Meeting 127

6 October 2022

Transmission Charging Methodologies Forum and CUSC Issues Steering Group

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Agenda

1	Introduction, meeting objectives and review of previous actions **Claire Huxley - NGESO**	10:30 - 10:35
2	Code Administrator update **Paul Mullen - Code Administrator NGESO**	10:35 - 10:45
3	CMP395 Update **Nick Everitt - Code Administrator NGESO**	10:45 - 10:55
4	CMP361 Draft Tariff **Nick Everitt - Code Administrator NGESO**	10:55 - 11:00
5	~~CMP398 – GC0156 Cost Recovery mechanism for CUSC Parties **Garth Graham - SSE**~~	11:00 - 11:10
6	Review of TDR transmission band boundaries **Paul Mott - NGESO**	11:10 - 11:30
7	OTNR Anticipatory Investment (AI) Charging and User Commitment CUSC Modifications **Nitin Prajapati & David Witherspoon**	11:30 - 11:55
8	Non-Final Demand Declarations **Dan Hickman - NGESO**	11:55 - 12:00
9	AOB and Meeting Close **Claire Huxley- NGESO**	12:00 - 12:15

Review of previous actions

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
22-11	Aug 22	CMP392/Interim Guidance note	In terms of the guidance, it would be good to have the current landscape, moving parts and the NGESO position	Joseph Henry		Sept	Open
22-12	Aug 22		Check on the internal appetite for stakeholder event winter outlook / winter preparedness forum and wider aspects.	Claire Huxley	We will continue to engage with industry on winter outlook/preparedness through the Operational Transparency Forum each week. In addition, we held a listening session on the 29th July which we are progressing through the ideas submitted by industry	Sept	Closed

Code Administrator update

Paul Mullen - Code Administrator

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Authority Decisions Summary (as at 4 October 2022)

On 4 May 2021 (last updated 22 July 2022), Ofgem published a table that provides the expected decision date, or date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision here

Modification	What this seeks to achieve	Anticipated Decision Date
CMP288	Explicit charging arrangements for customer delays and backfeeds iro transmission connections	30 November 2022
CMP292	Introduces a cut-off date for changes to the Charging Methodologies	TBC in 2022 - Ofgem still consider this to be low priority.
CMP298	Process for aggregated assessment of Distributed Generators that impact (or may impact) on the National Electricity Transmission System.	30 November 2022
CMP328	Establish the process when any connection triggers a Distribution impact assessment.	30 November 2022 - The Final Modification Report for the associated STC change (CM078) was issued to Ofgem on 7 June 2022.

Authority Decisions Summary (as at 4 October 2022)

Modification	What this seeks to achieve	Anticipated Decision Date
CMP361/CMP362	Introduce an ex-ante fixed volumetric BSUoS tariff set over a total fix and notice period of 14 months (CMP361) and introduce and update required definitions into CUSC section 11 from CMP308 and CMP361 (CMP362)	Ofgem published their minded-to decision consultation on 21 September 2022 and stated they are minded to approve CMP361 WACM5 (CMP361 WACM5 provides a fixed tariff period of 1 year, with 3 months' notice provided to Users ahead of the fixed tariff period and a 5-year BSUoS Fund Recovery) and the CMP362 Original. Minded-to decision consultation closes 19 October 2022 after which Ofgem will assess any responses received, before publishing a final decision.
CMP388	Transmission Demand Residual (TDR) minor clarifications	End October 2022 (previously 30 September 2022)
CMP389	Changes related to Transmission Demand Residual (TDR) band boundaries	End October 2022 (previously 30 September 2022)

Authority Decisions Summary (as at 4 October 2022)

Modification	What this seeks to achieve	Anticipated Decision Date
CMP390	Updating Connection application forms to enable disclosure of information to government for purposes of the National Security and Investment (NSI) Act 2021	3 February 2023
CMP395	Cap BSUoS costs and Defer payment to 2023/24 to protect GB customers	Final Modification Report was sent to Ofgem on 21 September 2022. Decision was expected on 29 September 2022; however, Ofgem confirmed at the Panel on 30 September 2022 that a decision on CMP395 is expected w/c 3 October 2022.

In Flight Modification Updates

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Other key Modification Updates as of 4 October 2022

Modification	What this does?	Latest
CMP286/287	Seeks increased notice of the Target Revenue (CMP286) and inputs (CMP287) used in the TNUoS Tariff Setting Process	Code Administrator Consultation issued 4 October 2022 and will close 5pm on 1 November 2022
CMP304	Enable reforms to commercial Reactive Power services	Further discussions required between Proposer and ESO's Reactive Power team before timeline can be finalised. To be discussed at October 2022 Panel.
CMP311	Change the amount of credit that is allowed to Suppliers under the User Allowed Credit requirements.	Withdrawn 30 September 2022
CMP315/375	Reviewing the calculation of the Expansion Constant & Expansion Factors.	Workgroup Report will be presented to December 2022 Panel – need to finalise solutions.
CMP316	TNUoS Charging Methodology for Co-located Generation	Code Administrator Consultation issued 4 October 2022 and will close 5pm on 1 November 2022 – linked to CMP397
CMP330/374	Allowing new Transmission Connected parties to build Connection Assets	Workgroup Report was planned to be presented to October 2022 Panel; however further delays to finalising the legal text means this is likely to be pushed back and a revised timeline will be presented to October 2022 Panel. Next Workgroup meeting is on 7 October 2022.

Other key Modification Updates as of 4 October 2022

Modification	What this does?	Latest
CMP344	Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology	Awaiting analysis from Proposer before progressing
CMP363/364	TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand (CMP363) and definition changes (CMP364)	Final Modification Report to be issued to Ofgem 12 October 2022
CMP376	Inclusion of Queue Management process within the CUSC	Additional Workgroups needed to finalise Milestone timings and interaction between Milestones and Modification Applications. Revised timeline to be presented to October 2022 Panel. Next Workgroup 21 October 2022.
CMP379	Determining TNUoS demand zones for transmission-connected demand at sites with multiple Distribution Network Operators	Workgroup Consultation opened 23 September 2022 and will close 5pm on 14 October 2022.
CMP384	Apply adjustments for inflation to manifest error thresholds using Indexation	Final Modification Report to be issued to Ofgem 12 October 2022
CMP385	Review of CUSC Section 15 (User Commitment)	Proposer to further develop CMP385 before presenting this and/or additional Modifications to a subsequent meeting of the CUSC Panel

Other key Modification Updates as of 4 October 2022

Modification	What this does?	Latest
CMP392	TNUoS Methodology in accordance with the Limiting Regulation	Next Workgroup on 8 November 2022 given other priorities and will mean a 1 month delay to the Workgroup Report being issued to Panel (March 2023 rather than February 2023) - revised timeline to be presented to October 2022 Panel.
CMP393	Alter the definition of Annual Load Factor with respect to electricity storage, taking into account imports as well as exports.	Next Workgroup 13 October 2022
CMP394	Exempt electricity storage assets in positive Transmission Network Use of System zones from payment of generation charges.	Next Workgroup 13 October 2022
CMP397	Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)	Code Administrator Consultation issued 4 October 2022 and will close 5pm on 1 November 2022 – linked to CMP316
CMP398	GC0156 Cost Recovery mechanism for CUSC Parties	1st Workgroup on 3 November 2022 – to be run in parallel with related Grid Code Modification (GC0156)

For updates on all “live” Modifications please visit our “Modification Tracker” here

2022 Dates

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CUSC 2022 - Panel dates

CUSC	(TCMF) CUSC Development Forum	Modification Submission Date	Papers Day	Panel Dates
January	6	11	18	26
February	3	10	17	25
March	3	10	17	25
April	7	12 (Taking Bank holidays into account)	21	29 (Face to Face Meeting)
May	5	12	19	27
June	31/05 (2nd is bank holiday)	9	16	24
July	7	14	21	29 (Face to Face Meeting)
August	4	11	18	26
September	8	15	22	30
October	6	13	20	28 (Face to Face Meeting)
November	3	10	17	25
December	24/11	1	8	16

CMP395 Update

Nick Everitt - NGESO

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CMP395: Cap BSUoS & defer a portion of costs to the 2023/24 charging year

- Cap of £40/MWh applied to the price in each Settlement Period
- Cap applied from 6th October 2022 to 31st March 2023 or until such a time as the funding limit is reached.
- Deferred total to be recovered in 2023/24 charging year (Gen billed monthly, Final Demand into tariff)
- Limit on the total deferral of £250m
- We will publish capped web prices daily alongside our normal web prices
- Customers billed uncapped values daily as normal
- Credits on a monthly basis for difference between original billed and capped prices
- Calendar below shows the timings of our credits for each settlement month the cap applies
- Comms sent out yesterday evening with further details:- CMP395 Information and Implementation

Scheme Month	Last day of Settlement Month	II Processing Date for last Settlement Day of month	SF Processing Date for last Settlement Day of month	Credit Note Issue Date	Payment Date
Oct-22	31/10/2022	09/11/2022	23/11/2022	02/12/2022	07/12/2022
Nov-22	30/11/2022	08/12/2022	23/12/2022	10/01/2023	13/01/2023
Dec-22	31/12/2022	10/01/2023	25/01/2023	03/02/2023	08/02/2023
Jan-23	31/01/2023	08/02/2023	23/02/2023	06/03/2023	09/03/2023
Feb-23	28/02/2023	08/03/2023	23/03/2023	03/04/2023	06/04/2023
Mar-23	31/03/2023	12/04/2023	27/04/2023	09/05/2023	12/05/2023

CMP361 Draft Tariff

Nick Everitt - NGESO

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What's the same

- Invoiced daily on SF and RF settlement data
- Information provided daily on II settlement data
- 3 day payment terms for invoices
- Chargeable on volume at the BMU level at a price per MWh
- Aggregated at BSC party level for invoicing
- We will continue to provide web prices
- BPA report will see minimum changes, still delivered via SFTP

What's different

- The price/tariff will be fixed rather than changing every settlement period
- Additional to the main tariff there will be a fund tariff
- BSUoS charges will be levied on final demand only
- There will be no change of cost at the RF stage, volume only adjustment
- BCR will be a new report
- We will report regularly on the variance between the recovery and the actual balancing spend
- Tariff forecasts will be produced on a quarterly basis

So what happens now?

- Ofgem response deadline 19th October 2022
- Draft tariff by the end of October + webinar to explain
- Ofgem decision and publication of non confidential responses expected October/November
- We are continuing work on the forecasting model
- Working with our billing system integration team to implement a solution that will be ready for April 2023 go live
- Final Tariff by end of December 2022
- New methodology goes live 1st April 2023
- New system development and integration post go live
- Changeover from existing to new system date tbc

Review of TDR transmission band boundaries

Paul Mott - NGESO

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Background

- CUSC text 14.15.138, that came in with CMP343 WACM2, says : “These (transmission—connected demand TNUoS) Charging Bands will be reviewed by The Company in the same timeframes as the ‘Banding Agent’ described in Section 3 of Schedule 32 of the DCUSA and be implemented effective **from** the beginning of each Onshore Transmission Owner price control period.”
- DCUSA refers to “*On **or before** 31 March in the Regulatory Year (t-3) three years prior to the commencement of the onshore electricity transmission owner price control period (t)*”. This means by 31/3/23.
- The TCR SCR Direction directs that (p.59, section 3.57 para 11) “the boundaries of the charging bands shall be reviewed *at such times as to ensure that the outcome of the review can be implemented at the same time as the next transmission price control takes effect*. As part of each review, charging bands will be recalculated taking account of the SCR Decision Principles and percentiles established for banding”. This text in the Direction does not require the action by 31/3/23.

CMP389 and CUSC 14.15.138

- CMP389 went to Ofgem in August, comprising a review of the band boundaries, but with effect if passed from 1/4/23, not held back until from T3 (1/4/26). Ofgem told CUSC panel 30/9 it aims to decide on this by ~ end October
  - there was concern during the 389 process that Users would not necessarily be aware that their proposed band would be changing, because of the speed of the mod, and the ESO was asked by the Panel to contact affected Users directly to make them aware (which it has done).
- A mod to cause a fresh review of band boundaries by 31/3/23 with its effect delayed until 31/3/26 would need a similar awareness campaign. It wouldn't look good from a predictability and volatility point of view that bands (with material difference between bands) are decided on and then updated **3** times within a couple of years, if there were such a potential mod/review. Given that very little if anything would change between CMP389 and any new analysis undertaken under a potential mod to meet the on or before 31/3/23 deadline, it would not be an efficient use of the ESO's resources or of real benefit to the industry, other than creating confusion and potentially alarm.

Suggested Approach

- We believe that CMP389 comprises the review of banding prior to T3 for the purpose of CUSC 14.15.138. It is likely that prior to T3, a review of the number of bands themselves will have been undertaken, and/or the band boundaries.
- The alternative, which we do not believe is necessary, would be to raise a highly trivial mod to replace the “from” in 14.15.138, with “on or before”, to make still clearer that CMP389 comprised such a review.

OTNR Anticipatory Investment (AI) Charging and User Commitment CUSC Modifications

Nitin Prajapati & David Witherspoon - NGESO

Offshore Transmission Network Review (OTNR):

Overview of Proposed Anticipatory Investment (AI) Charging and User Commitment CUSC Modifications

TCMF (Oct 2022)

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OTNR Update

- Following on from the update provided in July's TCMF, with industry the ESO held a further charging workshop on 26th July and a User Commitment workshop on 23rd August.
- The discussion and feedback from the workshops was valuable and helped obtain views on the various potential options and solutions for code modifications, as well as potential interactions with other live/planned modifications.
- The feedback from the workshops and the written responses received on the Industry Code, Standard and Licence Recommendation Report also helped prioritise the potential OTNR code modifications.
- The ESO are shortly planning to raise the first two CUSC modifications on AI based on Ofgem's 'Consultation on our Minded-to Decision on Anticipatory Investment and Implementation of Policy Changes' published in April 2022:
    - One modification will look to incorporate the AI Cost Gap and the principles for sharing AI and non-AI costs between offshore generators within CUSC section 14 (Charging Methodology).
    - The other modification will look to implement the AI principles from a User Commitment perspective into CUSC section 15 (User Commitment).
- These two AI code modifications are expected to follow the Ofgem final decision on AI once published.
- Further offshore coordination code modifications related to the Charging Methodology are currently planned to follow in the coming months, as per the content discussed in the industry workshops.

Proposed AI Charging Code Modification Overview (1)

- When offshore generators are connecting at different times and sharing the same offshore assets, AI is made by the initial generator to ensure the subsequent generator can connect at a later point in time.
- Ofgem's minded-to decision in April 2022 details changes to AI and introduces the principle of the AI Cost Gap.

AI Cost Gap

- Ofgem's minded-to describes the AI Cost Gap as:

  'The period between the shared asset transfer to the OFTO and the date that the later user connects to the system and starts using the assets funded by the AI, there is a portion of the AI element of the offshore generator TNUoS tariff which will not be paid. However, the equivalent amount will be payable to the OFTO…'

- Ofgem's minded-to decision confirms the AI Cost Gap should be paid by the subsequent generator (later user) when they connect, via TNUoS charges.
- Between OFTO asset transfer and the connection of the subsequent generator(s), consumers would pay for the AI Cost Gap recovered through Transmission Demand Residual Tariffs.
- Subject to the Ofgem decision, this code modification looks to incorporate these principles into CUSC section 14.

Proposed AI Charging Code Modification Overview (2)

Remaining AI costs and Non-AI costs

- The AI Cost Gap considers the period between OFTO transfer and the subsequent generator connecting, therefore only covers a portion of the AI.
- So, subject to the Ofgem decision, this code modification also considers how the remaining AI will be paid along with the Non-AI element.
- If AI is calculated (by Ofgem) in a way which already allocates a portion of the cost of the shared assets which are utilised by both offshore generators into the AI value and a portion of the shared costs into the Non-AI value, then:
    - We expect that the initial generator will pay for the Non-AI value and the subsequent generator will pay for the AI value, both via their local TNUoS charges.
- However, if these costs are not included in the AI value and therefore the Non-AI value is the total Non-AI shared costs, then two options are considered:
    - Option 1 - The subsequent generator pays for AI component in full and both the subsequent and initial generator share the costs of the Non-AI component with some sharing with consumers via the Transmission Demand Residual.
    - Option 2 - The subsequent generator pays for the AI component with some sharing with consumers and both the subsequent and initial generator share the costs of the Non-AI component with some sharing with consumers. Again, sharing would be via the Transmission Demand Residual as above.
- We expect that the above options would be considered by the WG once the code modification has been raised by the ESO.

Proposed AI User Commitment Code Modification Overview (1)

- Ofgem's minded-to decision also introduces the principle of an Early Stage Cost Assessment in which the derived cost will then be passed on as AI cost liabilities onto the subsequent generator (later user) in order to minimise the risk to consumers in the event that the later user does not connect. To incorporate this decision, an extension to the current User Commitment principles, as set out within CUSC Section 15, will be required.

AI Cost – Underwriting of risk for the later user

- Ofgem's minded-to decision for the underwriting of risk for AI cost as:

  "The extension of user commitment arrangements to offshore transmission assets to cover any potential later user of offshore transmission assets funded by AI is intended to demonstrate commitment from the potential later user and demonstrates seriousness of purpose. For the avoidance of doubt, we do not contemplate any extension of user commitment arrangements to the original user or to the non-AI element of any offshore transmission infrastructure"

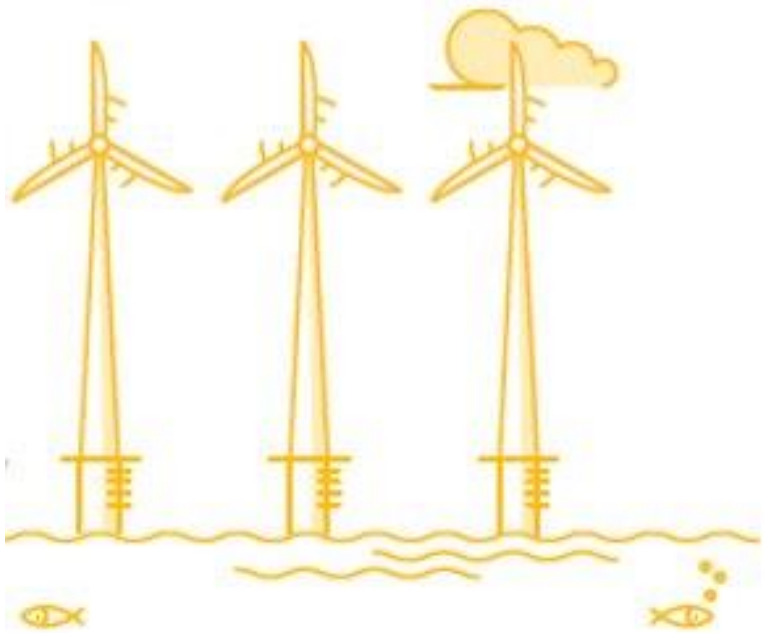
- Ofgem's minded-to decision confirms the AI cost liabilities should be secured by the later user until their project connects to the transmission system.
- There will be an Early Stage Cost Assessment carried out by Ofgem on receipt of an application from the initial user which will determine the AI which the later user will then become liable for and underwrite.
- Subject to the Ofgem decision, this code modification looks to incorporate these principles into CUSC section 15.

Proposed AI User Commitment Code Modification Overview (2)

- As part of the AI User Commitment CUSC code modification, there are key questions that the working group will need to address. For example:
  - What proportion of the AI cost liability should the later user be liable for?
    - *Should the existing User Commitment principles e.g. Local Asset Reuse Factor, Strategic Investment Factor and Distance Factor, be applicable and if so what should these factors be?*
    - *Or should a new, simpler approach instead be developed to calculate the appropriate liability without such factors, and to number below 100%? (We expect our modification to take this approach based on feedback.)*
  - Should the current User Commitment principles for secured amounts against liability then apply in the same way for AI liability i.e. 100% pre-trigger, 42% post trigger date and 10% and consented?
  - If and when should the AI component be eligible for inclusion within a fixed cancellation charge?

Thank you!

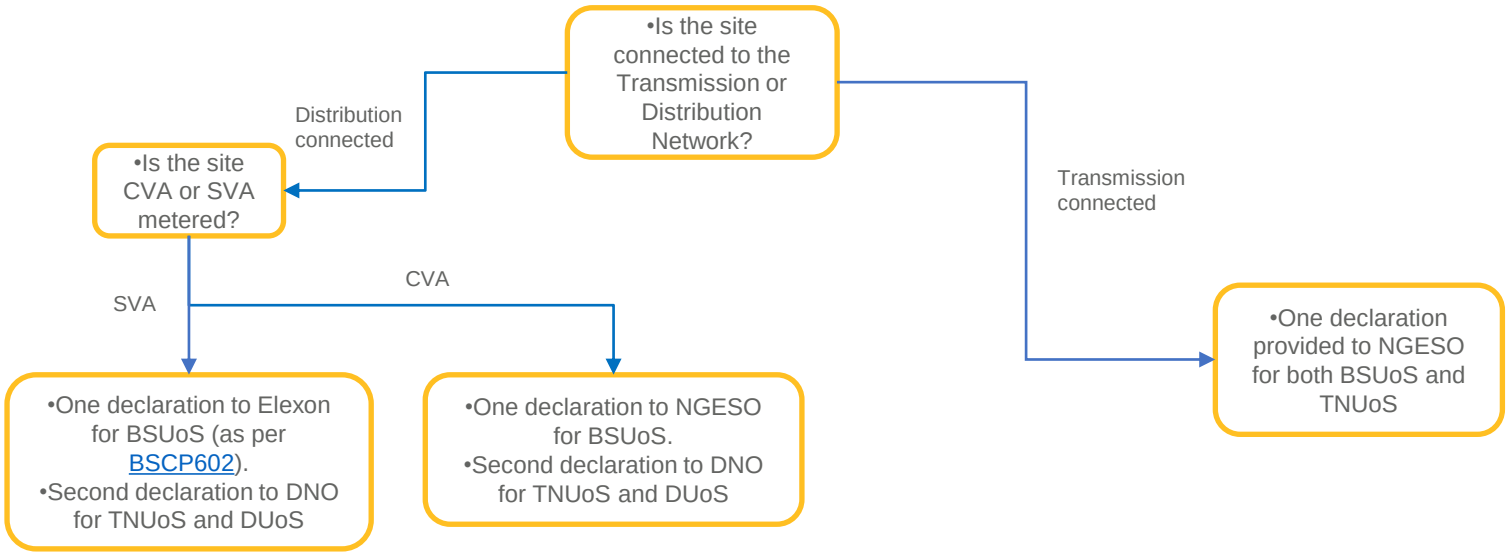
Any questions?



Non-Final Demand Declarations

Dan Hickman - NGESO

How do I provide a declaration?



What information is required?

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DRAFT CVA Declaration Form

[Insert Company Name]
[Insert Company Number]
[Insert company address]
[Insert company address]
[Insert company address]
[Insert company address]
[Insert company address]

BSUoS.queries@nationalgrideso.com
TNUoS.queries@nationalgrideso.com

[Insert Date]

Director's declaration of Non-Final Demand Facility(ies)

Dear NGESO Revenue Team,

I, [insert full name], being a director of [insert your company name] (company number [insert company number]), hereby declare that having made all due and careful enquiries, the information contained in this declaration is true, complete and accurate in all material respects and is not misleading by reference to the facts and circumstances at the date of this declaration. I acknowledge that any misleading or untrue information contained within the declaration may constitute a breach of the Connection and Use of System Code. Capitalised terms used in this declaration have the meaning given to them in the Balancing and Settlement Code and/or the Connection and Use of System Code unless stated otherwise.

I declare that as of [insert date] the CVA Non-Final Demand Site[s] identified in the annex to this letter [comply with the criteria/will cease to comply with the criteria/ceased to comply with the criteria] in Section 11 and Section 14 of the Connection and Use of System Code. In particular that each CVA Non-Final Demand Site to which this declaration relates:

i. performs Electricity Generation [and/or] Electricity Storage [and/or] an Eligible Service (as defined in the Connection and Use of System Code);
ii. is operated by [insert your company name] (Facility Operator);
iii. has its imports and exports measured only by Half Hourly Metering Systems which are registered in the Central Meter Registration Service (CMRS), and as a BM Unit within the Central Registration Service (CRS); and
iv. comprises plant and apparatus registered as part of a BM Unit or BM Units which are listed within a Bilateral Connection Agreement or Bilateral Embedded Generation Agreement.
v. has correctly identified if Final Demand is present at the Site and how to identify this Final Demand with metering.

I declare that any material changes to the operation, configuration or measurement of electricity to or from any CVA Non-Final Demand Site identified in the annexes to this letter will be notified to you as soon as reasonably practicable.

This director's declaration is governed by and construed in accordance with English Law.

Yours Sincerely,

[Insert Director's Signature]

[Insert Full Name]

For and on behalf of: [Insert company name]

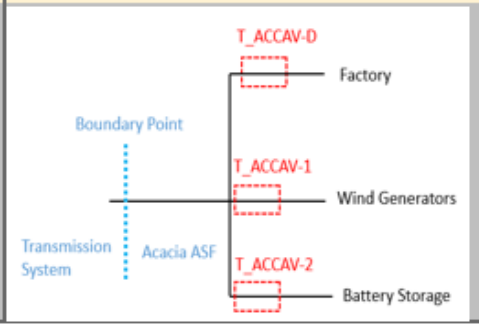
What information is required?

Annex 1

Site Number	Site Name	Site Address	BMU IDs and meters registered at address	BCA reference number	Tech Type	Transmission connected	Declaration ID (where known)	Does the BMU contain any Final Demand? If yes, please also complete Annex 2 for this site;
Unique referance number for the site if transmission connected	*Unique name for the site*	*Address that identifies the geographical location of the site, rather than its administrative address, if different)*	*The Balancing Mechanism Unit (BMU) ID(s) for the CVA site (e.g. T_XXXX)*	*Reference number associated with the Bilateral Connection Agreement made for this site.*	*Short description of the technology employed at the site*	*Is the BMU connected to the National Electricity Transmission System? Delete as appropriate*	*Unique ID determined by NGESO following the initial declaration of a facility. This field should only be filled in when updating or ceasing an existing declaration*	*Does the BMU consume any energy for purposes other than Electricity Storage, Electricity Generation or provision of an Eligible Service. Delete as appropriate. If yes, please also complete Annex 2 for this site;*
Example – simple site S0001	Oak Road Energy	4 Oak Road, Testville, O14 6BZ	T_OAKRO-1		CCGT	Yes		No
Example – mixed site S0002	Acacia Avenue Energy Park	1 Acacia Avenue, Testington, AB12 3CD	T_ACCAV-1		Factory with Wind generation and Battery Storage	Yes		No
Example – mixed site S0002	Acacia Avenue Energy Park	1 Acacia Avenue, Testington, AB12 3CD	T_ACCAV-2		Factory with Wind generation and Battery Storage	Yes		No
Example – mixed site S0002	Acacia Avenue Energy Park	1 Acacia Avenue, Testington, AB12 3CD	T_ACCAV-D		Factory with Wind generation and Battery Storage	Yes		Yes
	Poplar Energy Storage	1 Poplar Cresent, Testville, O12 5BN	E_POPLR-1		Battery Storage	No		No

What information is required?

Annex 2

Site Number	Site Name	Direct or Difference Metering	Final Demand description	Final Demand calculation	Diagram
Unique referance number for the site from annex 1	*Unique name for the site*	*Please confirm if the Final Demand at the site is to be identified with direct metering, difference or a combination of both*	*Please describe what the Final Demand exists at the site*	*Please explain how to calculate the volume of Final Demand at the site.*	*Please provide a Single Line Diagram (SLD) that clearly shows;* *1.the configuration of the site and the ownership boundary* *2.The location of any Final Demand* *3.The location and name of meters and BMUs.* *This can be drawn below or attached separately.*
Example – mixed site S0002	Acacia Avenue Storage Facilit	Direct metering only	Connection of a factory located at the site	T_ACCAV-D only. No addition or subtraction of metering is required.	

Next Steps

Pre populated forms will be sent out in November for all CVA registered sites

AOB & Close

Potential new BSUoS mod – introducing seasonal fixed rates from 1 April 2023

Nick Everitt NGESO

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Background

- In September 2022, Ofgem published their consultation on their minded to decision on CMP361 and CMP362: CMP361 WACM5 and the original proposal for CMP362
- This would implement the recommendation of the second Balancing Services Task Force to recover BSUoS charges as a flat volumetric charge set on an ex-ante basis from 1 April 2023
- This is following the approval of CMP308, which will also be implemented 1 April 2023, and will move BSUoS charges to final demand only
- WACM5 has a 12 month fixed period and a 3 month notice period, a BSUoS fund built up over 5 years, and a P level of P99 i.e. the probability charges will need to be reset is 1 in 100.
- Ofgem are separately consulting on the changes to the default tariff cap required and the changes to the ESO's licence conditions required
- There are interactions between the fund, the ESO's working capital facility, and the likelihood tariffs need to be reset

The challenge

- A fixed BSUoS charge applied on a £/MWh basis means the value of BSUoS recovered across a financial year by the ESO is directly related to BSUoS volume. However, the BSUoS costs incurred are not related to this and are relatively flat across a year
- With a single fixed £/MWh charge, for some years and under some forecast scenarios this may result in the ESO significantly under-recovering during the summer months with this shortfall recovered over winter
- Given the higher than expected BSUoS costs in 2022/23 so far, there is a risk the industry BSUoS fund will be fully utilised in the summer months before it is rebuilt over the winter, requiring a mid year tariff change to prevent the fund being empty
- A proactive solution to prevent this happening could be a summer tariff (1 April – 30 September) and a winter tariff (1 October – 30 March). Both would be finalised before 1 January per the WACM5 CMP361/2 solution
- We would ensure any solution is ‘cash neutral’ across the whole financial year v. CMP361 WACM5 (i.e. it shouldn’t cost the industry more or less)
- These changes would apply until April 2028 when the industry BSUoS fund is fully funded before reverting to a single tariff rate for the year