

Public

## CUSC Alternative Form – Charging

# CMP444 Alternative Request 14:

## Cap and Floor – fixed values based on current charging year 2024/25

### Overview:

The cap/floor for each tariff element will be set as the respective tariff elements' maximum/minimum values, as set out in the Final TNUoS Tariffs report 2024/25<sup>1</sup>.

### Proposer:

Marc Smeed, Offshore Wind Power Limited

☒ I/We confirm that this Alternative Request proposes to modify the charging section of the CUSC only

<sup>1</sup> [2024-25 Final TNUoS Tariffs Report \[Published\]](#)

Public

## What is the proposed alternative solution?

This Alternate proposal seeks to implement a more appropriate solution to address the defect identified by Ofgem by **fixing the cap and floor values at the prevailing tariff extremes for charging year 2024/25.**

The cap value of each tariff components shall be set by taking the maximum value for the respective tariff components (except for the adjustment tariff) from the 2024/25 charging year.

The floor value of each tariff component shall be set by taking the minimum value for the respective tariff components (except for the adjustment tariff) from the 2024/25 charging year.

The values will be set as follows:

	System Peak Tariff	Shared Year Round Tariff	Not Shared Year Round Tariff
	(£/kW)	(£/kW)	(£/kW)
<b>Cap</b>	8.245736	20.547337	20.444992
<b>Floor</b>	-3.403205	-9.779349	-10.960559

These values have been calculated by taking the minimum and maximum values from Table 2 of the 2024/25 tariff publication, as shown below.

Generation Tariffs		System Peak Tariff	Shared Year Round Tariff	Not Shared Year Round Tariff
Zone	Zone Name	(£/kW)	(£/kW)	(£/kW)
1	North Scotland	2.996130	20.547337	18.248646
2	East Aberdeenshire	4.134330	11.778569	18.248646
3	Western Highlands	3.230485	20.305204	18.076420
4	Skye and Lochalsh	- 1.989329	20.305204	19.870000
5	Eastern Grampian and Tayside	5.853910	15.742151	14.103528
6	Central Grampian	4.942105	15.970825	14.409646
7	Argyll	3.157627	14.100590	20.444992
8	The Trossachs	3.944171	14.100590	11.871885
9	Stirlingshire and Fife	2.474974	13.819136	11.646784
10	South West Scotlands	2.707958	13.364269	11.382199
11	Lothian and Borders	2.408183	13.364269	5.302762
12	Solway and Cheviot	1.636696	8.689987	6.607014
13	North East England	3.319860	6.079623	3.852638
14	North Lancashire and The Lakes	1.255369	6.079623	1.383497
15	South Lancashire, Yorkshire and Humber	4.196041	2.039167	0.341717
16	North Midlands and North Wales	2.996034	0.468681	-
17	South Lincolnshire and North Norfolk	1.263625	2.464145	-
18	Mid Wales and The Midlands	1.291875	4.206973	-
19	Anglesey and Snowdon	4.761625	0.614076	-
20	Pembrokeshire	8.245736	- 8.308040	-
21	South Wales & Gloucester	3.945510	- 8.526868	-
22	Cotswold	3.461436	4.275752	- 10.960559
23	Central London	- 3.403205	4.275752	- 3.548596
24	Essex and Kent	- 3.148861	4.275752	-
25	Oxfordshire, Surrey and Sussex	- 0.703694	- 2.203398	-
26	Somerset and Wessex	- 1.116080	- 4.720325	-
27	West Devon and Cornwall	- 0.429420	- 9.779349	-

Cap (=MAX field values)	8.245736	20.547337	20.444992
Floor (=MIN field values)	-3.403205	-9.779349	-10.960559

Public

## What is the difference between this and the Original Proposal?

The Original Proposal establishes the cap and floor values through a statistical analysis of projected future tariffs, but it is not based on actual data.

In line with Ofgem's open letter<sup>2</sup> this Alternative methodology will:

- Reduce investment uncertainty by fixing the charges based on actual values.
- Ensure the transmission charging regime does not unduly hinder low carbon investment in achieving a clean power system by 2030.
- Protect the interests of consumers.
- Set a single GB cap and floor.
- Set an effective cap on very high projected TNUoS levels in Northern GB and a floor limiting greater credits to Southern generators.
- Retain regional/location differential in charges and between technology types.
- Be capable of implementation without requiring NESO to change its TNUoS forecasting approach or timetable.
- Be capable of implementation from April 2026.

---

<sup>2</sup> Open Letter: Seeking industry action to develop a temporary intervention to protect the interests of consumers by reducing the uncertainty associated with projected future TNUoS charges

Public

## 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;	<b>Positive</b>  This modification protects consumers interests and facilitates competition, particularly in the Contracts for Difference (CfD) process, by meeting the objectives/ parameters set out in Ofgem's intervention letter.
(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);	<b>Neutral</b>
(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;	<b>Neutral</b>
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b>
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	<b>Neutral</b>
*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.	

Public

## When will this change take place?

### Implementation date:

As per Original Solution.

### Implementation approach:

This Alternate proposal methodology is straightforward to implement and does not depend on any complex statistical means.

## Acronyms, key terms and reference material

Acronym / key term	Meaning
CfD	Contracts for Difference
CUSC	Connection Use of System Code
NESO	National Energy System Operator
TNUoS	Transmission Network Use of System Charges

### Reference material:

1. <https://www.neso.energy/document/301741/download>
2. [https://www.ofgem.gov.uk/sites/default/files/2024-09/Open\\_letter\\_TNUoS\\_intervention\\_vF\\_Publications.pdf](https://www.ofgem.gov.uk/sites/default/files/2024-09/Open_letter_TNUoS_intervention_vF_Publications.pdf)