

Workgroup Terms of Reference and Membership

CMP444: Introducing a cap and floor to wider generation TNUoS charges

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modification Panel in the evaluation of CUSC Modification Proposal **CMP444: Introducing a cap and floor to wider generation TNUoS charges** raised by **NESO** at the Modifications Panel meeting on **25 October 2024**. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives.

Applicable CUSC (charging) Objectives

- 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;
- 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);
- 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;
- d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- e) Promoting efficiency in the implementation and administration of the system charging methodology.

*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

Public

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.

- It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

- The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
- In addition, the Workgroup shall consider and report on the following specific issues:

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Consider EBR implications	
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency letter.	
c) Consider the appropriate levels of the cap and floor for each element of wider generation TNUoS	
d) Consider appropriate indexation for the cap and floor levels	
e) Consider interaction with EC 838/2010 and ongoing compliance with the "limiting regulation"	
f) Consider the duration of the cap and floor	

Public

g) Consider which five year forecast should be used and the timing of the 2025 forecast	
h) Consider <u>the Open Letter</u> on Seeking industry action to mitigate the investment impacts of very high projected TNUoS charges	

5. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
6. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives as compared with the Modification Proposal. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup’s discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.
7. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
8. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.

Public

9. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of 15 working days as determined by the Modifications Panel.

10. Following the Consultation period, the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairperson has exercised their right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairperson is employed by the same organisation who submitted the WG Consultation Alternative Request.

11. The Workgroup is to submit its final Workgroup Report to the Modifications Panel Secretary on **XX Month XXXX** for circulation to Panel Members. The final Workgroup Report conclusions will be presented to the CUSC Modifications Panel meeting on **XX Month XXXX**.

Membership

12. It is recommended that the Workgroup has the following members:

Role	Name	Representing
------	------	--------------

Public

Chair		
Technical Secretary		
Proposer		
Workgroup Member		
Workgroup Member (Alternate)		
Workgroup Member		
Workgroup Member		
Workgroup Member (Alternate)		
Authority Representative		

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk (*) in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

13. The Chairperson of the Workgroup and the Modifications Panel Chairperson must agree a number that will be quorum for each Workgroup meeting. The agreed figure for this modification is that at least 5 Workgroup members must participate in a meeting for quorum to be met.

14. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairperson shall

Public

not have a vote, casting or otherwise. There may be up to three rounds of voting, as follows:

Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;

Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;

Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

15. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairperson at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.
16. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
17. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
18. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Public

Terms of Reference Version Control

Issue	Date	Summary of Changes / Reasons	Panel Approval Date
1	22/11/2024	Panel approved Terms of Reference ahead of nominations	25/10/2024