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## Draft Final Self-Governance Modification Report

### CM0104: Due Date for Monthly Payments to Transmission Operators (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.

#### Modification process & timetable

1

##### Proposal Form

03 October 2025

2

##### Code Administrator Consultation

04 November 2025 – 25 November 2025

3

##### Draft Final Modification Report

02 December 2025

4

##### Final Modification Report / Appeals Window

18 December 2025 – 13 January 2026

5

##### Implementation

01 April 2026

**Have 30 minutes?** Read the Draft Final Self-Governance Modification Report.

**Have 45 minutes?** Read the Draft Final Self-Governance Modification Report and Annexes.

**Status summary:** The Draft Final Self-Governance Modification Report has been prepared for the determination vote at Panel.

**Panel determination:** The Panel will meet on 10 December 2025 to carry out their determination vote.

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

#### Governance route

Self-Governance modification to proceed to Code Administrator Consultation

#### Who can I talk to about the change?

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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.

System Operator Transmission Owner Code (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.

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## What is the solution?

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

### Draft Legal Text

The proposed changes to Section E are shown below:

4.3 The Company shall pay TO Charges and all other payments due under a TO Construction Agreement to Transmission Owners, in the following manner:

4.3.1 in the case of recurrent monthly TO Charges or other payments, on the later of:

4.3.1.1 the ~~10th 15th~~ day following the day that the Transmission Owner's invoice therefor was despatched; and

4.3.1.2 the **2nd Business Day immediately following the 14th** ~~16th~~ day of the month to which the invoiced TO Charges or other payments relate, unless, in any such case, such payment day is not a Business Day in which case payment shall be made on the next Business Day;

Note that the change to 10th day in 4.3.1.1 is to reflect that onshore TOs need to wait for NESO's notification of the amount to invoice before they can raise their invoice (as per STCP 13-1).

## What is the impact of this change?

This will benefit NESO by ensuring it has the cash in its bank account to make the TO payments on the due date. For TOs, it will result in payments being made a maximum of one Business Day later.

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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 <b>licensee*</b> ;	<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 STCPI3-1
(g) facilitation of access to the National Electricity Transmission System for generation not yet connected	<b>Neutral</b>

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to the National Electricity Transmission System or Distribution System; and	
(h) compliance with the Electricity Regulation and any Relevant Legally Binding Decisions of the European Commission and/or the Agency.	<b>Neutral</b>

\* See Electricity System Operator Licence

<b>Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories</b>	
<b>Stakeholder / consumer benefit categories</b>	<b>Identified impact</b>
Improved safety and reliability of the system	<b>Neutral</b>
Lower bills than would otherwise be the case	<b>Neutral</b>
Benefits for society as a whole	<b>Neutral</b>
Reduced environmental damage	<b>Neutral</b>
Improved quality of service	<b>Neutral</b>

## Code Administrator Consultation Summary

The Code Administrator Consultation was issued on 04 November 2025 closed on 25 November 2025 and received 1 non-confidential response. The full response can be found in **Annex 02**.

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## Code Administrator Consultation summary

### Question

Please provide your assessment of the proposed solution against the Applicable Objectives compared to the current baseline?

We believe that the proposed solution better facilitates the current baseline against Applicable Objectives a, b and f, as this will ensure NESO has the funds to make the appropriate payments to TOs within prescribed timescales. It will also align STC Section E and STCP 13-1.

Do you support the proposed implementation approach?

Yes.

Do you have any other comments?

Minor issue in the drafting of the legal text where if you specify business day at the start, do you need the caveat at the end (below in bold).

*4.3.1.2 the **2nd Business Day** immediately following the 14th ~~16th~~ day of the month to which the invoiced TO Charges or other payments relate, **unless, in any such case, such payment day is not a Business Day** in which case payment shall be made on the next Business Day.*

### Legal text issues raised in the consultation

The response suggested removing the caveat within the legal text “unless, in any such case, such payment day is not a Business Day”. The CM0104 Proposer confirms that this suggested amendment is editorial and does not require an amendment to the legal text that has been proposed.

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## Panel Determination vote

The Panel will meet on the 10 December 2025 to carry on their determination vote.

They will assess whether a change should be made to the STC by assessing the proposed change and any alternatives against the Applicable Objectives.

## Panel comments on Legal text

Ahead of the vote taking place, the Panel will consider the legal text amendments proposed as part of the Code Administrator Consultation and agree next steps. The suggested change can be found within the non-confidential response in **Annex 02**.

## When will this change take place?

### Implementation date:

01 April 2026

### Implementation approach

From 01 April 2026, payments will be made to the TOs as per the revised dates.

### Proposer's justification for governance route

Governance route: Self-Governance modification to proceed to Code Administrator Consultation. The solution is clearly defined with Legal Text, and the proposer believes it meets the Self Governance criteria for Panel decision.

## Interactions

<input type="checkbox"/> Grid Code	<input checked="" type="checkbox"/> BSC	<input type="checkbox"/> CUSC	<input type="checkbox"/> SQSS
<input type="checkbox"/> European Network Codes	<input checked="" type="checkbox"/> Other modifications	<input type="checkbox"/> Other	

Consequential proposal [PM0150](#) has also been raised to amend STCP 13-1.



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## 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
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
TNUoS	Transmission Network Use of System
TOs	Transmission Operators

## Annexes

Annex	Information
Annex 01	CM0104 Legal Text
Annex 02	CM0104 Code Administrator Consultation response