

Public

# Special CUSC Panel

Thursday 15 May 2025

Online Meeting via Teams



Public

# WELCOME



## Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

### Duties of Panel Members & Alternates (8.3.4)

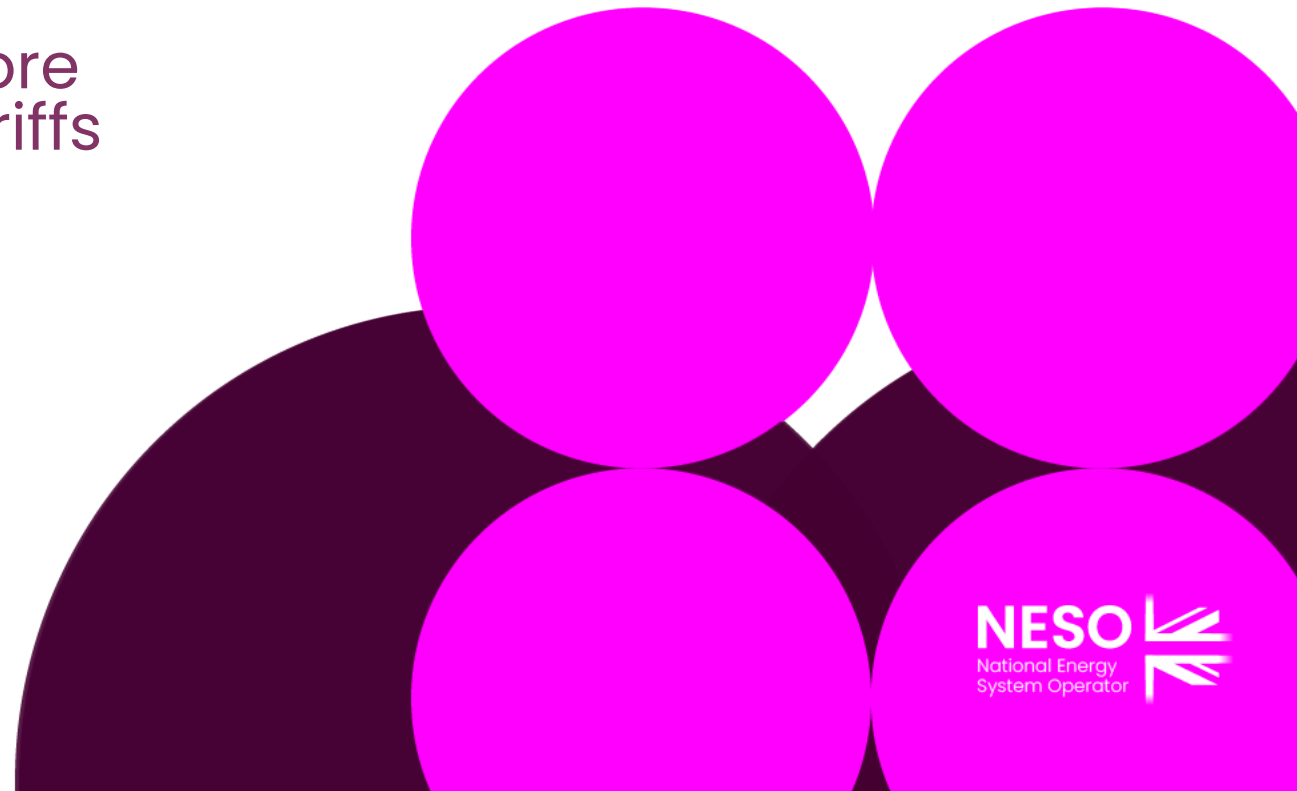
1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

# Draft Final Modification Report

CMP432: Improve “Locational Onshore  
Security Factor” for TNUoS Wider Tariffs

Catia Gomes (Panel Secretary)



# Solution

## **Proposers' solution:**

It is proposed that the existing Locational Onshore Security Factor uplift should be removed from all TNUoS Wider locational tariffs for both Peak Security and Year-Round.

- This can be achieved by either setting the Locational Onshore Security Factor to 1.0 or removing it from the methodology from the Charging and Use of System Code (CUSC) altogether. After discussions with the Workgroup the Proposer decided to go with the removal of the Locational Onshore Security Factor as the final solution.
- It is important to note that Local charges will remain unchanged.

**Requested implementation date for the Proposer's solution:** 01 April 2026

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run from 28/04/2025 to 06/05/2025 and received 21 non-confidential responses and 1 confidential response. Key points were:

- 14 respondents preferred the Original solution, whereas 7 preferred the Baseline.
- 14 respondents supported the implementation approach, while 7 respondents indicated they did not support it.
- One respondent noted the importance of a decision on CMP432 before tenders for AR7 are issued and implemented, however another respondent advised that changing tariffs at short notice could risk undermining investor confidence.
- 3 respondents submitted the same supporting report titled 'Consumer savings under TNUoS reform proposals.'

# Code Administrator Consultation – Legal Text Changes.

## What do the CUSC Governance Rules say?

- 8.23.4 A draft of the **CUSC Modification Report** shall be tabled at the **Panel Meeting** prior to submission of that **CUSC Modification Report** to the **Authority** as set in accordance with the timetable established pursuant to Paragraph 8.19.1 at which the Panel may consider any minor changes to the legal drafting, which may include any issues identified through the **Code Administrator's** consultation and:
- (i) if the change required is a typographical error the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**; or
  - (ii) if the change required is not considered to be a typographical error then the **CUSC Modifications Panel** may direct the **Workgroup** to review the change. If the **Workgroup** unanimously agree that the change is minor the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote** otherwise the **Code Administrator** shall issue the **CUSC Modification Proposal** for further **Code Administrator** consultation after which the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.
  - (iii) if a change is not required after consideration, the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.

**Code Admin must present the proposed legal text changes**

**Panel have 3 choices:**

- **Agree the changes are typographical and instruct Code Admin to make the change under 8.23.4(i). Then we carry out Recommendation Vote; or**
- **Agree the changes are not needed under 8.23.4(iii). Then we carry out Recommendation Vote; or**
- **Under 8.23.4(ii) Direct the Workgroup to review the changes or ask for a further Code Administrator Consultation to be issued**

# Suggested changes

## Initial Transport Tariff

- 14.15.96 First an Initial Transport Tariff (ITT) must be calculated for both Peak Security and Year Round backgrounds. For Generation, the Peak Security zonal marginal km (ZMkm<sub>PS</sub>), Year Round Not-Shared zonal marginal km (ZMkm<sub>YRNS</sub>) and Year Round Shared zonal marginal km (ZMkm<sub>YRS</sub>) are simply multiplied by the expansion constant ~~and the locational security factor~~ to give the Peak Security ITT, Year Round Not-Shared ITT and Year Round Shared ITT respectively:

~~$$ZMkm_{GIPS} \times EC \times LSF = ITT_{GIPS}$$~~

~~$$ZMkm_{GIYRNS} \times EC \times LSF = ITT_{GIYRNS}$$~~

~~$$ZMkm_{GIYRS} \times EC \times LSF = ITT_{GIYRS}$$~~

~~Delete above calculation, as is a picture and replace with~~

$$ZMkm_{GIPS} \times EC \times LSF = ITT_{GIPS}$$

$$ZMkm_{GIYRNS} \times EC \times LSF = ITT_{GIYRNS}$$

$$ZMkm_{GIYRS} \times EC \times LSF = ITT_{GIYRS}$$



# Without changes

## Initial Transport Tariff

14.15.96 First an Initial Transport Tariff (ITT) must be calculated for both Peak Security and Year Round backgrounds. For Generation, the Peak Security zonal marginal km (ZMkm<sub>PS</sub>), Year Round Not-Shared zonal marginal km

(ZMkm<sub>YRNS</sub>) and Year Round Shared zonal marginal km (ZMkm<sub>YRS</sub>) are simply multiplied by the expansion constant to give the Peak Security ITT, Year Round Not-Shared ITT and Year Round Shared ITT respectively:

$$ZMkm_{GIPS} \times EC \times LSF = ITT_{GIPS}$$

$$ZMkm_{GTRNS} \times EC \times LSF = ITT_{GTRNS}$$

$$ZMkm_{GIRS} \times EC \times LSF = ITT_{GIRS}$$

Delete above calculation, as is a picture and replace with

$$\begin{aligned} ZMkm_{GIPS} \times EC &= ITT_{GIPS} \\ ZMkm_{GIYRNS} \times EC &= ITT_{GIYRNS} \\ ZMkm_{GIYRS} \times EC &= ITT_{GIYRS} \end{aligned}$$

# After changes

## Initial Transport Tariff

14.15.96 First an Initial Transport Tariff (ITT) must be calculated for both Peak Security and Year Round backgrounds. For Generation, the Peak Security zonal marginal km (ZMkm<sub>PS</sub>), Year Round Not-Shared zonal marginal km

(ZMkm<sub>YRNS</sub>) and Year Round Shared zonal marginal km (ZMkm<sub>YRS</sub>) are simply multiplied by the expansion constant to give the Peak Security ITT, Year Round Not-Shared ITT and Year Round Shared ITT respectively:

$$\begin{aligned} ZMkm_{GIPS} \times EC &= ITT_{GIPS} \\ ZMkm_{GIYRNS} \times EC &= ITT_{GIYRNS} \\ ZMkm_{GIYRS} \times EC &= ITT_{GIYRS} \end{aligned}$$

# Suggested changes

14.15.97 Similarly, for demand the Peak Security zonal marginal km (  $ZMkm_{PS}$  ) and Year Round zonal marginal km (  $ZMkm_{YR}$  ) are simply multiplied by the expansion constant ~~and the locational security factor~~ to give the Peak Security ITT and Year Round ITT respectively:

~~$$ZMkm_{DiPS} \times EC \times LSF = ITT_{DiPS}$$~~

~~$$ZMkm_{DiYR} \times EC \times LSF = ITT_{DiYR}$$~~

Delete above calculation and replace with

$$ZMkm_{DiPS} \times EC = ITT_{DiPS}$$

$$ZMkm_{DiYR} \times EC = ITT_{DiYR}$$

## Without changes

- 14.15.97 Similarly, for demand the Peak Security zonal marginal km (  $ZMkm_{PS}$  ) and Year Round zonal marginal km (  $ZMkm_{YR}$  ) are simply multiplied by the expansion constant to give the Peak Security ITT and Year Round ITT respectively:

$$ZMkm_{DiPS} \times EC \times LSF = ITT_{DiPS}$$

$$ZMkm_{DiYR} \times EC \times LSF = ITT_{DiYR}$$

Delete above calculation and replace with

$$ZMkm_{DiPS} \times EC \times \cancel{LSF} = ITT_{DiPS}$$

$$ZMkm_{DiYR} \times EC \times \cancel{LSF} = ITT_{DiYR}$$

## After changes

- 14.15.97 Similarly, for demand the Peak Security zonal marginal km (  $ZMkm_{PS}$  ) and Year Round zonal marginal km (  $ZMkm_{YR}$  ) are simply multiplied by the expansion constant to give the Peak Security ITT and Year Round ITT respectively:

$$ZMkm_{DiPS} \times EC = ITT_{DiPS}$$

$$ZMkm_{DiYR} \times EC = ITT_{DiYR}$$

# CMP432 Asks of Panel

- **AGREE** whether or not the proposed changes to the legal text are typographical
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps



# CMP432 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	15 May 2025
Submission of Final Modification Report to Ofgem	15 May 2025
Ofgem decision date	30 September 2025
Implementation Date	01 April 2026

## Any other business

# Activities ahead of the next Panel Meeting

Papers Day	15 May 2025
Panel Meeting	23 May 2025/ Teams

# Close

**Penny Garner**

Acting Independent Chair, CUSC Panel