Public

CUSC Alternative and Workgroup Vote

CMP445: Pro-rating first year TNUoS for Generators

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) Vote on which of the options is best.

Terms used in this document

Term	Meaning
Baseline	The current CUSC (if voting for the Baseline, you believe no modification should be made)
Original	The solution which was firstly proposed by the Proposer of the modification
WACM	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

For reference the Applicable CUSC (charging) Objectives are:

d) *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;*

e) *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);

f) *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*;*

g) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*

h) *Promoting efficiency in the implementation and administration of the system charging methodology.*

** See Electricity System Operator Licence*

***The Electricity Regulation referred to in objective (G) 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.*

Workgroup Vote

Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative CUSC Modifications.

The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.

Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original proposal then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

"Y" = Yes

"N" = No

"-" = Neutral (Stage 2 only)

"Abstain"

Workgroup Member	Alternative 1 (NESO, prorating first and final year of charging)	Alternative 2 (Brockwell Energy, Charging TNUoS on a daily basis)	Alternative 3 (SSE Generation, Pro-rating first year TNUoS)
Alan Kelly (WACM1 vote) / Marc Smeed / Varun Mittal	***Y***	***Y***	**-**
Angus Armstrong (WACM1 vote) / Nina Brundage	***Y***	***Y***	***N***
Archie Campbell (WACM1 vote) / Georgina Morris-Rowbottom	**-**	***Y***	***N***
Damian Clough (WACM1 vote) / Garth Graham	***Y***	***Y***	***Y***
Graham Pannell (WACM1 vote) / James Brown	***Y***	**-**	***N***
Hector Perez (WACM1 vote) / Ryan Ward	***Y***	**-**	***Y***
Richard Buckland (WACM3 Vote)/ Graz Macdonald	**-**	**-**	***N***
Stephen Dale (WACM1 vote) / Sean Nugent	***Y***	***Y***	***Y***
WACM?	***WACM1***	***WACM2***	***WACM3***
Date	***15 July (WG4)***	***09 October (WG6)***	***09 March (WG10)***

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Angus Armstrong – Ocean Winds					
Original	***Y***	***Y***	***Y***	***Y***	***Y***	***Y***
WACM 1	***Y***	***Y***	***Y***	***Y***	***Y***	***Y***
WACM 2	***Y***	***Y***	***Y***	***Y***	***Y***	***Y***

Voting Statement:

All proposed solutions facilitate the ACOs better than the baseline as, at their core, they all cure the same defect and reflect the principle that TNUoS should only be payable by Users when a connection is available.

WACMs 1 and 2 are very closely aligned to the Original Proposal and build upon it to deal with the scenario of disconnection, which we support.

WACMs 1 and 2 are essentially the same proposal, however WACM 2 introduces the concept of retrospectivity which we also fully support, for all of the reasons stated in the Workgroup Report. It has been shown by NESO, throughout the workgroups, that the impact of applying WACM2 retrospectively is negligible to the overall system. However, there is a very severe impact to several generators that we have been made aware of through the workgroup meetings. Furthermore, without retrospective application new generators will continue to suffer this impact, if the currently unclear interpretation of the CUSC is allowed to continue until the proposed implementation date. We believe that the proposal for retrospectivity which forms part of WACM 2 fully satisfies Ofgem's criteria for retrospectivity, as explained in the Workgroup Report and we fully support retrospective implementation of this modification.

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Archie Campbell - Zenobe Energy Limited					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
WACM 1	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
WACM 2	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
Voting Statement: *We believe that all proposals are better than the baseline, with a preference for WACM2. This mod if approved will better reflect the effect users have on the network and generators will be charged more fairly for operations.*						

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Damian Clough - SSE Generation					
Original	***Y***	***Y***	**-**	**-**	**-**	***Y***
WACM 1	***Y***	***Y***	**-**	**-**	**-**	***Y***
WACM 2	***Y***	***Y***	**-**	**-**	**-**	***Y***
Voting Statement: Both the Original and WACM1 are better than the baseline as they remove the clear defect of Projects being charged TNUoS for a full year when the TO's work is delayed, meaning connection is delayed to later on in the charging year. WACM1 removes revenues from generators in Negative Charging zones who have had their connection delayed through no fault of their own. It may be argued that this is a good thing as they are generating less in negative zones so are reducing flows less. However,						

this is tackling a different defect, which is the charging methodology and how negative charges**,** and subsequent capacity is determined to calculate credits for Generators in Negative Charging zones.

The current methodology determines that if a Generator were to generate 3 times between November and the end of February up to TEC**,** they receive the full credit. To reduce the credit because they are not available outside those periods, through no fault of their own doesn't seem right even though some Industry members may argue the credit itself isn't cost reflective. If that is the sentiment tackle the methodology head on as opposed to reducing via the 'back door'.

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Graham Pannell					
Original	***Y***	***Y***	***Y***	***Y***	***Y***	***Y***
WACM 1	***Y***	***Y***	***Y***	***Y***	***Y***	***Y***
WACM 2	***Y***	***Y***	***Y***	***Y***	***Y***	***Y***

Voting Statement: All proposed solutions facilitate the ACOs better than the baseline. They all remedy the defect and facilitate a principle of TNUoS in that it should be payable when a connection is available; they importantly avoid distortive cliff-edge of TNUoS liability, which without this modification can unduly distort User behaviour.

WACMs 1 and 2 are each an improvement on the Original, building on the Original to deal suitably with User disconnection.

WACM 2 introduces specific and limited retrospectivity (rationally - to the point at which the defect was identified), which will mitigate the defect for more users. It has been shown by NESO that the impact of applying WACM 2 retrospectively is negligible to the overall system, and therefore on balance there is a clear net benefit to WACM2 over WACM1, as the best solution to the defect.

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Hector Perez					
Original	***Y***	***Y***	***Y***	***Neutral***	***Neutral***	***Y***
WACM 1	***Y***	***Y***	***Y***	***Neutral***	***Neutral***	***Y***
WACM 2	***Y***	***Y***	***Y***	***Neutral***	***Neutral***	***Y***

Voting Statement: Statement

The proposed solutions better facilitate against ACO (d, e and f). By taking in to account the connection date, the Original, WACM1 and WACM2 would reduce financial barriers and incentivise efficiency on the connections process, while reducing the risk of under/over recovery and simplifying the revenue reconciliation approach.

Furthermore, WACM1 has the potential of aiding in releasing TEC and making sure generators are not overcharged when decommissioning their assets. While WACM2 can mitigate the defect for more users.

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Richard Buckland - Brockwell Energy					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
WACM 1	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
WACM 2	***Y***	***Y***	***Y***	**-**	***Y***	***Y***

Voting Statement:

Brockwell are of the view that the original proposal and the two WACMs are very clearly an improvement over the baseline existing CUSC for the applicable code objectives (ACOs).

However, in our view, WACM2, which includes retrospectivity (retroactivity) to the period over which this issue was brought to industry attention (charging year 2024/25). The arguments in favour of retroactivity are laid out in detail in the workgroup report, with additional comments below.

WACM2 has the greatest benefit against each of the relevant ACOs. It is important for competition (d) and for the efficiency of the charging methodologies (f), and cost reflectiveness (e), and clarity of the methodology (h), that parties know that when issues with the charging methodologies arise, as this did, with significant costs to the proposer, as this has, that the speed with which these issues can be addressed is not so cumbersome that no party will dare raise the defects knowing it will only benefit other market participants, but not themselves. Why would anyone raise these types of mods if there was no hope it could benefit them? For this reason, and those laid out in the workgroup report, retroactivity should be embraced as an approach that will signal to industry that it is not futile to raise code modifications that cannot be implemented for years.

We note also in this case that the materiality of retroactivity to the TOs is negligible, and NESO has said that implementing retroactivity would be a manual work around and with no material cost as it would be a one-off exercise applying to a minority of TNUoS paying generators. However, the benefit to the relevant individual parties is very substantial.

Workgroup Member	Better facilitates ACO (d)	Better facilitates ACO (e)	Better facilitates ACO (f)	Better facilitates ACO (g)	Better facilitates ACO (h)	Overall (Y/N)
	Stephen Dale - NESO					
Original	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
WACM 1	***Y***	***Y***	***Y***	**-**	***Y***	***Y***
WACM 2	***Y***	***Y***	***Y***	**-**	***Y***	***Y***

Voting Statement:

"NESO support the proposer of CMP445 in seeking to Address the identified defect in TNUoS charging for a generator's initial operational periods.

The current approach does not meet the principle of proportionality and cost reflectivity. If the proposed modification is successful in smoothing out the demand for connections at the start of the charging year and allows developers to include less contingency for the impact of unforeseen delays these are worthwhile improvements**.**

NESO have proposed an alternative modification as we believe the principles should be applied consistently and therefore it is appropriate to discuss the generator lifecycle as a whole.

Should CMP445 be approved for implementation, there is also potential for a further amendment to be raised by a participant to review the charging methodology at the permanent release of network capacity, the proposed WACM's make a more efficient use of industry time by discussing it holistically and hopefully encourage participants to release underutilised Network capacity as promptly as is practical and be charged accordingly."

Of the 7 votes, how many voters said this option was better than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	**7**
WACM1	**7**
WACM2	**7**

Stage 2b – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1 or WACM2)

Workgroup Member	Company	Industry Sector	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Angus Armstrong	OceanWinds	Generator	WACM2	(d), (e), (f), (g), (h)
Archie Campbell	Zenobe Energy Limited	Generator	WACM2	(d), (e), (f), (h)
Damian Clough	SSE Generation	Generator	Original	(d), (e)
Graham Pannell	BayWare	Generator	WACM2	(d), (e), (f), (h)
Hector Perez	Scottish Power Renewables	Generator	WACM2	(d), (e), (f)
Richard Buckland	Brockwell Energy	Generator	WACM2	(d), (e), (f), (h)
Stephen Dale	NESO	System Operator	WACM1	(d), (e), (f), (h)