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for energy consumers

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Dear Trisha,

**Authority decision to send back Connection and Use of System (CUSC)
Modification Proposal CMP316: 'TNUoS Arrangements for Co-located Generation
Sites'**

The purpose of this document is to explain our reasons for sending back 'CMP316: TNUoS Arrangements for Co-located Generation Sites' Final Modification Report (FMR¹) and to direct the CUSC Panel to revise and resubmit the FMR. The Authority² is unable to properly form an opinion based on the submitted FMR and we are therefore sending it back for further work.

This letter sets out the nature of the issues we have identified in the legal text provided for both the Original Proposal and the one Workgroup Alternative CUSC Modification (WACM1), which have prevented us from making a decision on CMP316.

Context

The National Energy System Operator³ (the Proposer) raised the Original Proposal on 16 April 2019. The Original Proposal intends to amend the Transmission Network Use of

¹ [CMP316: TNUoS Arrangements for Co-located Generation Sites | National Energy System Operator](#)

² References to the "Authority," "Ofgem," "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

³ At the time the modification was raised National Energy System Operator (NESO) was known as National Grid ESO (NGESO).

System (TNUoS) charging methodology so that a power station employing multiple generation technology types (referred to in CMP316 and in this letter as, 'Multi Technology Power Stations'⁴) is charged Wider TNUoS calculated based on the different technologies on its site. Currently, under CUSC section 14.15.8, if a generator's power station uses more than one technology type (as defined by the Security Standard⁴), the technology type with the highest Transmission Entry Capacity (TEC) is used in the calculation of their TNUoS charge. In practice, that means that if a 300MW wind farm is co-located with a 100MW battery, the entire site is charged as though it were a 300MW wind farm with the battery disregarded for the purposes of the TNUoS charge.

The Proposer considers that the Original Proposal would improve cost-reflectivity for Multi Technology Power Stations, who would (extending the example above) face charges for both the wind farm's portion of their site's overall capacity, and for the battery's.

One Workgroup Alternative CUSC Modification (WACM1) was raised by Sembcorp Energy Ltd. WACM1 is different from the Original Proposal in that some tariff components are calculated separately, and some new terms are introduced to enable the related formula.

Reasons for send back

We have considered the FMR dated 12 June 2024, and have concluded that owing to the number and severity of the errors in the legal texts provided, we are unable to form an opinion on CMP316. We are therefore returning the FMR back to the Panel for further work.

Required changes

A high-level overview of the deficiencies we have identified is provided below. This list is not exhaustive, and we expect that a full review of the legal text for both the Original Proposal and WACM1 is conducted prior to any new FMR being resubmitted to the Authority.

1) The legal text for the Original Proposal includes a range of formatting and grammatical errors which raise the risk of ambiguity and misinterpretation, this includes:

a) The new equation in 14.15.102 of the Original Proposal is presented as $\frac{\sum_{p=1}^{17520} GMWhAp}{\sum_{p=1}^{17520} TEC_p \times 0.5}$, which omits what the equation equals to.

b) The omission of words which would seem integral to the Original Proposal's meaning. For example, in 14.15.7 where the phrase 'more than technology' is used

⁴ We acknowledge other terms, including 'co-located power station,' and 'co-located generation sites' have been used throughout the FMR and proposal process. We have chosen to use the terminology from the legal text unless referring to the title of the proposal or the verb.

although we expect the wording is intended to read 'more than one technology,' as it is in WACM1. The current phrasing could indicate a substantial divergence from the intent of the FMR.

- c) Incomplete sentences, for example in 14.18.17 where an 's' appears orphaned on its own line. This appears to have been corrected in WACM1 where it completes the sentence above '... i at station s'.
 - d) Further inconsistent formatting of equations includes the failure to resolve consistency errors in the existing text. For example, the equation at 14.18.17 *Local Annual Liability = Chargeable Capacity × Local Tariff* which uses italics inconsistently and is not indented like other text.
 - e) Generally, we note a number of grammatical and syntactical issues throughout ranging from the use of punctuation marks through to which terms are or are not capitalised and boldened to indicate the use of defined terms;
- 2) The legal text for WACM1 has resolved some of the issues present in the Original Proposal. However, it has also repeated other issues and introduced new formatting, grammatical and mathematical errors which raise the risk of ambiguity and misinterpretation which could prevent the intent of the modification from being realised:
- a) The first equation presented in section 14.18.17 of the legal text for WACM1 contains two substantial errors in its equation of MTPSTEC_{PKis}:
 - i) The minimum (*min*) function presented is followed by a single set of brackets $\min\left(\frac{CAP_i}{\sum_{i=1}^m CAP_i}\right) x TEC_s, CAP_i$. Presenting the equation in this format signals that the minimum is sought from the single input of $\frac{CAP_i}{\sum_{i=1}^m CAP_i}$. We do not believe this calculation fulfils the intention of the modification detailed in the FMR.
 - ii) The equation also includes an 'x', without the provision of a suitable definition. Although based on the FMR we believe the intent was to use a multiplication sign, equations in legal text cannot require additional interpretation. We do not consider it possible to implement the function as provided.
 - b) We believe that the intention of the WACM1 modification could be more effectively achieved through the inclusion of both a multiplication sign and a second set of brackets that clearly indicates the calculation should use the minimum between the two terms presented in the *min* function. We also note that the WACM1 legal text includes the capitalised term 'Maximum Capacity'. Good practice denotes the capitalisation of only those terms defined within the legal text itself or within section

11 of the CUSC. For the term to be defined within the Grid Code is insufficient. Although this term is undefined and takes its natural meaning, we expect consistency in the way capitalised terms are used in the legal text to aid the understanding of industry stakeholders.

Although it may be possible to infer intent from either legal text, we consider that it is critically important that those who pay TNUoS charges understand the terms on which their charges have been calculated, and we do not believe that the legal text provided would enable them to do so. We expect that Workgroups, the Code Administrator and the Panel will have due regard to the operability of the legal text and that it is subject to thorough review prior to submission.

As a general point, albeit not expressly a reason for this send back, where new acronyms are required to allow brevity in an equation, we would prefer to see better consideration of readability and clarity through the use of shorter terms. We consider that lengthy acronyms, for example, 'MTPSTECpk', do not necessarily aid in maintaining a clear and transparent charging methodology and would encourage industry to consider the complexity of legal text to parties outside of the Workgroup's deliberations when drafting.

We also note that the Panel had previously asked the Workgroup to reconvene to review the legal text to assist industry understanding, and it is disappointing that despite that step the legal text renders us unable to form an opinion on the Original Proposal or WACM1.

Overlaps with other recent CUSC modification decisions

On 6 September 2024, the Authority approved CMP424: 'Amendments to Scaling Factors used for Year Round TNUoS Charges'. We recognise that CMP316 intends to amend the same paragraph in the CUSC as CMP424. We expect the Code Administrator to ensure that the amended legal text for CMP316 aligns with the recently amended iteration of CUSC Section 14.

Direction

In consideration of the issues contained in the FMR and legal text provided, we cannot properly form an opinion on the Original Proposal or WACM1. After addressing these issues and revising the FMR as required, the CUSC Panel should re-submit it to us for decision as soon as practicable.

Yours sincerely,

Harriet Harmon

Head of Electricity Transmission Charging

Signed on behalf of the Authority and authorised for that purpose