

Code Administrator Consultation

CMP360: Aligning Section 14 of the CUSC ‘Balancing Services Use of System Charging Methodology’ to the licence changes introduced by RIIO-2 in respect of the ‘System Operator Revenue Restriction’

Overview: Currently, Section 14 of CUSC uses various formulae and definitions for the calculation of the External and Internal Balancing Services Use of System (BSUoS) charge for each Settlement Period. With the RIIO-2 Final Determination from Ofgem, elements of the System Operator Revenue Restriction formulae have changed and so the CUSC needs to be revised accordingly to align with the updated licence conditions.

Modification process & timetable



Have 5 minutes? Read our [Executive summary](#)

Have 20 minutes? Read the full [Code Administrator Consultation](#)

Have 30 minutes? Read the full [Code Administrator Consultation](#) and Annexes.

Status summary: We are now consulting on this proposed change.

This modification is expected to have a:

Low impact to National Grid Electricity System Operator and those CUSC Users who pay Balancing Services Use of System charges.

**Proposer's
recommendation of
governance route**

The CUSC Panel by majority agreed that this modification should follow the standard governance route and proceed to Code Administrator Consultation.

Who can I talk to about the change?	Proposer: James Stone, National Grid ESO James.Stone@nationalgrideso.com Phone: 07971002704	Code Administrator Contact: Paul Mullen Paul.j.mullen@nationalgrideso.com Phone: 07794537028
How do I respond?	Send your response proforma to cusc.team@nationalgrideso.com by 5pm on 19 February 2021.	

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What is the issue?

The Transmission Licence allows the Electricity System Operator to collect revenue in respect of the Balancing Services Activity through the Balancing Services Use of System (BSUoS) charge.

Currently, the BSUoS charging methodology within Section 14 of the CUSC uses various definitions and formulae to calculate BSUoS charges, specifically;

- External BSUoS Charge for each Settlement Period ($BSUoS_{EXT_{jd}}$); and
- Internal BSUoS Charge for each Settlement Period ($BSUoS_{INT_{jd}}$)

As part of Ofgem's Final Determination on the Electricity System Operator (ESO) RII0-2 price control, the formulae within the Chapter 4: System Operator Revenue Restriction of the new licence special conditions has changed. Therefore, the CUSC needs to be updated to reflect the updated arrangements, including an update to the BSUoS Acronym Definitions in Section 14. These changes need to be approved in time for the new price control period commencing on 1 April 2021.

This modification has been drafted to enact the CUSC Section 14 changes required by the new electricity transmission licence special conditions.

Why change?

The RII0-2 electricity transmission licence special conditions establish the charging restrictions that determine the level of allowed revenue that may be recovered by the ESO, associated with its External and Internal costs in relation to Balancing Services Activity. These new special conditions incorporate updated formulae and definitions used in the calculation of BSUoS charges payable by relevant CUSC Users.

Without this modification there will be misalignment between the CUSC and the new licence conditions introduced by Ofgem as part of RII0-2. This will consequently result in charges to Users who pay BSUoS not being reflective of changes to the ESO's licence.

What is the Proposer's solution?

To change the relevant parts of Section 14 (as shown in Annex 3) so that the definitions and formulae used to calculate External and Internal BSUoS charges for each Settlement Period reflect the methodology used in the ESO licence for RII0-2.

The wording for 'Calculation of the daily External Incentive Payment (IncPayExtd)' will also be updated and any out of date references are also to be removed from the CUSC.

Draft Legal text

See Annex 2.

Annex 3 has also been added to help the reader to quickly identify where the terms introduced by the legal text are referenced in the Licence.

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;	Neutral
(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);	Neutral
(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;	Positive: Updates the CUSC for developments in the Electricity System Operator price control
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive: Updates the CUSC to reflect changes for RII0-2 arrangements

*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).

Impact of the modification on the stakeholder / consumer benefit categories

Proposer's assessment:

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	None
Lower bills than would otherwise be the case	None
Benefits for society as a whole	None
Reduced environmental damage	None
Improved quality of service	None

When will this change take place?

Implementation date:

To be implemented for the RII0-2 price control period from 1 April 2021.

Date decision required by:

A decision is required from CUSC Panel in w/c 1 March 2021 to ensure implementation ahead of 1 April 2021 as a 15 working day Self-Governance Appeals window will need to be opened, after CUSC Panel's decision, ahead of implementation.

Implementation approach:

This modification will amend CUSC Section 14 'The Statement of the Balancing Services Use of System Charging Methodology'.

Interactions

This Modification has no further interactions.

How to Respond?

Code Administrator Consultation questions

- Do you believe that CMP360 Original Proposal better facilitates the Applicable Objectives?
- Do you support the proposed implementation approach?
- Do you have any further comments?

Views are invited on the proposals outlined in this consultation, which should be received by 5pm on **19 February 2021**. Please send your response to cusc.team@nationalgrideso.com using the response pro-forma which can be found on the [modification page](#).

If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid ESO's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response. Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSUoS	Balancing Services Use of System
ESO	Electricity System Operator
RIO-2	The second RIO price control period (2021-2026)

Reference material:

<https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Legal Text
Annex 3	Licence References for CM360 Code Administrator Consultation