



National Grid

WORKING GROUP REPORT

CUSC Amendment Proposal CAP069

Users' Forecasts used in the calculation of TNUoS charges

**Prepared by the CAP069 Working Group
for submission to the Amendments Panel**

Amendment Ref	CAP069
Issue	1.0
Date of Issue	26 February 2004
Prepared by	NGT

I DOCUMENT CONTROL

a National Grid Document Control

Version	Date	Author	Change Reference
0.1	13/02/04	NGT	WG for comment
1.0	26/02/04	NGT	Issue to CUSC Panel

b Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
CUSC Parties	Various
Panel Members	Various
National Grid Industry Information Website	

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1.0 SUMMARY AND RECOMMENDATIONS

Executive Summary

- 1.1 Amendment Proposal CAP069, Users' Forecasts used in the calculation of TNUoS charges, was proposed by Innogy on 4th December 2003. The CUSC Amendments Panel determined that a Working Group should be established to consider and assess the proposal prior to industry consultation and to report back to the February meeting.
- 1.2 The Proposed Amendment seeks to clarify the requirements of the CUSC in respect of Users' Forecasts used in the calculation of TNUoS charges and to define the process by which National Grid uses the data provided in the charge setting process.
- 1.3 The Working Group has assessed the Amendment Proposal against the Applicable CUSC Objectives in accordance with its Terms of Reference. The Working Group has accepted the case for improved clarity in the use of data submitted by Users under Paragraph 3.10 and has developed the Proposed Amendment into a suitable form for implementation. One member of the Working Group, representing the Proposer, is not fully supportive of the proposed changes to the legal text, believing they still leave scope for uncertainty.

Working Group Recommendation

- 1.4 The Working Group were agreed the Proposed Amendment does address the identified defect to the extent that this is possible within the governance of the CUSC and also agreed that the proposed amendment does better facilitate the Applicable CUSC Objectives.
- 1.5 The CAP069 Working Group believes that it has met its Terms of Reference and recommends that the Panel determine that CAP069 should proceed to wider industry consultation by National Grid and that the consultation invites views on the proposed process for using of data submitted by Users under Paragraph 3.10.
- 1.6 The Working Group believes that the CUSC Amendment Proposal has raised a number of valid issues associated with the process for the calculation of TNUoS tariffs and the data used in this process. However, the Group has also concluded that several of these issues do not lie exclusively within the governance of the CUSC, but are also related to the Statement of the TNUoS Charging Methodology which fell beyond the scope of this CUSC Working Group.
- 1.7 The Working Group considers that section 3.10 of the CUSC should specify in more detail what data is required from Users in December each year and has developed some proposed changes to this section of the CUSC which it believes clarify the requirements on Users to provide forecasts to NGC and better achieve the CUSC Objectives. One member of the Working Group, representing the Proposer believes that the legal text should place a direct obligation on National Grid to request specific data on and by a specific date and they believe the Alternative Amendments leave scope for uncertainty.
- 1.8 The Working Group also considered the calculation of TNUoS tariffs specifically for 2004-05, a process that is already underway, and concluded that there were no changes that could be made to the CUSC that would

affect this year's process. There were differing views on whether it would be possible or desirable for changes to the Statement of the TNUoS Charging Methodology Statement to be progressed in time to affect the 2004-05 charges but this area was recognised to be outside the scope of this CUSC Working Group.

2.0 INTRODUCTION

- 2.1 The CUSC currently requires Users to provide NGC with forecasts to enable NGC to calculate charges, but contains no requirements relating to their usage of these forecasts.
- 2.2 CAP069 proposes to clarify the use of the data submitted by Users as set out in Paragraph 3.10. Specifically in respect of the nodal generation and demand inputs to the ICRP model; the forecast generation and demand inputs to the calculation of the initial transport tariff; the forecast generation and demand in the calculation of the security and residual tariff.
- 2.3 CAP069 also proposes to introduce obligations on the accuracy of the data submitted by Users.
- 2.4 The Working Group has assessed the Amendment Proposal against the Applicable CUSC Objectives in accordance with its terms of reference. The Working Group accepted the case for improved clarity in the use of data submitted by Users under Paragraph 3.10 and developed the Proposed Amendment into a form suitable for implementation.

3.0 PURPOSE AND SCOPE OF WORKING GROUP

- 3.1 The proposed amendment was drafted in such a way that the detailed elements of the proposal would need to be developed by the working group and assessed against the applicable CUSC objectives and in accordance with the Terms of Reference. The Terms of Reference for the working group are included in Annex 1.
- 3.2 This report summarises the findings and recommendations of the CAP069 Working Group in respect of their consideration of CAP069. This report has been prepared in accordance with the terms of the CUSC and an electronic copy of this document can be found on the National Grid website, at: <http://www.nationalgrid.com/uk/indinfo/cusc/index.html>.

4.0 DESCRIPTION OF THE AMENDMENT PROPOSAL

- 4.1 Through consideration and development by the Working Group the Amendment Proposal has been clarified and given further definition. The main issues considered by the group were as follows:
 - I. the extent to which the defect exists and should be addressed within the CUSC;
 - II. the basis for establishing fair and reasonable estimates which would make it possible to distinguish between reasonable forecasts and unreasonable forecasts provided by Users;
 - III. possible incentives that could be placed on Users to provide accurate forecasts;

- IV. whether there is a need to clarify, within the CUSC, the use of the Users' Forecasts in the calculation of TNUoS tariffs and charges;
- V. the timetable and data requirements for Users' Forecasts and the process for revision of forecasts;
- VI. the scope for the involvement of the Authority in any dispute process relating to forecasts provided by Suppliers to National Grid;
- VII. implementation timescales;
- VIII. consistency with issues raised by CAP055;
- IX. confirmation of what data is required from Users. Is it TEC or maximum output;
- X. the impact of any changes on the current years charges as well as charges in future years.

Consideration of Amendment Proposal

Governance

- 4.2 The Working Group considered the governance issues associated with this amendment with regard to the boundary between the CUSC and the Charging Methodology Statement. There was general agreement that any obligations on Users should be set out in the CUSC whilst the Charging Statements should set out the process by which NGC calculates its TNUoS charges.
- 4.3 It was considered that a significant part of the defect identified by the proposed amendment (specifically the use of data in the calculation of TNUoS tariffs and charges) falls under the governance of the Charging Statements and that the only role of the CUSC is to place the obligation on Users to provide NGC with the data it requires to calculate and set tariffs pursuant to the Charging Statements.
- 4.4 The proposer believes that in order to address the perceived defect, changes to the Charging Statements may be required in parallel with changes to the CUSC.

Clarity of process

- 4.5 A number of the Working Group members believe that there has been a lack of clarity in the process for the calculation of TNUoS tariffs for 2004-05. This stemmed from the fact that this was the first time the calculation had been undertaken since the introduction of TEC in April 2003 and there was some confusion over the values to be used in the transport model and the tariff model. In particular, Users may not have understood that the TEC values in the SYS October update and not those requested in December were to be used in the ICRP transport model and therefore Users may not have notified any changes to their TEC in time for this to be taken into account in the calculation of charges.
- 4.6 NGC believe that the process had been undertaken in accordance with the Charging Methodology Statement but accepted that the text of the Statement may benefit from additional clarification. NGC have therefore undertaken to produce a clarification note to Users to confirm how the tariffs have been calculated and how NGC have complied with the Statement. The final draft version of the 2004 Charging Methodology Statements may also include a

clearer description of the process when they are published shortly for approval of their factual accuracy.

Use of data in tariff setting

- 4.7 Some members of the Working Group believe that there is an issue with the TNUoS Charging Methodology in that the transport model uses TEC data as published in the SYS October Update but the tariff calculation uses a forecast of generation based on the December information request. Monthly invoices are then on the basis of the prevailing TEC with a reconciliation at the end of the year (mainly for Generators in negative charging zones). However, the Working Group agreed that this was a matter for the Charging Statements and not the CUSC.
- 4.8 There was also some concern that the TEC values published in the Seven Year Statement were for the current financial year and may be different from the TEC values contracted for the following financial year for which TNUoS charges were being calculated. It was suggested that the Seven Year Statement should therefore make a clear distinction between the two sets of data even if, based on information available at the time, they are the same.
- 4.9 One member of the working group was concerned that the use of different sets of data in different parts of the calculation of TNUoS tariffs and charges for the same financial year would result in tariffs that were not cost reflective. The Working Group also agreed that this was a Charging Methodology issue which therefore fell beyond the scope of this CUSC Working Group.

Accuracy of data

- 4.10 The Working Group accepted that as NGC does not rely solely on the data submitted by Users for the purposes of the tariff model and only uses TEC data published in the Seven Year Statement for the transport model, it does not believe that there is a defect in relation to the accuracy of the data. Additionally, NGC believes that it is not necessary to define the required accuracy of a user's forecast data as a quality check is undertaken in deciding whether or not to use the data submitted. The use of inaccurate data in the tariff model could result in an under or over recovery of TNUoS revenue, however, NGC are subject to licence incentives with respect to the accurate recovery of allowed revenue. Consequently, the Working Group did not believe it was necessary to develop obligations on the accuracy of data submitted by Users as part of this amendment proposal.

Proposed Changes to the CUSC

- 4.11 The Working Group agreed that in order to achieve greater clarity in respect of the requirements to provide data to NGC, an additional clause could be added to the CUSC in section 3.10 to set out more clearly what information would be requested from Users by NGC in December of each year.
- 4.12 Some further changes to the wording of 3.10 were also proposed to support the additional paragraph and to clarify that in December NGC would request a forecast of TEC from those Users liable to pay generator TNUoS charges and in March, a forecast of Demand from suppliers.

- 4.13 Equivalent changes to section 9.10.2 of the CUSC, which relates to Interconnector owners, are also proposed.
- 4.14 The Working Group believed that the addition of such a clause would better achieve the CUSC Objective to promote competition as the improved clarity would reduce the burden on CUSC users and therefore reduce barriers to entry into the market. It was also believed that greater clarity in the requirements for provision of information would better facilitate the efficient discharge by NGC of the obligations imposed on it by the Act and the Transmission Licence.
- 4.15 The proposer of CAP069 does not believe that the above change alone would go far enough to improve the clarity of the data requirements and believes that parallel changes to the Charging Statements would be necessary to provide a complete description of the data required and its intended use in the calculation of the TNUoS charges. However, a possible change to the Charging Methodology falls beyond the scope of this CUSC Working Group.
- 4.16 NGC believe that it should not be required to forecast a maximum station output as the charging methodology statement does not currently specify the use of such a forecast in the calculation of TNUoS Tariffs.
- 4.17 The Working Group considered that it would be desirable if the proposed legal text for CAP069 was drafted such that the outcome of CAP055 would not affect the intent and application of CAP069 and vice versa. Therefore CAP069 has been designed to ensure there is no interaction with CAP055.

GB Implications under BETTA

- 4.18 The Working Group acknowledged that the next set of TNUoS charges to be calculated may be for a GB market and also that a review of the transmission charging for GB has recently been initiated by NGC.
- 4.19 The Working Group considered that the additional clarity provided by the proposed amendment would also be beneficial to those parties presently operating in the Scottish market who may find themselves subject to these requirements for the first time under the GB CUSC.

5.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES

- 5.1 CUSC Amendments are required to be assessed in terms of their ability to better facilitate achievement of the Applicable CUSC Objectives. These are set out in Paragraph 1 of Condition C7F of National Grid's Transmission Licence and can be summarised as follows:
- the efficient discharge by National Grid of the obligations imposed on it by the Act and the Transmission Licence; and
 - facilitating effective competition in the generation and supply of electricity and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

- 5.2 The Working Group assessed the proposed Amendment against the applicable CUSC Objectives and was agreed that the Amendment Proposal would better facilitate the applicable CUSC Objectives as described below.
- 5.3 The proposed Amendment would lead to improved clarity of the data required by NGC from Users to enable it to calculate the TNUoS tariffs. This additional clarity would promote competition by reducing the burden on CUSC users and therefore would reduce barriers to entry into the market. It was also believed that greater clarity in the requirements for provision of information would better facilitate the efficient discharge by NGC of the obligations imposed on it by the Act and the Transmission Licence.

6.0 ALTERNATIVE AMENDMENT

Description of Alternative Amendment

- 6.1 As described in Section 4 of this report, Working Group members had some differences of opinion over whether the purpose of Section 3.10 should be to “enable” NGC to request a defined set of information from Users or to “obligate” NGC to request the data. There was also a difference of opinion over whether some of the data to be requested should include a forecast of maximum station output, which some members believed would be more relevant than TEC forecasts for Users in negative charging zones.
- 6.2 In order to reflect these differing views the Working Group has developed two alternatives.
- 6.3 Original Amendment: Places an obligation on NGC to request and on Users to provide a forecast of TEC and a forecast of maximum station output in December each year for the following charging year.
- 6.4 Alternative A: Places an obligation on NGC to request, and on Users to provide, a forecast of TEC in December each year for the following charging year.
- 6.5 Alternative B: Enables NGC to request, and obligates Users to provide if requested, a forecast of TEC and a forecast of maximum station output in December each year for the following charging year.

7.0 PROPOSED IMPLEMENTATION AND TIMESCALES

- 7.1 The Working Group proposes that CAP069 can be implemented within 10 business days of an Authority decision. However, they recommend that the amendment is implemented before the publication of the next Seven Year Statement October Update.

8.0 IMPACT ON CUSC

- 8.1 The proposed Amendment would require amendment of Section 3 and Section 9 of the CUSC.
- 8.2 The legal text required to give effect to the Proposed Amendment is included as Annex 2 of this document.

9.0 IMPACT ON INDUSTRY DOCUMENTS

Impact on Core Industry Documents

9.1 The Working Group did not identify an impact on Core Industry Documents.

Impact on other Industry Documents

9.2 The Working Group did not identify an impact on any other Industry Documents.

Annex 1 – Working Group Terms of Reference and Membership

CAP069 - Working Group Terms of Reference and Membership

RESPONSIBILITIES

1. The Working Group is responsible for assisting the CUSC Amendments Panel in the evaluation of CUSC Amendment Proposal CAP069 tabled by National Grid at the Amendments Panel meeting on 12 December 2003.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the applicable CUSC objectives. These can be summarised as follows:
 - (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
 - (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC amendment provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

SCOPE OF WORK

4. The Working Group must consider the issues raised by the Amendment Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Working Group shall consider and report on the following specific issues:
 - the extent to which the defect exists and should be addressed within the CUSC;
 - the basis for establishing fair and reasonable estimates which would make it possible to distinguish between reasonable forecasts and unreasonable forecasts provided by Users;
 - possible incentives that could be placed on Users to provide accurate forecasts;
 - whether there is a need to clarify, within the CUSC, the use of the Users' Forecasts in the calculation of TNUoS tariffs and charges;
 - the timetable and data requirements for Users' Forecasts and the process for revision of forecasts;
 - the scope for the involvement of the Authority in any dispute process relating to forecasts provided by Suppliers to National Grid;
 - implementation timescales;
 - consistency with issues raised by CAP055;
 - confirmation of what data is required from Users. Is it TEC or maximum output;
 - the impact of any changes on the current years charges as well as charges in future years.

6. The Working Group is responsible for the formulation and evaluation of any Alternative Amendments arising from Group discussions which would, as compared with the Amendment Proposal, better facilitate achieving the applicable CUSC objectives in relation to the issue or defect identified. The Working Group shall have due regard to Core Industry Documents and other industry documents in the evaluation of the Amendment Proposal and any Alternative Amendment.
7. The Working Group is to submit an interim report to the CUSC Panel Secretary on 15th January 2004 for circulation to Panel Members. The conclusions will be presented to the CUSC Panel meeting on 23rd January 2004.

MEMBERSHIP

8. It is recommended that the Working Group has the following members:

Chair	Rupert Judson
National Grid	Richard Lavender
Industry Representatives	Russell Reading
	Sarah Owen
	Bob Brown
	Paul Jones
	Innogy Representative (Shona Watt/Bill Reed/ David Tolley)
Authority Representative	Richard Ford
Technical Secretary	Lindsey Paradine

9. The membership can be amended from time to time by the CUSC Amendments Panel.

RELATIONSHIP WITH AMENDMENTS PANEL

10. The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. In this event the Working Group Chairman should contact the CUSC Panel Secretary.
11. Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their Scope of Work, the Working Group Chairman should contact the CUSC Panel Secretary.

Meetings

12. The Working Group shall, unless determined otherwise by the Amendments Panel, develop and adopt its own internal working procedures and provide a copy to the Panel Secretary for each of its Amendment Proposals.

Reporting

13. The majority of the WG do not consider they are able to give full consideration to the proposed amendment and present a final report to the January panel. The Working Group Chairman shall prepare an interim report to the January 2004 Amendments Panel responding to the matter set out in the Terms of Reference and request an extension to the WG timetable.

14. A draft Working Group Report must be circulated to Working Group members with not less than five business days given for comments.
15. Any unresolved comments within the Working Group must be reflected in the final Working Group Report.
16. The Chairman (or another member nominated by him) will present the Working Group report to the Amendments Panel as required.

Annex 2 – Proposed Text to modify CUSC

Part A - Text to give effect to the Proposed Amendment

Section 3 – Change Marked Version

3.10 DATA REQUIREMENTS

3.10.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 3.10 as **NGC** may from time to time reasonably request pursuant to the Charging Statements to enable **NGC** to calculate the tariffs for the Transmission Network Use of System Charges pursuant to the Charging Statements ~~due from the the User to NGC or from NGC to the User (as the case may be) including the data specified in the Charging Statements for the Financial Year to which the data relates.~~

3.10.2 Where the relevant date for charging set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** supply to **NGC** such data in respect of the **Financial Year** in which the charging date falls and the following **Financial Year** which it would otherwise have supplied and **NGC** would otherwise have requested in accordance with Paragraph 3.10.1, in accordance with the terms of the **Charging Statements**. Where the **User** fails to so provide such data the **User** shall be deemed to have submitted data with zero values, to enable **NGC** to calculate the **Transmission Network Use of System Charges** due from the **User** to **NGC** and from **NGC** to the **User** as the case may be.

3.10.3 On or before the ~~end of the second week of December~~ 10th Day of March in each **Financial Year**, each **User** shall supply ~~NGC on NGC's reasonable request~~ NGC on NGC's reasonable request with its **Demand Forecast** for the following **Financial Year** its Demand Forecast for the following Financial Year ~~pursuant to the Charging Statements~~ to enable **NGC** to use such data Demand Forecast as the basis for calculation of the **Transmission Network Use of System Charges** pursuant to the Charging Statements for the **Financial Year** to which the data Demand Forecast relates.

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3.10.4 Where the relevant date for charging set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** provide to **NGC** such forecasts (as appropriate) in respect of the **Financial Year** in which the charging date falls which it would otherwise have provided in accordance with Paragraph 3.10.3, in accordance with the relevant part of the **Charging Statements**. Where the **User** fails to provide such forecasts, the **User** shall be deemed to have submitted forecasts with zero values, and **NGC** shall use such forecasts as the basis of **Transmission Network Use of System Charges** for the **Financial Year** in which the charging date falls.

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3.10.5 On or before the end of the second week of December in each Financial Year, each User that is liable for generation Use of System Charges in accordance with 3.9 shall supply NGC, on NGC's reasonable request

with a forecast maximum TEC and forecast maximum station output, for the following year, to inform NGC of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

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Section 3 - Clean Version

3.10 DATA REQUIREMENTS

- 3.10.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 3.10 as **NGC** may from time to time reasonably request to enable **NGC** to calculate the tariffs for the **Transmission Network Use of System Charges** pursuant to the Charging Statements for the Financial Year to which the data relates.
- 3.10.2 Where the relevant date for charging set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** supply to **NGC** such data in respect of the **Financial Year** in which the charging date falls and the following **Financial Year** which it would otherwise have supplied and **NGC** would otherwise have requested in accordance with Paragraph 3.10.1, in accordance with the terms of the **Charging Statements**. Where the **User** fails to so provide such data the **User** shall be deemed to have submitted data with zero values, to enable **NGC** to calculate the **Transmission Network Use of System Charges** due from the **User** to **NGC** and from **NGC** to the **User** as the case may be.
- 3.10.3 On or before the 10th Day of March in each **Financial Year**, each **User** shall supply **NGC** on **NGC's** reasonable request with its **Demand Forecast** for the following **Financial Year** its **Demand Forecast** for the following **Financial Year** to enable **NGC** to use such **Demand Forecast** as the basis for calculation of the **Transmission Network Use of System Charges** pursuant to the Charging Statements for the **Financial Year** to which the **Demand Forecast** relates.
- 3.10.4 Where the relevant date for charging set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** provide to **NGC** such forecasts (as appropriate) in respect of the **Financial Year** in which the charging date falls which it would otherwise have provided in accordance with Paragraph 3.10.3, in accordance with the relevant part of the **Charging Statements**. Where the **User** fails to provide such forecasts, the **User** shall be deemed to have submitted forecasts with zero values, and **NGC** shall use such forecasts as the basis of **Transmission Network Use of System Charges** for the **Financial Year** in which the charging date falls.
- 3.10.5 On or before the end of the second week of December in **each Financial Year**, each **User** that is liable for generation **Use of System Charges** in accordance with 3.9 shall supply **NGC**, on **NGC's** reasonable request with a forecast maximum TEC and forecast maximum station output, for the following year, to inform **NGC** of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

Section 9 - Change Marked Version

9.10.2 Data Requirements

9.10.2.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 9.10.2 as **NGC** may from time to time reasonably request ~~pursuant to the Charging Statements~~ to enable **NGC** to calculate the tariffs for the Transmission Network Use of System Charges pursuant to the Charging Statements ~~due from the User to NGC or from NGC to the User (as the case may be) including the data specified in the Charging Statements for the Financial Year to which the data relates;~~

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9.10.2.19.10.2.2 Where the relevant date for charging set out in the relevant **Bilateral Agreement** in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** supply to **NGC** such data in respect of the **Financial Year** in which the charging date falls and the following **Financial Year** which it would otherwise have supplied and **NGC** would otherwise have requested in accordance with Paragraph 9.10.2.1, in accordance with the terms of the **Charging Statements**. Where the **User** fails to so provide such data the **User** shall be deemed to have submitted data with zero values, to enable **NGC** to calculate the **Transmission Network Use of System Charges** due from the **User** to **NGC** and from **NGC** to the **User** as the case may be.

9.10.2.29.10.2.3 On or before the ~~end of the second week of December, 10th day in March~~ in each **Financial Year**, each **User** shall supply **NGC** on NGC's reasonable request ~~with such data as NGC may from time to time reasonably request~~ its **Demand Forecast** for the following **Financial Year** as NGC may from time to time reasonably request to enable **NGC** to use such ~~data~~ **Demand Forecast** as the basis for calculation of the **Transmission Network Use of System Charges** pursuant to the Charging Statements for the **Financial Year** to which the ~~data~~ **Demand Forecast** relates.

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9.10.2.39.10.2.4 Where the relevant date for charging set out in the relevant **Bilateral Agreement** (or in the **Use of System Supply Confirmation Notice**) in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** provide to **NGC** such forecasts (as appropriate) in respect of the **Financial Year** in which the charging date falls which it would otherwise have provided in accordance with Paragraph 9.2.10.3, in accordance with the relevant part of the **Charging Statements**. Where the **User** fails to provide such forecasts, the **User** shall be deemed to have submitted forecasts with zero values, and **NGC** shall use such forecasts as the basis of **Transmission Network Use of System Charges** for the **Financial Year** in which the charging date falls.

9.10.2.5 ~~On or before the end of the second week of December in each Financial Year, each User that is liable for generation Use of System Charges in accordance with 3.9 shall supply NGC with a forecast maximum TEC and forecast maximum station output, for the~~

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following year, to inform NGC of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

Section 9 – Clean Version

9.10.2 Data Requirements

- 9.10.2.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 9.10.2 as **NGC** may reasonably request to enable **NGC** to calculate the tariffs for the **Transmission Network Use of System Charges** pursuant to the **Charging Statements** for the **Financial Year** to which the data relates
- 9.10.2.2 Where the relevant date for charging set out in the relevant **Bilateral Agreement** in relation to **Use of System** falls during a **Financial Year**, the **User** shall on the date specified in writing by **NGC** to the **User** supply to **NGC** such data in respect of the **Financial Year** in which the charging date falls and the following **Financial Year** which it would otherwise have supplied and **NGC** would otherwise have requested in accordance with Paragraph 9.10.2.1, in accordance with the terms of the **Charging Statements**. Where the **User** fails to so provide such data the **User** shall be deemed to have submitted data with zero values, to enable **NGC** to calculate the **Transmission Network Use of System Charges** due from the **User** to **NGC** and from **NGC** to the **User** as the case may be.
- 9.10.2.3 On or before the 10th day in March in each **Financial Year**, each **User** shall supply **NGC** on **NGC's** reasonable request with its **Demand Forecast** for the following **Financial Year** as **NGC** may from time to time reasonably request to enable **NGC** to use such **Demand Forecast** as the basis for calculation of the **Transmission Network Use of System Charges** pursuant to the **Charging Statements** for the **Financial Year** to which the **Demand Forecast** relates.
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- 9.10.2.5 On or before the end of the second week of December in **each Financial Year**, each **User** that is liable for generation **Use of System Charges** in accordance with 3.9 shall supply **NGC** with a forecast maximum TEC and forecast maximum station output, for the following year, to inform **NGC** of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

Part B - Text to give effect to Working Group Alternative Amendment A

Section 3 – Change Marked Version

3.10 DATA REQUIREMENTS

3.10.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 3.10 as **NGC** may from time to time reasonably request pursuant to the Charging Statements to enable **NGC** to calculate the tariffs for the Transmission Network Use of System Charges pursuant to the Charging Statements ~~due from the the User to NGC or from NGC to the User (as the case may be) including the data specified in the Charging Statements for the Financial Year to which the data relates.~~

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3.10.3 On or before the ~~end of the second week of December~~ 10th Day of March in each **Financial Year**, each **User** shall supply **NGC** on **NGC's** reasonable request with its **Demand Forecast** for the following **Financial Year** ~~pursuant to the Charging Statements~~ to enable **NGC** to use such ~~data~~ **Demand Forecast** as the basis for calculation of the **Transmission Network Use of System Charges** pursuant to the Charging Statements for the **Financial Year** to which the ~~data~~ **Demand Forecast** relates.

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3.10.5 On or before the end of the second week of December in each Financial Year, each User that is liable for generation Use of System Charges in accordance with 3.9 shall supply NGC with a forecast maximum TEC for the following year, to inform NGC of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

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Section 3 - Clean Version

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Section 9 - Change Marked Version

9.10.2 Data Requirements

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9.10.2.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 9.10.2 as **NGC** may from time to time reasonably request ~~pursuant to the **Charging Statements**~~ to enable **NGC** to calculate the tariffs for the **Transmission Network Use of System Charges** pursuant to the **Charging Statements** due from the **User** to **NGC** or from **NGC** to the **User** (as the case may be) including the data specified in the ~~**Charging Statements**~~ for the **Financial Year** to which the data relates;

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9.10.2.3 On or before the ~~end of the second week of December~~, 10th day in March in each **Financial Year**, each **User** shall supply ~~NGC on NGC's reasonable request~~ with ~~such data as NGC may from time to time reasonably request~~ its **Demand Forecast** for the following **Financial Year** as NGC may from time to time reasonably request to enable **NGC** to use such ~~data~~ **Demand Forecast** as the basis for calculation of the **Transmission Network Use of System Charges** pursuant to the **Charging Statements** for the **Financial Year** to which the ~~data~~ **Demand Forecast** relates.

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9.10.2.5 On or before the end of the second week of December in each **Financial Year**, each **User** that is liable for generation **Use of System Charges** in accordance with 3.9 shall supply **NGC** with a forecast maximum TEC for the following year, to inform **NGC** of the forecast generation to be used for the purposes of setting **TNUoS Tariffs**.

Section 9 – Clean Version

9.10.2 Data Requirements

- 9.10.2.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 9.10.2 as **NGC** may from time to time reasonably request to enable **NGC** to calculate the tariffs for the **Transmission Network Use of System Charges** pursuant to the **Charging Statements** for the **Financial Year** to which the data relates;
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Annex 2 – Proposed Text to modify CUSC

Part C - Text to give effect to Working Group Alternative Amendment B

Section 3 – Change Marked Version

3.10 DATA REQUIREMENTS

3.10.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 3.10 as **NGC** may from time to time reasonably request pursuant to the Charging Statements to enable **NGC** to calculate the **tariffs for the Transmission Network Use of System Charges pursuant to the Charging Statements** ~~due from the the User to NGC or from NGC to the User (as the case may be) including the data specified in the Charging Statements for the Financial Year to which the data relates.~~

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output, for the following year, to inform NGC of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

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Section 3 - Clean Version

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- 3.10.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 3.10 as **NGC** may from time to time reasonably request to enable **NGC** to calculate the tariffs for the **Transmission Network Use of System Charges** pursuant to the Charging Statements for the Financial Year to which the data relates.
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- 3.10.5 On or before the end of the second week of December in **each Financial Year**, each **User** that is liable for generation **Use of System Charges** in accordance with 3.9 shall supply **NGC** with a forecast maximum TEC and, as requested by **NGC** from time to time, forecast maximum station output, for the following year, to inform **NGC** of the forecast generation to be used for the purposes of setting TNUoS Tariffs.

Section 9 - Change Marked Version

9.10.2 Data Requirements

9.10.2.1 On or before the end of the second week of December in each **Financial Year**, each **User** shall supply **NGC** with such data as described under Section 9.10.2 as **NGC** may from time to time reasonably request ~~pursuant to the Charging Statements~~ to enable **NGC** to calculate the tariffs for the Transmission Network Use of System Charges pursuant to the Charging Statements due from the User to NGC or from NGC to the User (as the case may be) including the data specified in the Charging Statements for the Financial Year to which the data relates:

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Section 9 – Clean Version

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Annex 3 – Amendment Proposal Form

CUSC Amendment Proposal Form	CAP:069
Title of Amendment Proposal:	
Users' Forecasts used in the calculation of TNUoS charges.	
Description of the Proposed Amendment (<i>mandatory by proposer</i>):	
<p>The CUSC currently requires Users to provide NGC with information that enables NGC to calculate Transmission Network Use of System (TNUoS) charges, but it does not make clear how precisely this information will be used in the calculation of TNUoS charges. Furthermore, there are no requirements relating to the quality of this information.</p> <p>It is proposed that the CUSC should clarify that the data submitted by Users as set out in paragraph 3.10 will be used:</p> <ul style="list-style-type: none"> ▪ As the nodal generation and nodal demand inputs into the ICRP model as specified in the Charging Statements ▪ As the forecast generation and demand inputs in the calculation of the initial transport tariff as specified in the Charging Statements; and ▪ As the forecast generation and demand in the calculation of the security and residual tariff as specified in the Charging Statements <p>The proposed amendment would make it clear that the forecasts from Users should be representative of peak conditions on the transmission system, as specified in the Charging Statements. It would ensure that the generation assumptions are consistent throughout the TNUoS tariff calculation and that the demand assumptions are consistent throughout the TNUoS tariff calculation. The amendment would also ensure consistency between the use of Generator and Supplier forecasts.</p> <p>Data should be provided in accordance with reasonable and prudent operator obligations under the CUSC. NGC shall be permitted to reject data provided by Users in specific circumstances set out in the CUSC and use its own fair and reasonable estimates where they believe the data to be inappropriate. However, in this case there should be an obligation on NGC to inform the User why they have rejected the forecast.</p>	
Description of Issue or Defect that Proposed Amendment seeks to Address (<i>mandatory by proposer</i>):	
<p>Paragraph 3.10 of the CUSC requires Users to provide forecasts to NGC on or before the end of the Second week in December for the purposes of calculating the TNUoS charges. However, it is not clear what data is required from Users or exactly how the data will be used in the calculation of TNUoS tariffs. In addition, NGC has expressed concerns over the quality of the data, particularly in relation to poor quality forecasts of demand. These concerns are equally applicable to generation forecasts.</p> <p>Currently it is unclear that there is a requirement for data that is representative of peak conditions to be provided by Users. This must be clarified so that Users can provide appropriate forecasts. The absence of representative forecasts may result in NGC using data derived from other sources, such as TECs in the annual SYS and its quarterly updates, as an input to the ICRP model used to calculate TNUoS charges. This data will not reflect peak conditions and its use would therefore result in TNUoS charges that are not cost-</p>	

reflective.

The Proposed Amendment will clarify the data required from Users, the timescales for its submission, the process for revising forecasts, and the requirements for new Users. These points of clarification mean that amendments to paragraph 3.11 of the CUSC would also be necessary.

The Proposed Amendment also allows NGC to reject any forecasts in specific circumstances, and instead to use its own fair and reasonable estimates. The detailed process for doing so will be set out in the CUSC. The Proposed Amendment would therefore protect NGC (and ultimately the industry) from the effects of Users who have under-paid TNUoS charges as a result of poor quality forecasting.

Impact on the CUSC *(this should be given where possible):*

Paragraphs 3.10 and 3.11 of the CUSC would require significant amendment in order to give effect to
The changes proposed above.

Impact on Core Industry Documentation *(this should be given where possible):*

Impact on Computer Systems and Processes used by CUSC Parties *(this should be given where possible):*

Details of any Related Modifications to Other Industry Codes *(where known):*

Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** *(mandatory by proposer):*

The proposal will improve the accuracy of data submitted by Users and consequently improve the accuracy and consistency of the data used in the TNUoS tariff calculation. This will improve the cost reflectivity of TNUoS charges and thereby better facilitate the economic, efficient and co-ordinated operation of the Transmission System.

In addition, the absence of any requirement for Users to provide reasonable forecasts may result in effective discrimination in favour of those that under-forecast or over-forecast, by reducing their TNUoS charges. Implementation of this Proposal would eliminate any discrimination and therefore better facilitate effective competition in the supply of electricity, as all Users' charges would then be cost reflective.

Details of Proposer: Organisation's Name:	RWE Innogy
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	David Tolley RWE Innogy 01905 340680 david.tolley@rweinnogy.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Shona Watt RWE Innogy 01793 892633 shona.watt@rwe.com
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment:	

Notes:

- 1 Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.
- 2 The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Richard Dunn
Panel Secretary
Commercial Development
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry, CV4 8JY
Or via e-mail to: CUSC.Team@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in

accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

- 3 Applicable CUSC Objectives** - These are defined within the National Grid Company Transmission Licence under Section C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.

Annex 4 – Internal Working Group Procedure

CAP069 Working Group User's Demand Forecasts

INTERNAL WORKING PROCEDURES

1. Notes and actions from each meeting will be produced by the Technical Secretary (provided by National Grid) and circulated to the Chairman and Working Group members for review.
2. The Meeting notes and actions will be published on the National Grid CUSC Website after they have been agreed at the next meeting or sooner on agreement by Working Group members.
3. The Chairman of the Working Group will provide an update of progress and issues to the Amendments Panel each month as appropriate.
4. Working Group meetings will be arranged for a date acceptable to the majority of members and will be held as often as required as agreed by the Working Group in order to respond to the requirements of the Terms of Reference set by the Amendments Panel.
5. If within half an hour after the time for which the Working Group meeting has been convened the Chairman of the group is not in attendance, the meeting will take place with those present.
6. A meeting of the Working Group shall not be invalidated by any member(s) of the group not being present at the meeting.