Meeting Minutes

## CUSC Modifications Panel Meeting Number 233

|  |  |  |  |
| --- | --- | --- | --- |
| Date: | 04/04/2019 | Location: | WebEx |
| Start: | 09:00 AM | End: | 09:30 PM |

## Participants

|  |  |  |  |
| --- | --- | --- | --- |
| Attendee | Attend/Regrets | Attendee | Attend/Regrets |
| Trisha McAuley, Chair (TM) | Dial-In | Jon Wisdom, National Grid Panel Member (JW) | Dial-In |
| Rachel Hinsley, NGESO Code Administrator Representative (RH) | Dial-In | Cem Suleyman, User Panel Member (CS) | Dial-In |
| Shazia Akhtar, NGESO Code Administrator, Panel Secretary (SA) | Dial-In | Paul Mott, User Panel Member (PM) | Apologies |
| Paul Jones, User Panel Member (PJ) and alternative for LB | Dial-In | Laurence Barrett, User Panel Member (LB) | Apologies |
| Simon Lord, User Panel Member (SL) | Dial-In | Andy Pace, Consumers’ Panel Member (AP) | Apologies |
| James Anderson, User Panel Member (JA) | Dial-In | Damian Clough, ELEXON (DC) | Apologies |
| Robert Longden, User Panel Member (RL) | Dial-In | Nadir Hafeez, Authority Representative (NH) | Apologies |
| Garth Graham, User Panel Member (GG) and alternative for PM | Dial-In |  |  |

## Discussions

|  |  |  |
| --- | --- | --- |
| 9567  9568  9569 |  | Introductions and Apologies for Absence  TM opened the Special CUSC Modification Panel meeting with introductions and noted that apologies had been received from Lawrence Barrett, Paul Mott, Andy Pace, Damien Clough and Nadir Hafeez. TM advised the Panel that Paul Jones and Garth Graham would be acting as the alternatives for Lawrence Barrett and Paul Mott respectively.  TM explained that the Special CUSC Panel meeting was being held to carry out the Final Panel Recommendation Vote for CM301.  TM requested that RH take them through the Vote. |
| 9570  9571  9572  9573  9574  9575  9576 |  | CMP301 – Panel Recommendation Vote  **CMP301: Clarification on the treatment of project costs associated with HVDC and subsea circuits.** CMP213 introduced specific expansion factors for HVDC and subsea circuits however the existing legal text is open to interpretation – this proposal would cement the interpretation made by The Company to ensure consistency with onshore circuits. RH advised the Panel that CMP301 was raised by National Grid ESO and submitted to the CUSC Modifications Panel for their consideration on 29 June 2018. RH provided the Panel with a background and summary of what CMP301 was aiming to achieve and explained that the Panel recommended that CMP301 proceed straight to Code Admin Consultation. RH advised the Panel that the first Code Admin Consultation was issued on the 23 July 2018 and three responses were received to this, all in support of the modification. RH explained that the first Panel recommendation vote then took place on the 27 July 2018 and the Final Modification Report was sent to the Authority for a decision on the 8 August 2018. RH explained that Ofgem sent this back on the 5 November 2018 with a request for additional information and a check on the legal text to see if any further amendments were required. RH explained that a second Code Admin Consultation was then issued for five working days and closed on the 27 February 2019. RH highlighted that the same three parties responded to the second consultation, all in support of the modification. Ofgem subsequently requested further additional information which has now been included within the report and is available in the Draft Final Modification Report on the ESO website[[1]](#footnote-1).RH requested that the Panel carry out its out its recommendation vote on CMP301, against the applicable CUSC Objectives. RH asked Panel members who had already submitted completed voting templates to confirm their vote was still the same. RH then asked the remaining Panel members to confirm their vote along with the rationale for their decision. The Panel unanimously agreed that the Original Proposal better facilitated the CUSC Objectives over the baseline and recommended that CMP301 be implemented. RH explained that Code Admin will circulate the Final Modification Report to the Panel for five working days for them to confirm that their votes have been correctly recorded. Code Admin will then issue the Final Modification Report to the Authority for a decision. Details of the full Panel vote can be found in Annex 1.TM questioned whether, in his absence and without an alternative, AP’s vote, previously sent by email, would still count. RH explained that she would seek legal advice whether the vote can be noted within the Final Modification Report along with an explanation to state AP was not present at the Panel meeting where the vote took place.  JW stated that, in that case, the report needed to make it very clear that this was AP’s opinion and not his vote, as he was not present at the meeting and did not appoint an alternative.  TM agreed and stated that it was very important that this distinction was made within the report.  RL highlighted that even if AP had appointed an alternative and there were challenges to his vote he would not have been present to give feedback on them anyway. |
| 3.  9577  9578  9579 |  | A.O.B  TM asked the Panel if they had any other business that they would like to raise.  No other business was raised.  TM thanked everyone for taking the time out to dial into the meeting and brought the Special CUSC Panel meeting to a close. |
| 4. |  | Next meeting  The next Panel meeting will take place at Faraday House on 26 April 2019 at 10am. |

**Post meeting Note:** Following legal advice Andy Pace, the consumer rep who was not present within the meeting, vote was removed from the Final Modification Report and not included as either a vote or an opinion. It was felt that the inclusion of the vote and / or opinion was not in line with the Governance Rules set out in section 8 of the CUSC as Andy was not present within the meeting.

**Annex 1 – CMP301 Panel Recommendation Vote:**

**Vote 1 – does the original facilitate the objectives better than the Baseline?**

**Panel Member: Cem Suleyman**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| The current wording in the CUSC is ambiguous. The proposed legal text provides clarity of the treatment of the relevant expansion factors. Therefore the Original better facilitates ACO (a) by marginally reducing barriers to entry and ACO (e) by promoting efficiency in the implementation and administration of the CUSC arrangements. | | | | | | |

**Panel Member: Laurence Barrett**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| It is my understanding that CMP301 simply clarifies how NG currently calculates the expansion factors that are used for AC sub-sea cables and HDVC lines, it does not propose to change how this calculation is done. Therefore, there should be no resulting commercial impact as the tariffs that are calculated using the expansion factors will not change. The Original proposal will therefore better meet CUSC Charging Objective (a) and (e) by ensuring consistent understanding between parties and by improving the efficiency and administration of the system charging methodology. It will be neutral against the other objectives and overall will be better than the baseline against the CUSC Charging Objectives. | | | | | | |

**Panel Member: Garth Graham**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Yes | Neutral | Yes | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| Having reviewed the responses to the two Code Administrator Consultations, the Authority’s ‘send back’ and the Modification Report it is clear that this proposal is, overall, better than the baseline. In particular; as I set out on 27th July 2018 and now set out having considered the ‘send back’ information; by clarifying the wording the proposal is better in terms of charging objective (a). It also is positive in terms of taking account of developments (such as HVDC) in the transmission business and thus is better in terms of (c). Finally, by removing the uncertainty it is better in terms of the administration of the CUSC arrangements (e). | | | | | | |

**Panel Member: Jon Wisdom**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| CMP301 brings a level of clarity to the CUSC arrangements for HVDC/subsea which we believe is currently missing. Improving clarity and ensuring a common understanding of charging arrangements leads to a reduction in the level of uncertainty surrounding TNUoS charges, which should help connecters in making investment decisions, aiding competition. For that reason, this CMP better facilitates ACO a). Ensuring a common understanding also improves the efficiency of CUSC arrangements as it means parties do  not need to raise ad hoc queries, or to rely on any guidance notes which the ESO may publish. This CMP is therefore better against ACO e). Against all other ACOs, this change is neutral but overall the proposal is positive. | | | | | | |

**Panel Member: Paul Jones**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Neutral | Neutral | Neutral | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| As this is formalising an existing working interpretation adopted by National Grid, then there is no impact on charges or on users. Therefore, this modification in itself is neutral in terms of most objectives, although the interpretation which has been adopted does help promote competition. The modification does better facilitate objective e) by providing greater clarity on how these costs are treated in constructing the expansion factors for the circuits concerned. | | | | | | |

**Panel Member: Simon Lord**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Yes | Neutral | Neutral | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| The existing wording in the CUSC setting out the aprach used for the calculation of expansion factors is open to interpretation, lacking clarity. This proposal adds clarity to the CUSC setting out the aprach for the calculation of expansion factors for HVDC and AC subsea circuits connecting onshore. | | | | | | |

**Panel Member: Robert Longden**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Y | Neut | Neut | Neut | Y | Y |
| **Voting statement** | | | | | | |
|
| The modification will bring clarity to the treatment of the relevant costs to be considered for HVDC and ac sub sea circuits. It will align the treatment of such assets with onshore circuits. It will facilitate equitable treatment and therefore competition. | | | | | | |

**Panel Member: Paul Mott**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Better facilitates ACO (a)** | **Better facilitates ACO (b)?** | **Better facilitates ACO (c)?** | **Better facilitates ACO (d)?** | **Better facilitates ACO (e)?** | **Overall (Y/N)** |
| Original | Yes | Neutral | Yes | Neutral | Yes | Yes |
| **Voting statement** | | | | | | |
|
| My vote is, after due reflection, the same as my pre-send back vote, so in summary I still feel that CMP 301 is better than the baseline as regards ACO (a) and ACO(c). It enables the CUSC to take account account of developments (such as HVDC) in the transmission business. Finally, by removing the uncertainty it is better in terms of the administration of the CUSC arrangements (e), as it clarifies the ESO's intended interpretation of the CUSC, which is a sensible interpretation, and avoids any fog of ambiguity by fully and transparently documenting that in the CUSC. | | | | | | |

**Vote 2 – Which option is the best?**

|  |  |
| --- | --- |
|  | **CMP301 BEST Option?** |
| Cem Suleyman | Original |
| Laurence Barrett | Original |
| Garth Graham | Original |
| Jon Wisdom | Original |
| Paul Jones | Original |
| Simon Lord | Original |
| Robert Longdon | Original |
| Paul Mott | Original |

The Panel unanimously agreed that CMP301 better facilitated the CUSC objectives over the baseline and should be implemented.

1. <https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/clarification-treatment-project-costs> [↑](#footnote-ref-1)