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## CUSC Alternative Form - Charging

# CMP444 Alternative Request 10:

NESO TNUoS 5-year forecast for 2029/30 charging year published in April 2024

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 2029/30 5-year TNUoS forecast published in April 2024.

The derivation of the floor is based on the lowest value for each tariff component using the 2029/30 tariffs published in April 2024<sup>1</sup>.

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

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

<sup>1</sup> /<https://www.neso.energy/document/279606/download>

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### What is the proposed alternative solution?

The cap and floor is derived from the existing 5-year TNUoS forecast of tariffs published by NESO in April 2024.

For each of the following components, the cap is set at the maximum value from the 2029/30 tariffs.

For each of the following components, the floor is set at the minimum value from the 2029/30 tariffs.

#### Tariff Components

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

We have evaluated the 5-year forecast that was published in April 2024, the magnitude of change between tariffs in 2028/29 and 2029/30 is primarily because of valid assumptions on network build. Given the levels of doubt in the 10-year projection, we believe this strikes an appropriate balance in which to set the cap and floor tariff component values.

### 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>2</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>3</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 2029/30 tariffs forecast by NESO is the best and most recent view, carrying a high confidence level of where tariffs are likely to outturn. This means that the cap protects developers against risks from 2030/31 tariffs, which rely on the 10-year forecast, which has been questioned.

### 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 This temporary intervention will provide

<sup>2</sup> <https://www.neso.energy/document/288956/download>

<sup>3</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)

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consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	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.
(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);	Positive The level at which the charges are to be determined must provide predictability, coupled with a proportionate level of support from other Users.
(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*;	Neutral
(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

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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 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:

1. <https://www.neso.energy/document/279606/download>
2. <https://www.neso.energy/document/288956/download>
3. [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](#)
- 4.