

<h2 style="margin: 0;">CM093:</h2> <h3 style="margin: 0;">Extending the principles of the User Commitment Methodology to Final Sums Methodology as a consequence of CUSC Modification – CMP417</h3> <p><b>Overview:</b> This modification seeks to deliver the required changes to the STC as a consequence of CMP417<sup>1</sup>, which proposes to extend some of the principles of CUSC section 15 “User Commitment Methodology” to Users on Final Sums methodology.</p>	<h4 style="margin: 0;">Modification process &amp; timetable</h4> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; font-weight: bold;">1</td> <td style="padding: 5px;"><b>Proposal Form</b> 21 November 2023</td> </tr> <tr> <td style="text-align: center; font-weight: bold;">2</td> <td style="padding: 5px;"><b>Workgroup Consultation</b> 03 April 2024 – 24 April 2024</td> </tr> <tr> <td style="text-align: center; font-weight: bold;">3</td> <td style="padding: 5px;"><b>Workgroup Report</b> 18 June 2024</td> </tr> <tr> <td style="text-align: center; font-weight: bold;">4</td> <td style="padding: 5px;"><b>Code Administrator Consultation</b> 03 July 2024 – 24 July 2024</td> </tr> <tr> <td style="text-align: center; font-weight: bold;">5</td> <td style="padding: 5px;"><b>Draft Final Modification Report</b> 19 August 2024</td> </tr> <tr> <td style="text-align: center; font-weight: bold;">6</td> <td style="padding: 5px;"><b>Final Modification Report</b> 05 September 2024</td> </tr> <tr> <td style="text-align: center; font-weight: bold;">7</td> <td style="padding: 5px;"><b>Implementation</b> 10WD following Authority Decision</td> </tr> </table>	1	<b>Proposal Form</b> 21 November 2023	2	<b>Workgroup Consultation</b> 03 April 2024 – 24 April 2024	3	<b>Workgroup Report</b> 18 June 2024	4	<b>Code Administrator Consultation</b> 03 July 2024 – 24 July 2024	5	<b>Draft Final Modification Report</b> 19 August 2024	6	<b>Final Modification Report</b> 05 September 2024	7	<b>Implementation</b> 10WD following Authority Decision
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**Status summary:** The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

**This modification is expected to have a: High impact on**  
ESO, Transmission Owners (TO’s)

<b>Proposer’s recommendation of governance route</b>	Standard Governance modification with assessment by a Workgroup
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<b>Who can I talk to about the change?</b>	<p><b>Proposer:</b> David Halford <a href="mailto:david.halford@nationalgrideso.com">david.halford@nationalgrideso.com</a> 07812 774065</p>	<p><b>Code Administrator Contact:</b> Deborah Spencer <a href="mailto:Deborah.spencer@nationalgrideso.com">Deborah.spencer@nationalgrideso.com</a> 07752466421</p>
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<sup>1</sup> CMP417 Extending principles of CUSC section 15 to all Users

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## What is the issue?

There are two security methodologies currently in use to determine a User's financial liability and security requirement which is required in relation to the provision of new, or amended capacity:

- CUSC Section 15 'User Commitment Methodology'  
Users: Applies to all customers categorised as generation or embedded generation.
- Final Sums methodology – outlined in CUSC Schedule 2, Exhibit 3, Part 2  
Users: Directly connected demand customers and DNO's (embedded demand, transmission works not triggered by embedded generation)

CUSC Section 15 principles include security requirements reducing as a connection becomes more certain and hits key milestones, the ability to fix attributable securities and the securing of a wider liability applicable to all parties. For Customers under Final Sums methodology, for their security requirements, they must secure all the TO spend required to connect their project.

The differing approaches has created a two-tiered process and this modification is aiming to introduce more equitable treatment to all Users connecting to the NETS by extending some of the principles under CUSC Section 15 to Users under Final Sums methodology.

## Why change?

The principles of Final Sums methodology have acted as a barrier to entry and have rendered some projects untenable. Enhancing the Final Sums methodology to be more closely aligned with User Commitment methodology will help reduce uncertainty for developers, whereby the security amount is reflective of the transmission liabilities they actually impose.

## What is the proposer's solution?

To define and scope works that customers are liable and required to secure in line with the CUSC Final Sums conventions i.e. Part 1 works required for the User and Part 2 wider system works within the Transmission Owner Construction Offer/Agreement (TOCO/A). The Proposer also considers that attributable works for these user groups should be scoped, defined and implemented in the TOCO/A and in line with the CUSC Offer/Agreements.

[CMP417](#) solution provides reducing factors to a customer's liability, producing a customer's cancellation charge or termination amount. As Proposer, we would therefore like to see the necessary change in STC whereby TO's provide the Strategic Investment Factor (SIF) and Local Asset Reuse Factor (LARF) for all Users not just those currently specified in STC Section 9.

Proposed legal text amends:

- STC Schedule 9, 7.5 Provision of Bi-annual estimate – this section refers to an estimate – as Proposer, we would like Workgroup discussion on consideration of how works should be structured in the TOCA and flow through to Construction Agreement which may require clarity to be added into this schedule – as Proposer, we suggest bringing this in line with CUSC Schedule 2, Exhibit 3 Part 2, and further defining Appendix H Part 1 – Enabling Works (work required for the User)

and Part 2 – Wider Transmission Reinforcement Works (works required for wider system reasons);

- STC Schedule 9, Section 12: Attributable Works –requires Workgroup discussion on clarity of Attributable works for Demand;
- STC Section J – Interpretation and Definitions – possible amendments to terms “TO Final Sums” and “Attributable Works” – requires Workgroup discussion.
- STC Section I – Transition – there will be a transition period for existing Users on Final Sums methodology to move to the new regime.

Proposed process amends:

- Creation of a STCP SIF and LARF methodology for Final Sum methodology Users or an amendment to STCP13-2 SIF and LARF methodology – requires Workgroup discussion and would follow through as a separate STCP (System Operator Transmission Code Procedures) Modification.
- Creation of a Final Sums methodology guidance note which would require a review from the Workgroup.

**Draft legal text**

Legal text to be developed by the Workgroup

**What is the impact of this change?**

<b>Proposer’s assessment against STC Objectives</b>	
<b>Relevant Objective</b>	<b>Identified impact</b>
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	<b>Neutral</b>
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	<b>Neutral</b>
(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity	<b>Positive</b> Amending Final Sums methodology to be more in-line with User Commitment Methodology will ensure that the FSM arrangements do not unduly restrict new developments and facilitate competition.
(d) protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees	<b>Neutral</b>
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	<b>Positive</b> It would introduce a common approach across Generation and Demand which will contribute to greater efficiency of the STC arrangements in relation to Users liability and security requirements.

(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	<b>Neutral</b>
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	<b>Neutral</b>

<b>Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories</b>	
<b>Stakeholder / consumer benefit categories</b>	<b>Identified impact</b>
Improved safety and reliability of the system	<b>Positive</b> Reducing security provisions for Users who are currently on Final Sums methodology will provide more options to help efficiently balance the system by enabling more demand to utilise the huge amount of generation due to connect and contribute to an improved security of supply.
Lower bills than would otherwise be the case	<b>Neutral</b>
Benefits for society as a whole	<b>Positive</b> Supports the electrification of GB which will have a positive impact on local infrastructure.
Reduced environmental damage	<b>Positive</b> Reducing security provisions for Users who are currently on Final Sums methodology will provide more options to help efficiently balance the system by enabling more demand to utilise the huge amount of renewable generation due to connect and contribute to an improved security of supply.
Improved quality of service	<b>Positive</b> Reducing security provisions for Users who are currently on Final Sums methodology will provide more options to help efficiently balance the system by enabling more demand to utilise the huge amount of generation due to connect and contribute to an improved security of supply.  More widely, there is industry drive to incentivise more demand into the market to support UK PLC economic growth, development of cloud capability to meet market needs and support new housing developments particularly in London regions and surrounding suburban areas. The incentivisation of demand supports UK progress to net zero.  Enhancing the Final Sums methodology to be more closely aligned with User Commitment methodology will help reduce uncertainty for developers, whereby the security amount is reflective of the transmission liabilities they actually impose.

## When will this change take place?

### Implementation date

10 Working Days following the Authority Decision. The proposed implementation process for CM093 would be as follows:

- Any newly clock started new applications or mod applications received 10 working days from the Authority decision will receive their Connection and Construction Offers under the new regime.
- All contracts for existing Users on Final Sums methodology will be updated by 15<sup>th</sup> July 2025 (in line with the bi-annual securities process – CCM's (Customer Connections Managers) send out all customer security statements by 15<sup>th</sup> July 2025; customers then have 45 days to place security).

### Date decision required by

TBC – will align with decision required by date under CMP417.

### Implementation approach

For existing Users under Final Sums methodology, a transitional period will be required to move them to the updated regime. This will be required to allow changes to be implemented in-line with the biannual security process. The Connections Team will send out customer security statements along with their new Construction Agreement Terms and Conditions associated with the new regime by 15<sup>th</sup> July 2025 and we would like these statements to include the revised security amounts under the new regime.

The transitional period is required to allow for:

- facilitative changes in contractual positions, in particular the construction agreement;
- changes to Internal Connections processes including the Connections internal securities database.

### Proposer's justification for governance route

Governance route: Standard Governance modification with assessment by a Workgroup

A Workgroup is required to finalise the solution and legal text.

**Interactions**

- Grid Code                       BSC                                       CUSC                                       SQSS
- European                       Other                                       Other
- Network Codes                      modifications

CMP417: Extending principles of CUSC section 15 to all Users, is delivering the associated CUSC changes.

**Acronyms, key terms and reference material**

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CM	Code Modification
CCM's	Customer Connections Managers
CUSC	Connection and Use of System Code
LARF	Local Asset Reuse Factor
NETS	National Electricity Transmission System
SIF	Strategic Investment Factor (SIF)
STC	System Operator Transmission Owner Code
STCPs	System Operator Transmission Owner Code Procedures
SQSS	Security and Quality of Supply Standards
TOCO/A	Transmission Owner Construction Offer/Agreement

**Reference material**

- [CMP417](#) CUSC modification page on ESO website