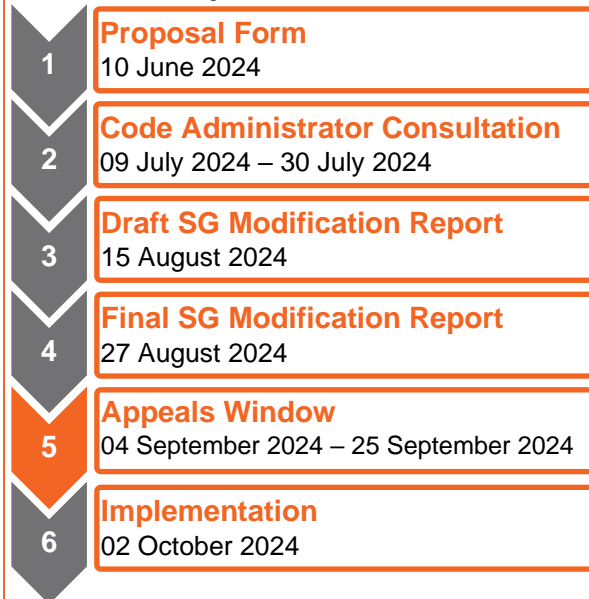


Final Self-Governance Modification Report

CMP438: Clarification of Illustrative Example of a TNUoS Demand Reconciliation

Overview: This modification is to make some minor clarifications and corrections to the Connection and Use of System Code (CUSC) paragraph 14.25, which provides an illustrative example of a Transmission Network Use of System charge (TNUoS) demand reconciliation. It does not affect users' charges.

Modification process & timetable



Have 15 minutes? Read the full [Final SG Modification Report](#)

Have 30 minutes? Read the full Final SG Modification Report and Annexes.

Status summary: The Panel has made their determination vote and an appeals window has opened.

Panel determination: The Panel has determined unanimously that the Proposer's solution is implemented.

This modification is expected to have a: **Low impact** Suppliers, Embedded Generators, Electricity System Operator (ESO)

Governance route Self-Governance modification which proceeded to Code Administrator Consultation.

Who can I talk to about the change?

Proposer:

Nick George
nick.george@nationalgrideso.com
07973 915455

Code Administrator Chair:

Claire Goult
Claire.goult@nationalgrideso.com
07938 737807

Appeals window

If you want to appeal this decision, please send your [appeals form](#) and relevant documentary evidence to industrycodes@ofgem.gov.uk by 5pm on 25 September 2024 and ensure you copy in cusc.team@nationalgrideso.com

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What is the issue?

The TNUoS demand reconciliation process is described in CUSC Section 3.13.4 - 3.13.8 and CUSC Section 14.17.23 - 14.17.31. CUSC Section 14.25 provides an illustrative example of a TNUoS demand reconciliation.

Improvements to CUSC Section 14.25 could be made to provide better clarity:

- The sub-section illustrating the initial demand reconciliation of Transmission Demand Residual (TDR) charges does not actually show a reconciliation, by comparing the original billed amount against the latest calculated charge.
- CUSC Section 3.13.6(b) requires that interest is applied to the demand reconciliation process generally (which can be a credit or a charge). However, in the example in CUSC Section 14.25, the sub-section illustrating the initial demand reconciliation of TDR charges does not expressly mention interest.
- There are some minor amendments required to CUSC Section 14 which are unlikely to have any material effect.

This modification does not change the charging methodology; it just provides a clarification of the illustrative example of the billing process.

This issue was presented at the Transmission Charging Methodology Forum on 04 April 2024.

Why change?

CUSC Section 14.25 is intended to help Users understand how the TNUoS demand reconciliation process is performed. It is currently not as clear as it could be in supporting parties to understand how the process is applied. This solution provides clarity to Users on the TNUoS demand reconciliation process, avoiding potential questions and disputes.

What is the solution?

Proposer's solution

Updates are required to CUSC Section 14.25 to address the issues described above. Here is a summary of the changes:

- At the start of Section 14.25, where it illustrates the initial monthly billing during the charging year, an example has been added for TDR billing, which was missing previously (it only illustrated HH and NHH billing previously).
- Update to the paragraphs dealing with the TDR element of the initial demand reconciliation, so that it actually illustrates a reconciliation (i.e., by taking the difference in charge from latest site count data compared to that used for within-year billing).
- Inclusion of a statement that interest is applied to the TDR reconciliation amount in the initial demand reconciliation.
- Update to the paragraphs dealing with the final demand reconciliation, again so they illustrate the effect of a further update to TDR site count data.
- Corrections to a few items in the original text e.g:
 - the total in the last column of the first table in Section 14.25 was wrongly shown as £297,000 when it should have been £285,000.
 - the latest Embedded Export quantity in the initial demand reconciliation said 700kW in the text but 500kW was used in the formula.

Note the values in this section are purely illustrative – the absolute values do not matter, it is most important they are used consistently through the illustrative example.

Legal text

The legal text for this change can be found in **Annex 3**.

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 No impact
(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 This modification does not change the charging methodology, it just provides a clarification of the billing process.
(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;	Neutral No impact
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Neutral No impact
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	Positive This solution provides clarity to users on the TNUoS demand reconciliation process, avoiding potential questions and disputes.

**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.

Proposer's assessment against the Applicable Objectives

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
a) Improved safety and reliability of the system	Neutral No impact
b) Lower bills than would otherwise be the case	Neutral No impact
c) Benefits for society as a whole	Neutral No impact

ESO

d) Reduced environmental damage	Neutral No impact
e) Improved quality of service	Neutral No impact

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 09 July 2024 closed on 30 July 2024 and received 0 responses.

Panel Determination Vote

The Panel met on the 23 August 2024 to carry out their determination vote. They assessed whether a change should be made to the CUSC by assessing the proposed change against the Applicable Objectives.

Vote 1: Does the Original, facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Andrew Enzor, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						
CMP438 delivers a small improvement against objective (a) by improving clarity and so enabling new entrants to more easily understand the methodology. It also delivers a small improvement against objective (e) by ensuring the examples set out are clear and unambiguous. No impact on remaining objectives.						

Panel Member: **Andy Pace, Consumers' Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						
This mod amends the illustrative example in CUSC to make it consistent with the applied billing methodology for TNUoS demand charges. This provides more transparency and removes a potential source of ambiguity from the CUSC. We therefore assess it as better meeting applicable objective (e) by promoting efficiency in the implementation and administration of the use of system charging methodology.						

Panel Member: **Binoy Dharsi, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						

ESO

This modification improves the example for Users to enable a clearer understanding of how the TNUoS demand reconciliation process is performed. It satisfies CUSC Objective (e).

Alternate Panel Member: **Cem Suleyman, Users Panel Member (Alternate for Joe Colebrook)**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						
I believe CMP438 provides greater clarity to market participants and thus better facilitates the Applicable CUSC Objectives.						

Panel Member: **Daniel Arrowsmith, ESO Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Neutral	Yes
Voting Statement						
This modification does not change the charging methodology, it just provides a clarification of the illustrative example of the billing process. This will help Users understand how the TNUoS demand reconciliation process is performed. As such, ESO votes for the Original proposal.						

Panel Member: **Garth Graham, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						
This minor change will ensure that the illustrative example in 14.25, on pages 120-124 of section 14 (V1.41c – 06 June 2024) of the CUSC, is correct and as such it better facilitates Applicable Objective (e) accordingly, whilst being neutral in terms of (a), (b), (c) and (d).						

Panel Member: **Joseph Dunn, Users Panel Member**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Neutral	Yes
Voting Statement						
I agree with the proposer's assessment of the ACOs in that the clarification will ensure more efficient administration by removing ambiguity around the scenarios.						

Alternate Panel Member: **Lauren Jauss, Users Panel Member (Alternate for Paul Jones)**

	Better facilitates AO (A)?	Better facilitates AO (B)?	Better facilitates AO (C)?	Better facilitates AO (D)?	Better facilitates AO (E)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement						
This modification corrects the illustrative example in paragraph 14.25 of the CUSC and adds clarity by providing guidance on interest payments. It is important that these types of illustrative examples are correct so that Parties can clearly understand the application and implications of the code.						

Vote 2 – Which option best meets the Applicable Objectives?

Panel Member	Best Option	Which objectives does this option better facilitate? (If baseline not applicable).
Andrew Ensor	Original	(a) and (e)
Andy Pace	Original	(e)
Binoy Dharsi	Original	(e)
Cem Suleyman	Original	(e)
Daniel Arrowsmith	Original	
Garth Graham	Original	(e)
Joseph Dunn	Original	
Lauren Jauss	Original	(e)

Panel conclusion

The Panel has determined unanimously that the Proposer's solution is implemented.

When will this change take place?

Implementation date

02 October 2024

Date decision required by

Given the overarching obligation in CUSC Section 3.13.6 to apply interest, and CUSC Section 14.25 is included for illustrative purposes. The earlier it can be approved, the earlier CUSC Section 14.25 can be clarified to help Users.

Implementation approach

No changes required to systems or process. The ESO will be applying interest in the initial demand reconciliation in June 2024, as per the proposal.

Interactions

- Grid Code BSC STC SQSS
 European EBR Article 18 Other Other
 Network Codes T&Cs¹ modifications

No interactions.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
ESO	Electricity System Operator
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TDR	Transmission Demand Residual
TNUoS	Transmission Network Use of System charge
T&Cs	Terms and Conditions

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Self-Governance statement
Annex 3	Legal Text

¹ If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – 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.