

CUSC Alternative Form

CMP413 Alternative Request 3: Rolling 10-year wider TNUoS generation tariffs

Overview: This alternative proposes an obligation under the CUSC for ESO to re-produce a 10-year projection of future tariffs on an annual basis. The methodology is to be improved iteratively, with transparent assumptions shared with Industry. It differs from the original on the basis that there is no tariff fixing.

Proposer: Martin Cahill, ESO

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What is the proposed alternative solution?

Under CUSC section 14.29 ESO has an obligation to provide an annual information paper that provides an indication of the future path of the locational element of tariffs over the following 5 years. This alternative proposes to update the obligation to include 10 years of data.

ESO provided a 10-year projection of tariffs in September 2023 and have received positive feedback from Industry despite the limitations of the process. While predicting tariffs so far in advance will inevitably have lots of uncertainty, we believe that the process can be improved with additional resource and through iterative improvement.

A fit for purpose forecast is a key element for any modification which constrains future tariffs. Any future modification which looked to work in conjunction with a long-term forecast would be better placed by having an existing and well-defined 10 year view.

What is the difference between this and the Original Proposal?

While this alternative includes a key element of the original proposal, it differs in that there are no restrictions on actual tariffs.

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 By providing a longer-term indication of future tariffs, existing and potential users will have improved data for investment decisions.
(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: No impact as there is no change to actual tariffs.
(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/Negative/None: Existing CUSC obligation for a 5-year view updated to take into account the desire from Industry for longer term information.

(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.	None
*The Electricity Regulation referred to in objective (d) 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.	

When will this change take place?

Implementation date:

2025

Implementation approach:

No systems are required to be updated as part of this change. There will be a change to ESO Revenue teams' publication schedule, with an additional 6-10 year view included alongside the 5 year publication report.

Acronyms, key terms and reference material

Acronym / key term	Meaning
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
ESO	Electricity System Operator
TNUoS	Transmission Network Use of System charges

Reference material:

None