

Trisha McAuley OBE
Independent Chair
CUSC & Grid Code Panel

Nadir Hafeez
Ofgem
By email

20 May 2020

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for CMP345 'Defer the additional Covid-19 BSUoS costs'.

On 19 May 2020, SSE Generation raised CMP345. The Proposer sent a request to the CUSC Panel Secretary for the modification to be treated as urgent.

The CUSC Modifications Panel ("the Panel") on 20 May 2020 considered CMP345 and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

CMP345 seeks to defer the additional BSUoS costs arising from Covid-19 that are incurred in 2020/21 to 2021/22. The Proposer noted that the ESO's most recently issued BSUoS forecast, of 15 May 2020, has identified an additional £500M increase in the cost of managing the electricity transmission system arising from the Covid-19 event. As it stands these will be recovered via BSUoS charges over the next four months (June-September BSUoS bills for May-August).

All documentation for this modification can be located via the following link:

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/defer-additional>

The Proposer set out their rationale for Urgency within the proposal form, which is the following:

Proposer's Justification vs Ofgem's Urgency Criteria

Ofgem's Urgency Criteria	Proposer's Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	The ' significant commercial impact ' arises for both Suppliers and Generators as they could not have forecasted or expected such surges in BSUoS (over such a sustained period of ~five months). Under the status quo arrangements those parties who pay BSUoS for the most part will be unable to recover the amount concerned via retail tariff changes (for Suppliers) given price caps and fixed price contracting etc., or via wholesale price increases (for Generators). These parties face a significant commercial impact from this current issue. Start of April 2020 to end August 2020.
b) A significant impact on the safety and security of the electricity and/or gas systems.	The ' significant impact on the safety and security ' of electricity arises, in particular for generators in GB, as they are faced with these sudden and substantial additional costs which they are unable to fully recover in the wholesale market given forward trading timescales. This, in turn, could threaten the commercial viability of some of those generators who, in these times of significant system management issues for the ESO (hence the highly abnormal additional BSUoS costs), could cease trading / operating which, could impact on the security of the electricity system.
c) A party to be in breach of any relevant legal requirements	n/a

The Proposer added that the unprecedented Covid-19 event has led to exceptional and substantial additional BSUoS costs that could not be reasonably forecast by the ESO or market participants. It is “**a current issue that if not urgently addressed**” will have “**a significant commercial impact on parties, consumers or other stakeholder(s)**” and could give rise to “**a significant impact on the safety and security of the electricity and/or gas systems**”.

Request for Urgency

The Panel considered the request for urgency with reference to Ofgem's Guidance on Code Modification Urgency Criteria. The unanimous view of the Panel is that **CMP345 does meet** these criteria and **SHOULD** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- Panel recognised that this would have a significant impact on parties who pay BSUoS now and in the future and unanimously agreed that is “a current issue that if not urgently addressed” will have “a significant commercial impact on parties, consumers or other stakeholder(s). Specifically, Panel members cited the unprecedented increase in BSUoS for suppliers and generators alike that has been caused by the current Covid-19 event; and
- Panel recognised there may be alternative solutions to address the defect and agreed a timeline (as set out in Appendix 1) that balanced the need for speed and sufficient industry scrutiny particularly in the Workgroup phase.

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Procedure and Timetable

Having decided to **recommend urgency** to Ofgem, the Panel discussed an appropriate timetable for CMP345.

The Panel agreed that CMP345 subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**).

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely



Trisha McAuley OBE
Independent Chair of the CUSC and Grid Code Panel

Appendix 1 – Urgent Timeline

Modification Stage	Date
Request for Urgency Received	19 May 2020
Panel consideration of Urgency	20 May 2020
Ofgem decision on Urgency	22 May 2020
Workgroup 1	26 May 2020
Workgroup 2	28 May 2020
Workgroup Consultation (3 Working Days)	29 May 2020 to 3 June 2020
Workgroup 3	4 June 2020
Workgroup 4	5 June 2020
Workgroup Report issued to Panel (1 Working Day ahead of Panel)	8 June 2020
Workgroup Report presented to Panel	9 June 2020
Code Administrator Consultation	9 June 2020 to 12 June 2020
Draft Final Modification Report issued to Panel and Industry (1 Working Day ahead of Panel)	12 June 2020 (after 5pm)
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	15 June 2020
Final Modification Report issued to Panel to check votes recorded correctly	15 June 2020
Submit Final Modification Report to Authority	15 June 2020
Authority Decision	22 June 2020
Date of Implementation	23 June 2020 / Backdated to 1 June 2020