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CUSC Alternative Form – Charging

CMP444 Alternative Request 9:

Removal of ASTI works from tariff model

Overview:

ASTI works removed from the calculation of wider zonal TNUoS tariffs.

Proposer:

Offshore wind Power Limited

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

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What is the proposed alternative solution?

Defect with Original proposal

The Original Proposal introduces cap and floor limits on wider zonal TNUOS tariff elements based on a statistical analysis applied to the population of estimated future tariff values. This was based on NESO's five year view of TNUoS tariffs 2025/26 to 2029/30 (published in April 2024).

Although this approach is reasonable, it is not necessarily the most appropriate way to address the defects that were highlighted in Ofgem's cap and floor intervention letter (23 Sep 2024), which led to the Original Proposal.

Proposed alternative methodology

This Alternative methodology seeks to implement a more appropriate solution to address the defect identified by Ofgem by **removing the impact of ASTI works on TNUoS tariffs**.

The Alternative methodology is very simple. It would involve:

- Identifying all ASTI works within the transport and tariff model.
- Setting a link-specific expansion factor for these works equal to zero.

Cost reflectivity vs Original

Except for the ASTI works, this Alternative solution ensures that all network users will continue to be exposed to current and future system costs, in the same way as they are in the current methodology.

Effective competition vs Original

Compared to the Original, this Alternative will do a better job of maintaining relative locational tariffs across the TNUoS zones.

Efficiency in implementation and administration vs Original

This Alternative is simpler to implement as it requires a small number of discrete alterations to the inputs used for the ASTI network components. This means that it is a 'fit and forget' solution and does not require a new tariff post-processing calculation step, like the original.

What is the difference between this and the Original Proposal?

The differences are highlighted in the text above,

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	Positive

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consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	<p>This modification decreases uncertainty in TNUoS charges by insulating network users from the changes in forecast and outturn costs of the ASTI works.</p> <p>It also reduces charge volatility by minimising the overall MWkms being introduced into the model by the ASTI works, making the locational signals more stable.</p> <p>Compared to the Original, competition is better facilitated because tariff differences between the existing TNUoS zones and technologies are maintained.</p>
(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 C11 requirements of a connect and manage connection);	<p>Neutral</p> <p>Pre-existing cost-reflective locational signals are preserved</p>
(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 and the ISOP business*;	<p>Neutral</p> <p>N/A</p>
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<p>Neutral</p> <p>No change required to the calculation of the adjustment tariff to maintain compliance.</p>
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	<p>Neutral</p> <p>Does not place any additional administration burden or modelling</p>

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	complexity into the tariff model.
<p>* See Electricity System Operator Licence</p> <p>**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.</p>	

When will this change take place?

Implementation date:

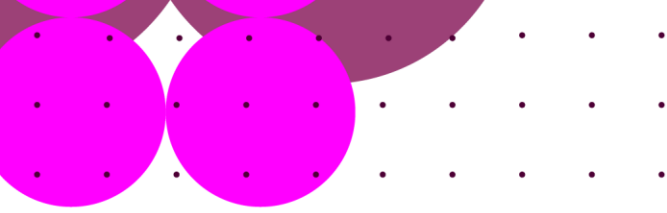
As per Original Solution.

Implementation approach:

As per Original Solution.

Acronyms, key terms and reference material

Acronym / key term	Meaning
NESO	National Energy System Operator
TNUoS	Transmission Network Use of System Charges
ASTI	Accelerated Strategic Transmission Investment
HND	Holistic Network Design



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