














CUSC Modification Proposal Form		At what stage is this document in the process?								
<h1 style="color: #00a651;">CMP310:</h1> <p>Mod Title: CUSC section 14 changes in the event the UK leaves the EU without an agreement</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 20px;">01</td> <td style="background-color: #00a651; color: white; text-align: center;">Proposal Form</td> </tr> <tr> <td style="text-align: center;">02</td> <td style="text-align: center;">Code Administrator Consultation</td> </tr> <tr> <td style="text-align: center;">03</td> <td style="text-align: center;">Draft self-governance CUSC Modification Report</td> </tr> <tr> <td style="text-align: center;">04</td> <td style="text-align: center;">Final self-governance CUSC Modification Report</td> </tr> </table>		01	Proposal Form	02	Code Administrator Consultation	03	Draft self-governance CUSC Modification Report	04	Final self-governance CUSC Modification Report
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04	Final self-governance CUSC Modification Report									
<p>Purpose of Modification: The proposed modification aims to ensure that retained EU law will function effectively in the context of the CUSC. In the event the United Kingdom leaves the European Union without an agreement, it will ensure that the CUSC takes into account the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications.</p>										
	<p>The Proposer recommends that this modification should be: subject to self-governance.</p> <p>This modification was raised 15 February 2019 and will be presented by the Proposer to the Panel on 25 February 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>									
	<p>High Impact: none</p>									
	<p>Medium Impact: none</p>									
	<p>Low Impact: none</p>									

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5 Solution	6	 Sophie.vancaloen@nationalgrid.com
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7 Relevant Objectives	6	National Grid Representative: As above
8 Implementation	7	 As above
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Timetable		
The Code Administrator recommends the following timetable:		
Modification proposal issued to the CUSC Panel	15 February 2019	 As above
Panel agree for CMP309 to follow self-governance criteria	25 February 2019	 As above
Code Administration Consultation Report issued to the Industry (15 days)	28 February 2019	
Code Administration Consultation closes	21 March 2019	
Draft Final Modification Report presented to Panel	25 March 2019	
Panel Self Governance vote	1 April 2019	
Appeal window opens for 15 Working Days	1 April 2019	
Appeal window closes	24 April 2019	
Implementation into the CUSC	25 April 2019	

Proposer Details

<p>Details of Proposer: (Organisation Name)</p>	National Grid ESO
<p>Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")</p>	CUSC Party
<p>Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:</p>	<p>Sophie van Caloen National Grid ESO 07790 947180 Sophie.vancaloen@nationalgrid.com</p>
<p>Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:</p>	<p>Mike Oxenham National Grid ESO 07554 413864 Michael.Oxenham1@nationalgrid.com</p>
<p>Attachments : No</p>	

Impact on Core Industry Documentation.
Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

It is understood that other energy Codes will require revision in the event the UK leaves the EU without an agreement. However, this Modification is not dependant and will not impact other energy Codes.

1 Summary

Defect

In the event the UK leaves the EU without an agreement, the CUSC needs to be amended to ensure the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018, as well as relevant consequential licence modifications, will function effectively in the context of the CUSC section 14.

What

The CUSC contains a small number of references to EU Regulation and EU entities that require revision. The proposed modifications will ensure that the CUSC section 14 is aligned with retained EU law and licence obligations, in the event of 'no deal' and from 'Exit Day'.

Why

In absence of agreements concerning the UK's withdrawal from the EU and future trade and political relationship with the EU ('no deal'), from Exit Day, EU Regulations will no longer be directly applicable in the UK and EU entities will no longer have a part to play in the creation of UK policy and legislation.

However, the approach specified in the European Union (Withdrawal) Act 2018 is to incorporate EU law into UK law (where possible) and the UK Government has published statutory instruments with the aim of correcting or removing inoperable provisions of EU Regulations, relevant to the electricity industry, such that they reflect the UK no longer being an EU Member State. The Authority is also proceeding with a statutory consultation on consequential licence modifications.

How

It is proposed to modify existing references to EU Regulations with appropriate references so that the references appropriately reflect the changes as foreseen in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018.

2 Governance

Justification for Self-Governance Procedures

Application of Self-Governance procedures is sought because the changes proposed are unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System

- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

The Proposal follows the principle of minimal changes required to ensure continued operability of the prevailing CUSC arrangements and minimise disruption in the energy market following Exit Day.

Requested Next Steps

This modification should:

- be subject to self-governance
- proceed to Consultation

As set out above the changes proposed in this modification proposal are not considered material, therefore the proposed changes should be suitable for Self-Governance procedures and not require to proceed to working group.

3 Why Change?

The CUSC contains a small number of references to EU Regulations and EU entities. These were introduced as a consequence of the integration of the UK into the EU Internal Energy Market (IEM) and more specifically in order to comply with a number of EU Regulations which were directly applicable in UK Law.

Following the outcome of a referendum on UK membership of the EU on 23 June 2016, the UK government notified its intention to leave the EU in March 2017 (as permitted by Article 50 of the Treaty on European Union). This departure will become effective on 'Exit Day' (currently legislated for 23:00 on 29 March 2019). In absence of agreements concerning the UK's withdrawal from the EU and future trade and political relationship with the EU ('no deal'), from Exit Day, EU Regulations will no longer be directly applicable in the UK and EU entities will no longer have a part to play in the creation of UK policy and legislation.

However, the approach specified in the European Union (Withdrawal) Act 2018 is to incorporate EU law into UK law (where possible) and the UK Government has published statutory instruments with the aim of correcting or removing inoperable provisions of EU Regulations, relevant to the electricity industry, such that they reflect the UK no longer being an EU Member State. The Authority is also proceeding with a statutory consultation on consequential licence modifications.

As a consequence, the CUSC section 14 needs to be changed so that the references appropriately reflect this change in approach.

Should a Withdrawal Agreement between the UK and the EU be concluded and take effect from Exit Day, this Modification in this form and timescale will no longer be required.

4 Code Specific Matters

Technical Skillsets

Knowledge of EU Exit principles.

Reference Documents

[European Union \(Withdrawal\) Act 2018](#)

[The Electricity and Gas etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019](#)

[The Electricity Network Codes and Guidelines \(Markets and Trading\) \(Amendment\) \(EU \(EU Exit\) Regulations 2019](#)

[The Electricity Network Codes and Guidelines \(System Operation and Connection\) \(Amendment etc.\) \(EU Exit\) Regulations 2019](#)

[The Electricity and Gas \(Market Integrity and Transparency\) \(Amendment\) \(EU Exit\) Regulations 2019](#)

[Statutory Consultation on licence modification in the event the UK leaves the EU without a deal](#)

5 Solution

In section 14 (charging methodology), it is proposed to update the reference to EU legislation.

Proposed legal text has been added to section 9 of this proposal form.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

None

7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

Relevant Objective	Identified impact
(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is	None

consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	
(b) 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 C26 requirements of a connect and manage connection);	None
(c) 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;	None
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None
*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

8 Implementation

No implementation costs are associated with this Modification.

No implementation timescales are proposed, although implementation of this Modification would be sought as soon as practicable following UK's exit from the EU, in the event the UK leaves the EU without an agreement. However, implementation is specifically dependent upon the implementation of the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications and so implementation of this proposal should align with the Statutory Instruments and licence modifications.

The legal text has been drafted using the baseline of August 2018 text and as the modification progresses through the governance process, the text may need to be revised in light of other ongoing CUSC Modifications. The Code Administrator will ensure that the Proposer is aware of the approval of any of the other CUSC Modifications and the Proposer will take into account any relevant amendments that may need to be made prior to a final decision and notify the CUSC Panel should anything require further change as a result of this occurring in future.

9 Legal Text

CUSC - SECTION 14 - CHARGING METHODOLOGIES

14.14.5 In April 2004 The Company introduced a DC Loadflow (DCLF) ICRP based transport model for the England and Wales charging methodology. The DCLF model has been extended to incorporate Scottish network data with existing England and Wales network data to form the GB network in the model. In April 2005, the GB charging methodology implemented the following proposals: [...]

v.) The application of a Transmission Network Use of System Revenue split between generation and demand where the proportion of the total revenue paid by generation, for the purposes of tariff setting for a charging year n , is x times the total revenue, where x is:

1. Whilst ~~Retained EU Law European Commission Regulation 838/2010 Part B paragraph 3~~ (or any subsequent regulation specifying such a limit on annual average transmission charge payable by generation) is in effect (a "Limiting Regulation") then $x_n = [...]$

2. Where there is no Limiting Regulation, then x for charging year n is set as the value of x used in the last charging year for which there was a Limiting Regulation.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Self Governance procedures should apply
- Issue this modification directly to Consultation