CUSC Modification Proposal Form

CMP431: Adjustments to TNUoS Charging from 2025 to support the Market Half Hourly Settlement (MHHS) Programme (Non-Charging)

Overview: This modification looks to amend the CUSC Section 3 'Use of System' and Section 11 'Interpretations and Definitions' to rectify defects relating to demand locational Transmission Network Use of System (TNUoS) charging that will become apparent during the Migration Phase of the Market Wide Half Hourly Settlement (MHHS) Programme, taking place between April 2025 and October 2026.

Modification process & timetable

1. **Proposal Form**
   16 February 2024
2. **Workgroup Consultation**
   09 April 2024 - 12 April 2024
3. **Workgroup Report**
   24 April 2024
4. **Code Administrator Consultation**
   30 April 2024 - 09 May 2024
5. **Draft Final Modification Report**
   23 May 2024
6. **Final Modification Report**
   31 May 2024
7. **Implementation**
   01 April 2025

Status summary: The Proposer has raised this 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
Suppliers, Embedded Generators, Transmission connected Demand, ESO

Proposer's recommendation of governance route	Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision). Assessment by Workgroup. The Workgroups for both Modifications (CMP430 and CMP431) should be joined.	
Who can I talk to about the change?	**Proposer:** Neil Dewar Neil.dewar@nationalgrideso.com 07749 576 710	**Code Administrator Contact:** Deborah Spencer deborah.spencer@nationalgrideso.com
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What is the issue?

Background

Within the CUSC there are two mechanisms for demand locational Transmission Network Use of System (TNUoS) Charging. Non Half Hourly (NHH) transmission charges are based on the total volume consumed between 4pm and 7pm over the course of the year, while Half Hourly (HH) transmission charges are based on the consumer's average demand during the three 'Triad' periods between November and February. The demand locational element of TNUoS is expected to be £112m for Charging Year 24/25.[1]

Modification Proposal CMP266 was approved by Ofgem on 20 December 2016. This Modification afforded protection from the risk of double charging for sites that were in Measurement Classes F and G. There was an expected end date on this proposal of 1st April 2020 under the expectation that a decision would have been made to introduce Half Hourly Settlement for Profile Classes 1-4, removing the issue of TNUoS Charging for Elective Half Hourly Settled meters. In 2019, Ofgem approved CMP318 further extending the protection to 31 March 2023, with an anticipation that Market-wide Half Hourly Settlement (MHHS) Programme would remove the barriers. This was further extended as a result of CMP401 being approved in 2023, now linking the protection of MPANs in Measurement Classes F and G, to a MHHS Programme MHHS Milestone (M15 – End of Migration Period).

MHHS Programme Timeline

In April 2021, Ofgem published their MHHS Decision and Full Business Case[2] with associated transition timetable. This however, was subject to an 18 month delay and a Re-Plan was approved by Ofgem in June 2023[3]. The Programme is due to be completed by December 2026.

The MHHS Programme is split into different Milestones with the Suppler Migration of Meter Point Administrator Numbers (MPANs) due to take place between April 2025 and October 2026. During this period, Suppliers will move approximately 33m MPANs from legacy systems to a new MHHS Target Operating Model (TOM).

MHHS Design interactions with the CUSC

The ESO uses demand data from central settlement processes to calculate and charge demand locational TNUoS. Some of the data reported is based on Measurement Class.

In 2021, as part of Ofgem's MHHS Full Business[2], Measurement Classes were removed from the future MHHS design specification and were to be replaced by new Consumption Component Class (CCC) identifiers. (paragraph 3.10 – p25)

- Between April and June 2023, ESO Revenue and IT colleagues worked with the Elexon design team to develop the specification for the replacement Measurement Class with data items that would make up the revised CCC.
- By the end of this period, it was established that there would not be an exact replication of data items and as a result sites cannot be segmented in the current way for TNUoS charging and the risk of double charging (a site being charged

[1] https://www.nationalgrideso.com/document/301731/download (T22 - Row 25)
[2] https://www.ofgem.gov.uk/sites/default/files/docs/2021/04/mhhs_full_business_case_final_version_for_publication_20.04.01.pdf
[3] https://www.ofgem.gov.uk/publications/decision-market-wide-half-hourly-settlement-change-request-cr022-mhhs-programme-replan

under two different methodologies within one Charging Year) during the Migration phase remains.

- This was escalated both internally and externally for the 2nd half of the year and guidance was sought from Ofgem on the best Governance route for any modifications. This was provided in January 2024 and a decision was taken to de-couple the CUSC legal text changes from the MHHS Programme

What are the resulting Defect(s) in CUSC

At the completion of the MHHS Programme all MPANs will have moved from legacy arrangements and will be settled on a 30-minute basis, regardless of how a site is metered.

The CUSC sets out different charging methodologies for Demand Locational charges:

- Chargeable Demand Locational Capacity ('Triad'):
  - the average of the Supplier BM Unit's **half-hourly** metered gross demand during the Triad (£/kW)
- Chargeable Energy Capacity ('4pm-7pm peak'):
  - the Supplier BM Unit's **non half-hourly** metered energy consumption over the period 16:00 hrs to 19:00 hrs inclusive every day over the Financial Year (p/kWh)
- Chargeable Embedded Export Capacity:
  - the average of the Supplier BM Unit's **half-hourly** metered embedded export during the Triad

The CUSC does not define segmentation between half-hourly and non half-hourly using Measurement Class. However, Measurement Classes are used to describe data in different fields provided in the TUoS Report, or P0210[4]. Measurement Classes are only referred to in CUSC (F and G) to describe special arrangements that are in place up to MHHS Milestone 15 to reduce the risk of a site being charged under both Triad and 4pm-7pm peak methodologies within the same Charging Year ('double charging').

Double charging can occur when the settlement characteristics of a site cause it to move between the different demand locational methodologies at certain points in the Charging Year. Despite being settled half-hourly, the CUSC states that Measurement Classes F and G are treated as non half-hourly.

Measurement Class as a data item will no longer exist in the new MHHS TOM and the CCC replacement is not identical and therefore cannot replicate the information the P0210 (TUoS File HH/NHH Split).

Why change?

Impact on Charging Arrangements

There are three different elements to the defect. Without any action:

a. Demand data cannot be segmented in a way that maintains the same application of TNUoS charging for all sites, once they have been migrated to the new MHHS arrangements

[4] https://www.elexon.co.uk/documents/bsc-codes/business-definition-documents/sva-data-catalogue-volume-1-2/

b. The risk of double charging MPANs increases during MHHS Migration (April-25 to October-26) as sites move from legacy arrangements to the new MHHS arrangements

c. Some definitions or terminology within the CUSC may be inconsistent with any solution introduced under this Modification and MHHS baselined design

As a result, CUSC changes need to be considered to try to limit the potential impact from Charging Year 2025.

What is the proposer's solution?

Proposer's Solution

The changes proposed under this modification will ensure that Section 3 and Section 11 are consistent with the anticipated new clauses and definitions required to enact CMP430 and MHHS Programme code drafting. Feedback on the approach and subsequent changes will be sought from the Workgroup.

This proposal would address defect (c) highlighted in the section above (page 4/5) but is co-dependent on the CMP430 which will address defects (a) and (b).

Draft legal text

ESO has identified that legal text changes are likely to be required for Section 3 and Section11.

Legal Text to be provided once solution and approach has been agreed by the Workgroup.

What is the impact of this change?

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objective	**Identified impact**
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	**Neutral** No impact
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	**Positive** This CUSC change, aligns with the MHHS Programme migration of MPANs, facilitating delivery according to the MHHS milestones. This should support Suppliers' migration in an orderly and timely manner. Consequently, it facilitates MHHS Programme consumer benefits such as more dynamic tariffs and increased competition from Suppliers migrating early in the migration window.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral** No impact
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** This solution addresses a defect in the CUSC, aligning CUSC and BSC definitions, providing transparency on how sites can be segmented using new, enduring MHHS Data Items.

	The solution is proposed to be enduring rather than following the same approach as the series of previous Modifications to address double charging issues with reference to Measurement Class which had end dates.
*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.	

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	**Identified impact**
Improved safety and reliability of the system	**Neutral**
Lower bills than would otherwise be the case	**Neutral**
Benefits for society as a whole	**Neutral**
Reduced environmental damage	Neutral
Improved quality of service	Neutral

When will this change take place?

Implementation date
01 April 2025 to ensure that the change is implemented prior to the start of MHHS Migration. Both this and CMP430 Modification Proposal needs to be implemented on the same date due to co-dependencies.

Date decision required by
Decision required by 30 September 2024 to ensure compliance with CMP292 and not impact tariff setting and MHHS Programme.

Implementation approach
In accordance with CR32, the P0210 will provide revised data to ESO.

Proposer's justification for governance route
Governance route: Urgent modifications to proceed under a timetable agreed by the Authority (with an Authority decision). Assessment by Workgroup.

Urgency Criteria

ESO is raising as an Urgent Modification along with CMP430 and believe these modifications would merit the current criteria:

(a) significant commercial impact on parties, consumers or other stakeholder(s)

Both Modifications relate to an imminent issue that would begin to impact parties, and therefore potentially consumers, from April 2025

If the defects are not addressed under urgent timescales:

- Parties will not have adequate notice of charging arrangements and tariff setting for Charging Year 2025 which introduces increased commercial risk

- There will be a significant increase in the instances of double charging sites under two different methodologies in the same Charging Year, again having a commercial impact on parties and potentially consumers
- Suppliers are not likely to have sufficient time to adjust their MHHS Migration plans under MHHS governance to mitigate double charging risk
- CUSC changes would be misaligned with MHHS Programme Milestones which could introduce a lack of clarity to all MHHS Programme Participants within the timebound, major reform of settlement arrangements
- MHHS is a key enabler for realising demand-shifting benefits for transmission networks. Estimate £1.4bn by 2034. A single year's delay in MHHS would lead to £90m in lost benefits. Both those figures come from DESNZ (BEIS) 2019 smart meter roll out CBA, so if the exercise were repeated today, both figures would likely be higher.[5] There are also unmonetized benefits for the distribution network from demand-shifting that would likely be reduced by any delay.

Interactions

☐Grid Code	☒BSC	☐STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[6]	☐Other modifications	☐Other

There will need to be code revisions to account for the changes to references for Measurement Class. These will be included as part of the MHHS BSC Code drafting process and circulated to industry as part of the MHHS Industry Consultation. ESO will work with Elexon to ensure consistency across industry codes.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CCC	Consumption Component Class
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
MHHS	Market-wide Half Hourly Settlement
MPANs	Meter Point Administrator Numbers
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
TNUoS	Transmission Network Use of System
TOM	Target Operating Model

Reference material

- MHHS Programme Website
- MHHS Re-Plan (MHHS Milestones)

[5] https://www.mhhsprogramme.co.uk/api/documentlibrary/Meeting%20Papers/MHHS-DEL770%20PSG%2007%20December%202022%20v1.0.pdf (slide 21)

[6] If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the Electricity Balancing Guideline (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.