

Public

## CUSC Alternative Form - Charging

# CMP444 Alternative Request 11:

NESO TNUoS 5-year forecast for 2030/31 charging year to be published in April 2025

Highest value for each tariff component from this data set to derive the cap

Lowest value for each tariff component from this data set to derive the floor

**Overview:** The derivation of the cap is based on the highest value for each tariff component using the 2030/31 5-year TNUoS forecast to be published in 2025.

The derivation of the floor is based on the lowest value for each tariff component using the 2030/31 5-year TNUoS forecast to be published in 2025.

**Proposer:** [Binoy Dharsi, EDF]

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

Public

## What is the proposed alternative solution?

The cap and floor is derived from the proposed 5-year TNUoS tariff forecast published by NESO in 2025.

This will require NESO to undertake a forecast in a timely manner to allow workgroup members to assess the suitability of this solution.

CMP444 is a crucial modification, and its intention is to provide the most appropriate balance between predictability and impact to other Users.

The publication of the 5-year forecast for 2025/26 to 2030/31 charging years would provide the workgroup with the most up to date and best view by NESO to allow it to set an effective and proportionate cap and floor. The 5-year forecast is valued highly by industry parties and therefore it would be more difficult to challenge given its level of credibility.

Historically, the 5-year forecast is published in April of each year. Our expectations is that this be expedited to allow workgroup members time to reflect on the forecast to ensure it meets the intentions to set a cap and floor.

Using a more appropriate generation background would provide greater confidence in the values derived. Including the generation background from CP2030 that would also allow workgroup members to assess the overall impact of this solution better.

For each of the following components, the cap is set at the maximum value from the 2030/31 tariffs.

For each of the following components, the floor is set at the minimum value from the 2030/31 tariffs.

### Tariff Components

- Shared Year Round
- Not Shared Year Round
- System Peak

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

NESO's 10-year TNUoS projections are the only publicly available indication of long-term charge levels. A range of concerns have been raised about the data, specifically the extremities of some tariffs towards the latter part of the projection period. NESO has stated<sup>1</sup> that "its purpose is to illustrate the future trend of TNUoS tariffs, if the methodology remains unchanged over the next 10 years".

Ofgem, in the Open Letter<sup>2</sup> stated that:

"Ofgem has publicly suggested that we do not think those projections are likely to materialise, based on in-progress and planned TNUoS reforms such as those resulting from the TNUoS Task Force".

This proposed alternative solution accepts that the 2030/31 tariffs forecast, that will be issued by NESO later in 2025 will provide to industry a refreshed, up-to-date view of where tariffs are likely to outturn. This forecast uses an industry agreed methodology, unlike the methodology and process

<sup>1</sup> <https://www.neso.energy/document/288956/download>

<sup>2</sup> [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)

## Public

used to derive NESO's 10-year projection tariffs. Therefore, there will be greater confidence in the tariffs derived.

## 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;	<p>Positive</p> <p>This temporary intervention will provide the necessary guardrails to enable investors to make decisions with the knowledge that they will expect protection from tariff values that could breach the cap or floor until such time alternative market or CUSC reforms are introduced. This will strike a more appropriate balance between the assurances required by investors and the impact on other Users, who may bear some additional costs through the generation adjustment tariff.</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>Positive</p> <p>The level at which the charges are to be determined must provide predictability, coupled with a proportionate level of support from other Users.</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>

## Public

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

\* See Electricity System Operator Licence

\*\*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.

### Proposer's assessment against CUSC Connection Charging Objectives

Relevant Objective	Identified impact
(a) means the Use of System Charging Objectives, as if references therein to the Use of System Charging Methodology were to the Connection Charging Methodology and in addition, the objective (where consistent with the other objectives) of facilitating competition in the carrying out of works for connection to the National Electricity Transmission System.	Neutral

### When will this change take place?

#### Implementation date:

01 April 2026

#### Implementation approach:

This proposed alternative is relatively simple to administer and will require the NESO to track when generators breach the cap and floor against the actual tariff outcome and make necessary adjustments to the generation residual tariff.

### Acronyms, key terms and reference material

Acronym / key term	Meaning
CUSC	Connection and Use of System Code
TNUoS	Transmission Network Use of System

#### Reference material:

## Public

1. <https://www.neso.energy/document/288956/download>
2. 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
- 3.