoS Locational Onshore Security Factor for the RIIO2 Period

Overview: To set out in the CUSC that the Locational Onshore Security Factor will be expressed to 1 decimal place for the entirety of a Price Control period (recognising the ability for another Modification to be raised and approved by Ofgem within a Price Control period)

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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?

Clarify in the CUSC that when the Locational Onshore Security Factor is calculated it will be expressed to 1 decimal place for the entirety of a Price Control period. This recognises that there is no barrier to a subsequent Modification from being raised and approved by Ofgem within a Price Control period to change the calculation for the remaining years of that Price Control.

This clarifies the baseline and allows a subsequent non urgent and more considered modification to be raised to review the accuracy of the Locational Onshore Security Factor and determine whether it is justified to express it to a higher number of decimal places.

This is necessary as there are a number of questions around the accuracy of the present factor, such as why it appears to have become less stable in recent years, the precise form of regression carried out to determine it, the background and input data used for the calculation, plus the averaging which takes place over the period of the price control. It has not been possible to assess these issues under the urgent timescales for CMP357 and they should be addressed before the current practice of the last 17 charging years is altered.

What is the difference between this and the Original Proposal?

The original expresses the Locational Onshore Security Factor to 8 decimal places.

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: Providing more certainty as to the number of decimal places to be used is beneficial to competition
(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: Retains current practice so does not change cost reflectivity.
(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 *; and	None
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive: Marginally beneficial as it provides clarity to ESO as to what it should be doing in this respect.
*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:

April 2021

Implementation approach:

No change to systems or processes. Just a legal text change.

Acronyms, key terms and reference material

Acronym / key term	Meaning
ESO	Electricity System Operator

Reference material:

Not applicable