

Public

Transmission Charging Methodologies Forum and CUSC Issues Steering Group

7 November 2024

Agenda

1	Introduction, meeting objectives and review of previous actions – Dan Arrowsmith, NESO	10:30 – 10:40
2	NESO Connections update – Alex Curtis, NESO	10:40 – 10:50
3	First year TNUoS – CUSC Modification Proposal – Angus Armstrong, Ocean Winds	10:50 – 11:10
4	Code Administrator update – Catia Gomes, Code Administrator NESO	11:10 – 11:40
5	AOB and Meeting Close – Dan Arrowsmith, NESO	11:40 – 12:00

TCMF Objective and Expectations

Objective

Develop ideas, understand impacts to industry and modification content discussion, related to the Charging and Connection matters.

Anyone can bring an agenda item (not just the NESO!).

Expectations

Explain acronyms and context of the update or change.

Be respectful of each other's opinions and polite when providing feedback and asking questions

Contribute to the discussion

Language and Conduct to be consistent with the values of equality and diversity

Keep to agreed scope

Review of previous action

ID	Month	Description	Owner	Notes	Target Date	Status
24-6	Feb	Update TCMF with progress on potential CUSC defect on double counting of Cancellation Liability and Security presented by Tony Cotton at TCMF 1 February 2024.	CG	This was presented to TCMF, with the action agreed to be closed.	TBC	Closed
24-12	July	Post implementation analysis of CMP376: Inclusion of Queue Management process within the CUSC.	DA	Now coming up to ~12 months since CMP376 was implemented, so a good time to look into this.	TBC	Open
24-13	October	Can projects being accelerated be demonstrated. AC to clarify if non-firm work could be presented.	AC		TBC	New
24-14	October	Data post CMP376 implementation on the TEC register around projects moving forward, backward or staying	DA		TBC	New

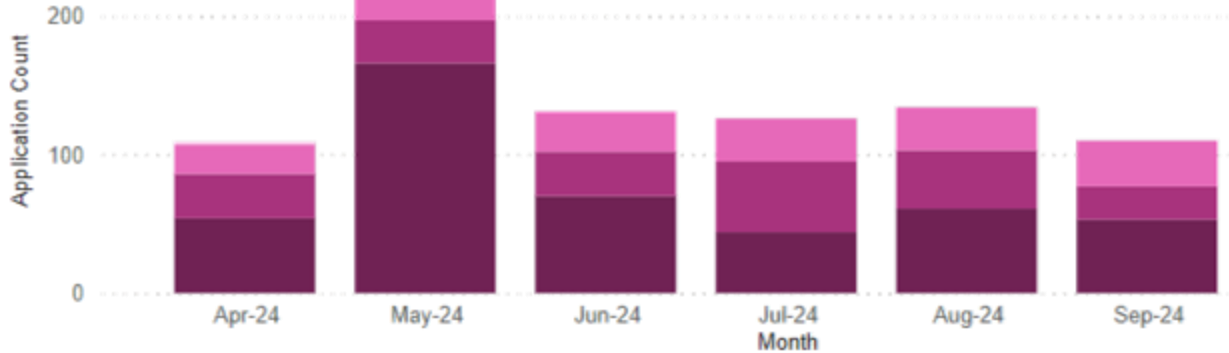
NESO Connections update

Alex Curtis, NESO

Connection Applications

Applications Received **April – September FY 2024/25**

- Application Type**
- ESO Modification Application
 - ESO New Connection Application
 - ESO Project Progression Application
 - ESO Statement Of Work (SOW)

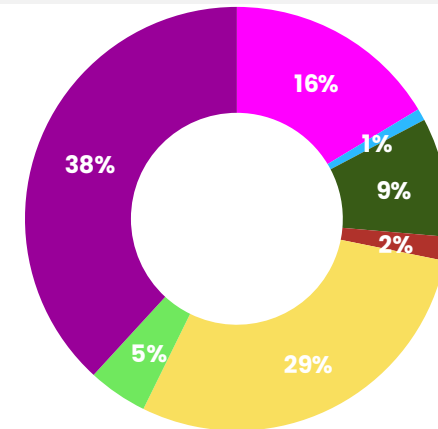


Applications Received Count	110 -24
Transmission Entry Capacity	12.4GW -2.5GW
Demand Capability	3.5 GW -0.2GW

Application Type	Count	Capacity (MW)
ESO New Connection Application	24	6,180
ESO Modification Application	53	7,102
ESO Project Progression Application	33	2,644
Total	110	15,926

September 2024 Application Technology Types

- Demand
- Offshore Wind
- Onshore Wind
- Pump Storage
- Solar
- Solar + Onshore Wind
- Storage



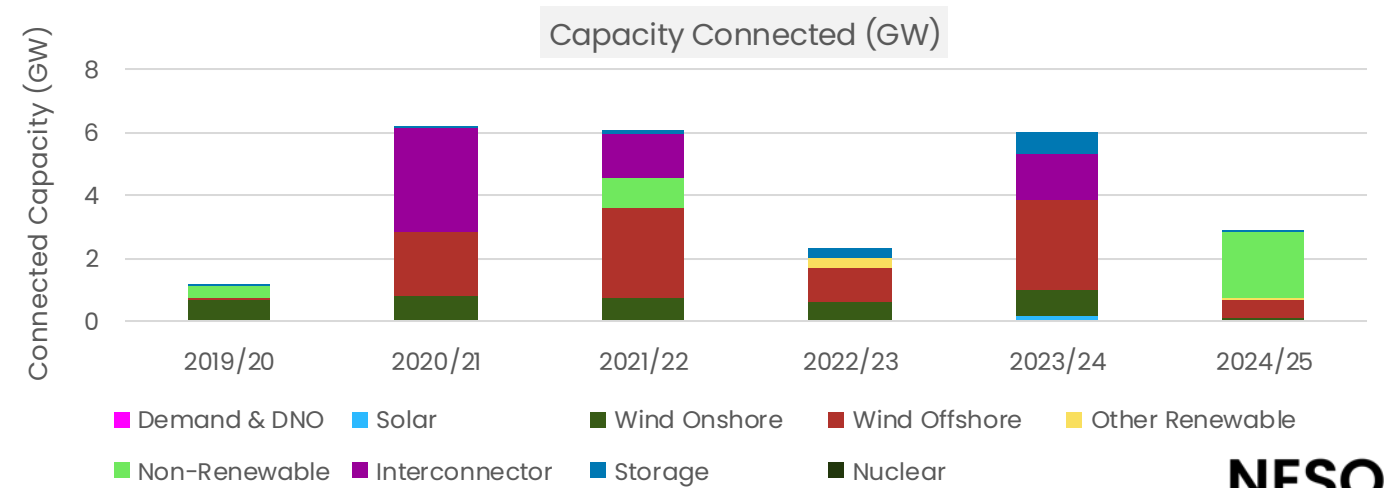
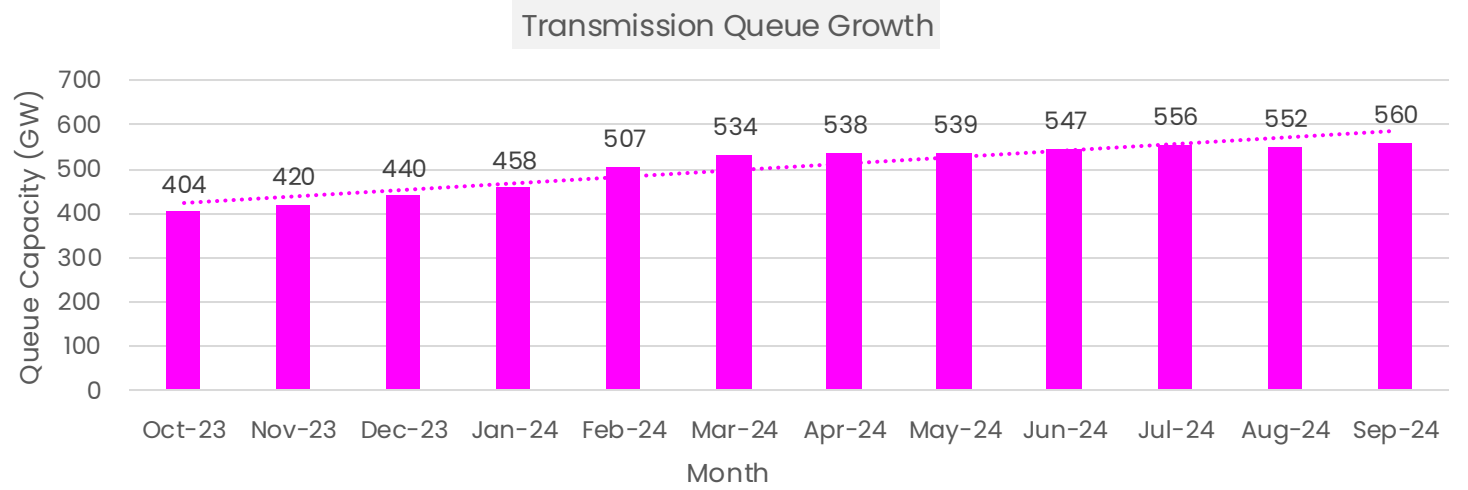
Transmission Connections

	Count	Capacity
Transmission Queue (excl. Direct Demand)	1,601 ⁺⁶	560 GW ^{+7GW}

September 2024

Connections Energised (FON)	7 ⁺⁷	0.62GW ^{+0.62GW}
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Project Terminations	2 ⁻¹	0.6GW ^{-1.4GW}
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First year TNUoS – CUSC Modification Proposal Transmission Charging Methodologies Forum



Key Issue

- The Connection and Use of System Code is not clear on the payment of TNUoS during the Generator's first year of connection (i.e. the Charging Year in which the Charging Date occurs under the BCA).
- Working industry assumption is that TNUoS is paid for the whole year, irrespective of when in the year the Charging Date occurs i.e. a generator will pay the same TNUoS irrespective of whether it connected in e.g. April 24 vs. March 25.
- This should not be the case, both because the CUSC is not clear and because it is not fair or logical.
- This is brought into sharper focus in scenarios where a Generator's assumed Charging Date is delayed for factors outside of its control i.e. a TO delay.
- The commercial impact of this can be very severe, particularly on larger generators and those in areas of high TNUoS tariffs.
- By contrast, this provides an uplift to those Generators in negative TNUoS zones, who will receive a benefit during periods prior to their Connection Date.
- The CUSC must be amended to make the treatment of TNUoS charges in the first year of connection explicit.

Proposal (1)

- The CUSC must be amended to reflect the fact that TNUoS should only be paid in respect of the part of the year that the Generator enjoys use of the system i.e. the annual value should be pro-rated from the Charging Date to the end of the relevant Charging Year.
- Clause 5 of the standard BCA states that Use of System Charges shall be payable by the User from the Charging Date.
- As a fundamental principle, TNUoS should only be payable from the Charging Date, not for the full Charging Year during which a Generator's Charging Date occurs.
- This is logical and fair and consistent with the BCA terms.
- Generators should not pay TNUoS charges for periods prior to their Charging Date.
- Generators subject to negative TNUoS charges should not receive an additional benefit for periods prior to their Charging Date.
- NESO charging team are supportive of this.

Proposal (2)

Drafting proposal can utilise equivalent drafting for Connection Charges already in the CUSC:

“The Transmission Network Use of System Generation Charges in the Financial Year in which the Charging Date occurs shall be apportioned as follows:- For each complete calendar month from the Charging Date to the end of the Financial Year in which the Charging Date occurs the User shall be liable to pay one twelfth of the annual Transmission Network Use of System Generation Charges and for each part of a calendar month the User shall be liable to pay to The Company one twelfth of the Transmission Network Use of System Generation Charges, prorated by a factor determined by the number of days for which the User is liable divided by the total number of days in such calendar month.”

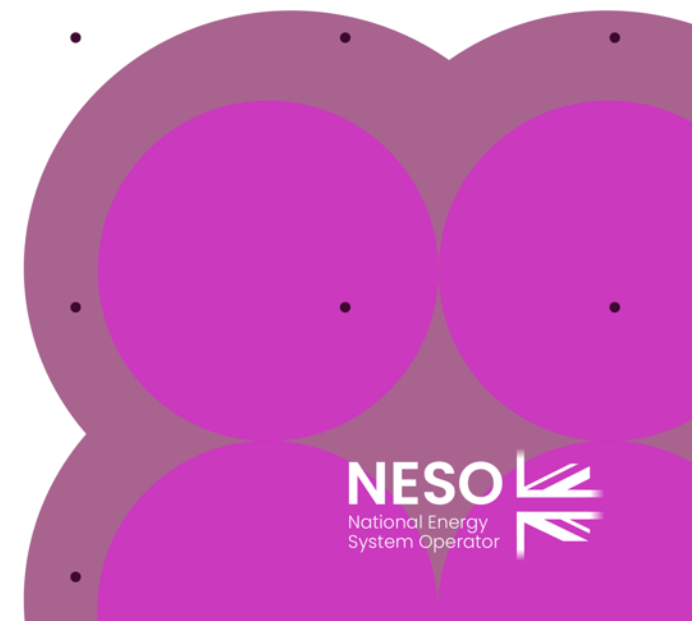
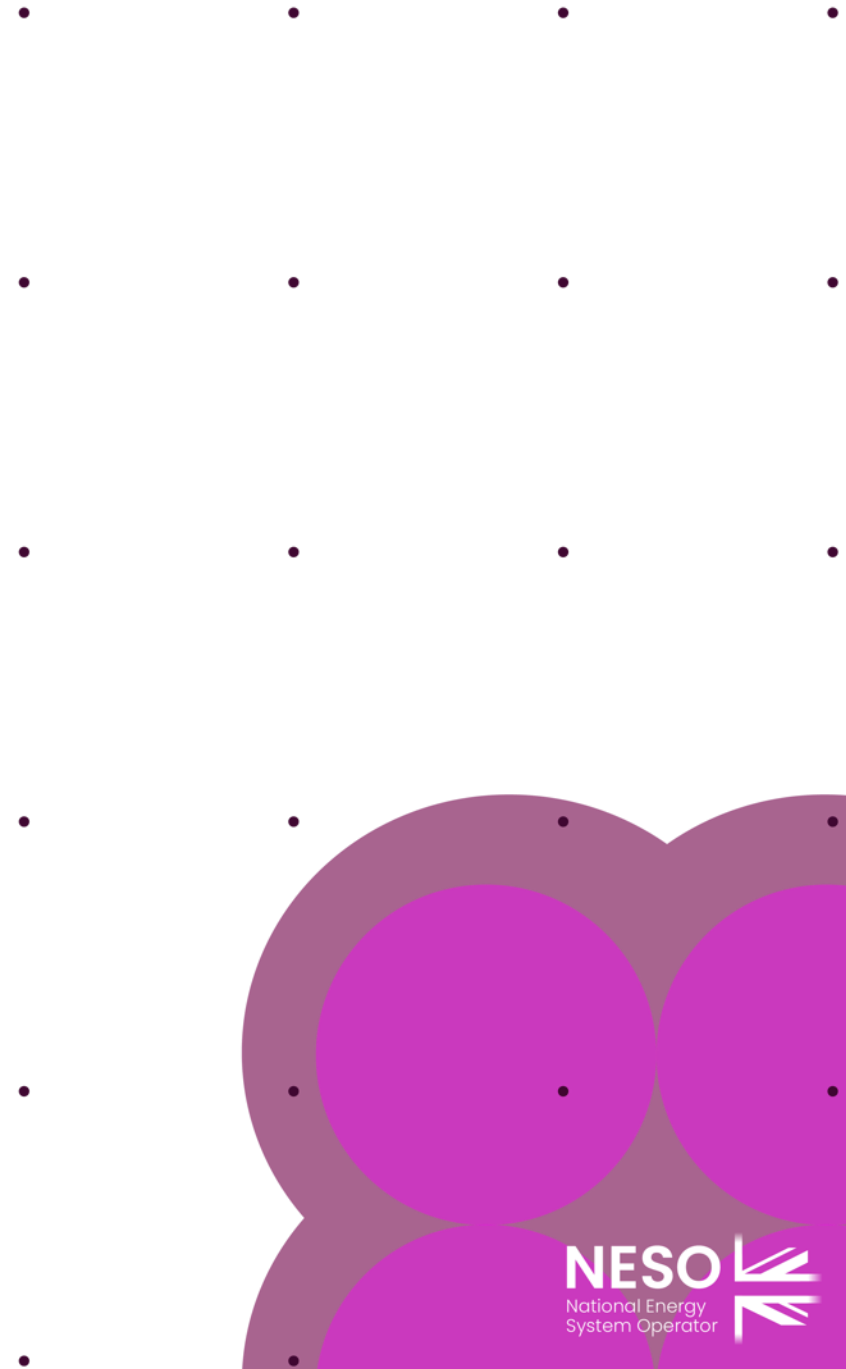
Next Steps

- Submit a CUSC Modification Proposal for consideration by the CUSC Panel in November.
- CUSC Modification Proposal to be proposed as **Urgent** due to the significant financial impact this has on generators.
- Implementation Date – before the end of the 24/25 Charging Year
- No cross-over with other “live” or previously rejected CUSC Modifications to our knowledge.

Public

Code Administrator update

Catia Gomes, Code Administrator NESO



Key Updates since last TCMF

**New
Modifications /
Nominations**

- [CMP442](#) Introducing the option to fix Generator TNUoS charges
- [CMP443](#) Removing ref to Fax or Facsimile CUSC
- [CMP444](#) TNUoS Introducing a cap and floor to wider generation TNUoS charges

Decisions

- [CMP408](#) 'Allowing consideration of a different notice period for BSUoS tariff settings' the Original was approved and will be implemented on 01 April 2025
- [CMP415](#) 'Amending the Fixed Price Period from 6 to 12 months' WACM1 was approved and will be implemented on 01 April 2025

Implementations

None

Authority Expected Decision Date

Modification	FMR submitted	Expected Decision Date
CMP315 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and CMP375 'Enduring Expansion Constant & Expansion Factor Review'	07/02/2024	07/02/2025 (Previously 29/11/2024)
CMP316 'TNUoS Arrangements for Co-located Generation Sites'	12/06/2024	29/11/2024 (Previously 30/09/2024)
CMP330&CMP374 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10/08/2023	TBC Subject to CMP414 send back
CMP397 'Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)'	12/06/2024	29/11/2024 (previously 31/10/2024)
CMP403 'Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 14)'	11/06/2024	31/01/2025 (Previously 30/09/2024)
CMP404 'Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 11)'	11/06/2024	31/01/2025 (Previously 30/09/2024)
CMP436 'Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Non-Charging)'	07/08/2024	06/12/2024
CMP437 'Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Charging)'	07/08/2024	06/12/2024

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

Useful Links

Ofgem's expected decision dates/ date they intend to publish an impact assessment or consultation, for code modifications that are with them for decision are available [here](#)

Updates on all Modifications are available on the Modification Tracker [here](#)

The latest CUSC Panel Headline Report and prioritisation stack are available [here](#)

If you would like to receive updates from the Code Administrator on CUSC modifications, please join the distribution list [here](#)

CUSC 2024 - Panel dates

	Panel Dates	Papers Day	Modification Submission Date	(TCMF) CUSC Development Forum
November	24	16	9	2
December	15	7	30 November	23 November
January	26	18	11	4
February	23 (Face to Face Meeting)	15	8	1
March	22	14	7	29 February (Face to Face Meeting)
April	26	18	11	4
May	31 (Face to Face Meeting)	23	16	9
June	28	20	13	Cancelled
July	26 (Face to Face Meeting)	18	11	9
August	23	15	8	Cancelled
September	27	19	12	Cancelled
October	25 (Face to Face Meeting)	17	10	3
November	29	21	14	7
December	13	5	28 November	21 November

AOB & Close

