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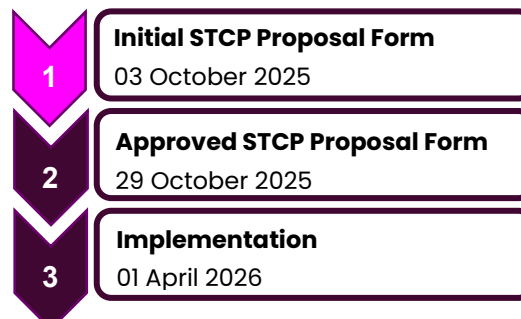
## STCP Modification Proposal Form

# PM0150: Due Date for Monthly Payments to Transmission Owners (TOs)

**Overview:** Minor change to due dates for monthly payments to TOs, to ensure there is always one Business Day between the payments received by National Energy System Operator (NESO) from Connection and Use of System Code (CUSC) users for Transmission Network Use of System (TNUoS) and Connection Charges and the payments made by NESO to TOs for general system charges and site-specific charges.

To note: This is a consequential System Operator Transmission Owner Code (STC) Procedure Modification (PM) to CM0104.

## Modification process & timetable



**Status summary:** The Proposer has raised a modification and is seeking a decision from the Panel on whether the modification should be implemented.

**This modification is expected to have a: Low impact** Transmission Owners

<b>Proposer's assessment of materiality</b>	Not a material change – STC Panel approval	
<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Nick George <a href="mailto:nick.george@neso.energy">nick.george@neso.energy</a> 07973 915455	<b>Code Administrator Contact:</b> <a href="mailto:stcteam@neso.energy">stcteam@neso.energy</a>

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## What is the issue?

The monthly payments to TOs for general system charges and site specific charges are funded from the revenue that NESO receives from CUSC users for TNUoS and Connection Charges. The due date for NESO to make payments to TOs can fall on the same day that NESO receives the TNUoS and Connection Charge payments, causing cashflow timing problems for NESO.

NESO used to be part of the National Grid group, so had the benefit of a larger balance sheet and roughly half the total TO payments were internal payments within the group. NESO is now an independent, government owned entity, which has a relatively low working capital facility.

The due date for TNUoS and Connection Charge payments under CUSC is the 15<sup>th</sup> day of the month and if this is not a Business Day, it rolls to the next Business Day. A large proportion of the CUSC payments are received on the due date.

STC Section E defines the due date for monthly payments as the 16<sup>th</sup> day of the month and if this is not a Business Day, it rolls to the next Business Day.

Therefore, where the 15<sup>th</sup> day of the month is not a Business Day, the due dates under CUSC and STC Section E fall on the same day.

There is a further issue that STCP 13-1 is inconsistent with STC Section E. STCP 13-1 defines the due date as the 15<sup>th</sup> day of the month and if this is not a Business Day, it rolls to the next Business Day.

There is a provision in STC that where there is a conflict between the main body of STC and a STCP, the main body prevails. Despite this, NESO historically paid on the 15<sup>th</sup> day, although that has become increasingly difficult and will be even more difficult as the level of TO payments are forecast to increase significantly in future years.

### Why change?

The change will ensure there will always be one Business Day between the payment due dates under CUSC and STC and ensure that NESO has sufficient funds to make the TO payments.

This proposal is consequential to CM0104 which is to modify STC Section E.

## What is the Proposer's solution?

The due date for monthly payments under STC will be changed to the 2nd Business Day immediately following the 14<sup>th</sup> of the month. This will ensure there will always be one Business Day between the payment due dates under CUSC and STC.

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### Legal text

The proposed changes to STCP 13-1 are shown below:

3.1.6 Each OFTO or CATO shall on the 1st Business Day of each month invoice The Company equal amounts over the remaining months of the year, matching the amounts provided under clause 3.1.2 or 3.1.3 and totalling the annual General System Charges and TO Site Specific Charges forecast in 3.1.1, 3.1.2 3.1.3 and 3.1.4 less any one-off General System Charges that have been invoiced during the year. The Company shall pay the recurrent monthly OFTO or CATO invoice on the ~~2nd Business Day immediately following the 14th 15th~~ of the month, ~~unless such payment day is not a Business Day in which case payment shall be made on the next Business Day.~~

....

3.1.10 In respect of the Onshore TOs, for payments due from The Company for TO Charges forecast in 3.1.1 and 3.1.2, the following process shall apply:

3.1.10.1 On the 1st Business Day of each month, The Company shall confirm to the TO Revenue Contact the amount payable to the Onshore TO for the current month.

3.1.10.2 On the 4th Business Day of each month, the Onshore TO shall invoice The Company the monthly amount communicated to it under 3.1.9.1.

3.1.10.3 On the ~~2nd Business Day immediately following the 14th 15th~~ of each month ~~(unless such day is not a Business Day, in which case payment shall be provided on the next Business Day)~~ The Company shall pay the Onshore TO the amount shown on the invoice issued to it by the Onshore TO in accordance with 3.1.9.2.

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## What is the impact of this change?

Proposer's assessment against STC Objectives	
Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon Transmission Licensees by Transmission Licences and the Electricity Act 1989;	<b>Positive</b> It will ensure the NESO has the cash to pay TOs on the due date
(b) efficient discharge of the obligations imposed upon the licensee by the Electricity System Operator licence, the Energy Act 2023 and Electricity Act 1989;	<b>Positive</b> It will ensure the NESO has the cash to pay TOs on the due date
(c) development, maintenance, and operation of an efficient, economical, and coordinated system of electricity transmission;	<b>Neutral</b>
(d) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;	<b>Neutral</b>
(e) protection of the security and quality of supply and safe operation of the National Electricity Transmission System insofar as it relates to interactions between Transmission Licensees and the licensee*;	<b>Neutral</b>
(f) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC;	<b>Positive</b> It will ensure the NESO has the cash to pay TOs on the due date and remove the inconsistency between STC Section E and STCP13-1
(g) facilitation of access to the National Electricity Transmission System for generation not yet connected to the National Electricity Transmission System or Distribution System; and	<b>Neutral</b>
(h) compliance with the Electricity Regulation and any Relevant Legally Binding Decisions of the European Commission and/or the Agency.	<b>Neutral</b>

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\* See *Electricity System Operator Licence*

Proposer's assessment against the STCP change requirements	Proposer's assessment
(a) the amendment or addition falls within the terms and arrangements set out in condition E4 of the ESO Licence Standard Condition B12 of the Transmission Licence; and	<b>Requirement met</b>
(b) the amendment or addition does not impair, frustrate or invalidate the provisions of the Code	<b>Requirement met</b>
(c) the amendment or addition does not impose new obligations or liabilities or restrictions of a material nature on Relevant Parties which are not subsidiary to the rights and obligations of the Relevant Parties under the Code	<b>Requirement met</b>
(d) the amendment or addition is not inconsistent or in conflict with the Code, ESO Licence or Transmission Licence Conditions or other relevant statutory requirements; and	<b>Requirement met</b>
(e) the Relevant Party Representatives deem that the amendment or addition is appropriate to support compliance with the Code	<b>Requirement met</b>

## When will this change take place?

### Implementation date:

1 April 2026

### Implementation approach:

From 1 April 2026, payments will be made to the TOs as per the revised dates.

## Interactions

☐ Grid Code

☐ BSC

☐ CUSC

☐ SQSS

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☐ European Network ☒ Other ☐ Other

Codes modifications

This is a consequential proposal to CM0104.

## Panel Determination

Party	Determination
<b>National Energy System Operator (NESO)</b>	To be updated following Panel determination
<b>National Grid (TO)</b>	To be updated following Panel determination
<b>Offshore Transmission Owners (OFTOs)</b>	To be updated following Panel determination
<b>Scottish Hydro Electric Transmission plc (SHET)</b>	To be updated following Panel determination
<b>SP Transmission Limited (SPT)</b>	To be updated following Panel determination

## Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CM	Code Modification
CUSC	Connection and Use of System Code
NESO	National Energy System Operator
PM	Procedure Modification
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TNUoS	Transmission Network Use of System
TOs	Transmission Owners